Marrakech Road Pty Ltd and controlled entities

ACN 165 867 372

Consolidated Financial Report for the year ended 24 June 2018

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Consolidated Financial Report
for the year ended
24 June 2018

Directors' report

The directors of Marrakech Road Pty Ltd submit herewith the financial report of Marrakech Road Pty Ltd (the company) and the consolidated entity, being the company and its controlled entities for the year ended 24 June 2018 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 Brendan Philip Boyd
Mr George Lerias (resigned 21 June 2018)
Mr John Anthony Joseph Sood

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

Principal activities

The consolidated entity's principal activities during the year ended 24 June 2018 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 ended 24 June 2018 the consolidated entity reported a net profit after tax of $1,739,000 (2017: $1,185,000 loss). The consolidated entity generated operating cash flows (after interest payments) of $7,641,000 for the year (2017: $5,498,000).

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 other 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 other than noted below:

Acquisition

On 2 July 2018, Marrakech Road Pty Ltd acquired Container Swinglift Services Pty Ltd and Marrakech Lane Pty Ltd (formerly Tapper Group Pty Ltd), collectively known as "CSS" for a consideration of $16,586,194, of which $2,500,000 are placed in escrow to be distributed depending on completion balance sheet, and further earn out targets at 30 June 2019.

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.

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 Brendan Philip Boyd
Director
Melbourne, 23 October 2018

Mr John Anthony Joseph Sood
Director
Melbourne, 23 October 2018

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The Board of Directors
Marrakech Road Pty Ltd
69 Studley Court
Derrimut, VIC 3030

23 October 2018

Dear Directors

Marrakech Road Pty Ltd

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Marrakech Road Pty Ltd.

As lead audit partner for the audit of the financial statements of Marrakech Road Pty Ltd for the financial year ended 24 June 2018, 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.

Yours sincerely

Deloitte Touche Tohmatsu
DELOITTE TOUCHE TOHMATSU

Peter Glynn
Partner
Chartered Accountants

Deloitte.

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Independent Auditor's Report to the Members of Marrakech Road Pty Ltd

Opinion

We have audited the financial report being a special purpose financial report of Marrakech Road Pty Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the consolidated statement of financial position as at 24 June 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity for the year ended on that date, notes comprising a summary of significant accounting policies, and the directors' declaration.

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

(a) giving a true and fair view of the Company and Group's financial position as at 24 June 2018 and of their financial performance for the year ended on that date; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

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

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Other Information

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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 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 is appropriate to meet the needs of the members. The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of 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.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for the audit opinion.

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Peter Glynn
Partner
Chartered Accountants
Melbourne, 23 October 2018

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 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 18 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 Brendan Philip Boyd
Director
Melbourne, 23 October 2018

Mr John Anthony Joseph Sood
Director
Melbourne, 23 October 2018

Consolidated statement of profit or loss and other comprehensive income for the year ended 24 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Continuing operations					
Revenue	2	143,880	112,086	-	-
Other income	2	180	113	595	745
Dividend income	2	-		-	29,173
Employee benefits expense	2	(36,998)	(33,897)	-	-
Depreciation expense	2	(1,370)	(1,391)	-	-
Occupancy expense		(28,828)	(24,944)	-	-
Finance costs	2	(4,448)	(3,745)	(4,268)	(3,571)
Direct warehouse and transport costs		(38,227)	(24,345)	-	-
Subcontractor costs		(24,930)	(18,657)	-	-
Profit on sale of property, plant and equipment	2	61	56	-	-
Administration expense		(6,577)	(4,637)	(2,098)	(1,492)
Loss arising on financial liabilities designated at FVTPL	14	(187)	(1,638)	(187)	(1,638)
Profit/(loss) before tax		2,556	(999)	(5,958)	23,217
Income tax (expense)/benefit	3	(817)	(186)	1,765	1,813
Profit/(loss) for the year		**1,739**	**(1,185)**	**(4,193)**	**25,030**
Other comprehensive income for the year		-	-	-	-
Total comprehensive income/(loss) for the year		**1,739**	**(1,185)**	**(4,193)**	**25,030**

The accompanying notes form part of these financial statements.

Consolidated statement of financial position as at 24 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Assets					
Current assets					
Cash and cash equivalents	19(a)	33,787	10,004	24,590	22
Trade and other receivables	4	20,563	16,078	-	2
Other assets	5	1,414	1,071	89	-
Total current assets		55,764	27,153	24,679	24
Non-current assets					
Other financial assets	6	-	-	27,763	27,433
Property, plant and equipment	7	4,295	3,756	-	-
Intangible assets	8	543	460	-	-
Deferred tax assets	9	5,283	4,598	905	933
Total non-current assets		10,121	8,814	28,668	28,366
Total assets		65,885	35,967	53,347	28,390
Liabilities					
Current liabilities					
Trade and other payables	10	16,112	9,363	2,860	288
Other financial liabilities	11	618	324	-	-
Current tax liabilities		1,156	765	1,156	765
Provisions	12	4,259	3,866	-	-
Deferred revenue	13	186	219	-	-
Borrowings	14	4,000	-	4,000	620
Total current liabilities		26,331	14,537	8,016	1,673
Non-current liabilities					
Borrowings	14	14,000	22,196	21,179	22,196
Other financial liabilities	11	8,662	10,434	-	2,513
Provisions	12	779	745	-	-
Deferred revenue	13	-	18	-	-
Total non-current liabilities		23,441	33,393	21,179	24,709
Total liabilities		49,772	47,930	29,195	26,382
Net assets/(liabilities)		16,113	(11,963)	24,152	2,008
Equity					
Issued capital	15	28,775	2,438	28,775	2,438
Reserves	17	(24,453)	(24,453)	(24,453)	(24,453)
Retained earnings	16	11,791	10,052	19,830	24,023
Total equity/(deficiency in equity)		16,113	(11,963)	24,152	2,008

The accompanying notes form part of these financial statements.

Consolidated statement of changes in equity for the year ended 24 June 2018

Consolidated	Note	Share capital	Share buy-back reserve	Retained earnings	Total
Balance at 26 June 2016		6,500	-	11,237	17,737
Loss for the year		-	-	(1,185)	(1,185)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(1,185)	(1,185)
Share buy-back	15,17	(4,062)	(24,453)	-	(28,515)
Balance at 25 June 2017		**2,438**	**(24,453)**	**10,052**	**(11,963)**
Profit for the year		-	-	1,739	1,739
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	1,739	1,739
Issued capital	15	27,500	-	-	27,500
Share issue costs	15	(1,163)	-	-	(1,163)
Balance at 24 June 2018		**28,775**	**(24,453)**	**11,791**	**16,113**

Company	Note	Share capital	Share buy-back reserve	Retained earnings/ (accumulated losses)	Total
Balance at 26 June 2016		6,500	-	(1,007)	5,493
Profit for the year		-	-	25,030	25,030
Other comprehensive income for the year		-	-	-	-
Total comprehensive income for the year		-	-	25,030	25,030
Share buy-back	15,17	(4,062)	(24,453)	-	(28,515)
Balance at 25 June 2017		**2,438**	**(24,453)**	**24,023**	**2,008**
Loss for the year		-	-	(4,193)	(4,193)
Other comprehensive income for the year		-	-	-	-
Total comprehensive loss for the year		-	-	(4,193)	(4,193)
Issued capital	15	27,500	-	-	27,500
Share issue costs	15	(1,163)	-	-	(1,163)
Balance at 24 June 2018		**28,775**	**(24,453)**	**19,830**	**24,152**

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 24 June 2018

	Note	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash flows from operating activities					
Receipts from customers		153,545	123,025	-	-
Payments to suppliers and employees		(141,845)	(112,764)	(250)	(500)
Cash generated from operations		11,700	10,261	(250)	(500)
Interest received		123	95	245	342
Interest and other costs of finance paid		(1,908)	(1,784)	(426)	(1,576)
Tax paid		(1,111)	(3,074)	(613)	-
Net cash provided by/(used in) operating activities	19(b)	8,804	5,498	(1,044)	(1,734)
Cash flows from investing activities					
Amount Advanced to related parties		-	-	-	(7,500)
Amount received from related parties		-	-	1,975	16,302
Payment for property, plant and equipment		(1,983)	(977)	-	-
Proceeds from sale of property, plant and equipment		61	183	-	-
Net cash (used in) / provided by investing activities		(1,922)	(794)	1,975	8,802
Cash flows from financing activities					
Repayment of term deposits		-	2,360	-	-
Payment for share buy-back		-	(28,516)	-	(28,516)
Proceeds from issue of equity		27,500	-	27,500	-
Share issue transaction costs		(1,163)	-	(1,163)	-
Proceeds from issue of borrowings		18,000	25,000	18,000	25,000
Repayment of borrowings		(27,436)	(3,540)	(20,700)	(3,540)
Net cash provided by/(used in) financing activities		16,901	(4,696)	23,637	(7,056)
Net increase in cash and cash equivalents		**23,783**	**8**	**24,568**	**12**
Cash and cash equivalents at the beginning of the financial year		**10,004**	**9,996**	**22**	**10**
Cash and cash equivalents at the end of the year	19(a)	**33,787**	**10,004**	**24,590**	**22**

The accompanying notes form part of these financial statements.

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 24 June 2018 comprises the company and its subsidiaries (together referred to as the "consolidated entity"). The comparatives included throughout this report are for the year ended 25 June 2017.

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 23 October 2018.

Financial reporting framework

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 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 directors 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 except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies below. 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.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

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 Profit or Loss 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.

Dividend income is recognised when the Shareholder's right to receive payment has been established.

(d) Financial instruments

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 30 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

During the prior period a warrant arrangement was issued by the Group. Given settlement can be achieved in ways other than by delivery of a fixed number of shares, the option is treated as a derivative and is carried at fair value with gains and losses recognised in profit or loss.

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 and intangible 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

The Company is part of a tax-consolidated group under Australian taxation law, of which Marrakech Road Pty Limited is the head entity. The Marrakech Road Pty Limited tax consolidated group was formed on 1 July 2016. As a result, Marrakech Road Pty Ltd is subject to income tax through its membership of the tax-consolidated group. The consolidated current and deferred tax amounts for the tax-consolidated group are allocated to the members of the tax-consolidated group (including Marrakech Road Pty Ltd) using the 'separate taxpayer within group' approach, with deferred taxes being allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian taxation law the head entity has the legal obligation (or right) to these amounts.

Entities within the tax-consolidated group have entered into a tax-sharing agreement with the head entity. Under the terms of this agreement, Marrakech Road Pty Ltd and each of the entities in the tax-consolidated group have agreed to pay a tax equivalent payment to or from the head entity, based on the net taxable profit or loss of the entity and the current tax rate. Amounts owing from or to the head entity in accordance with the tax sharing agreement are recognised as an income tax or revenue and inter-company receivables or payables. Accordingly, the amount arising under the tax funding arrangement for each period is equal to the tax liability or asset assumed by the head entity for that period and no contribution from (or distribution to) equity participants arises in relation to income taxes.

(g) Income tax

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax-consolidated group. The effect of the tax sharing agreement is that the Company's liability for tax payable by the tax consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

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) 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.

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

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.

Employee entitlements

Management judgement is applied in determining the following key assumptions used in the calculation of employee entitlements at reporting 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 in accordance with note 3(d).

Classification of preference shares

Management's judgement is applied in determining whether there is any obligation for the Company to deliver cash or another financial asset as part of the preference share arrangement.

(m) 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 2016, and therefore relevant for the current year end.

(1) Standards affecting presentation and disclosure

- AASB 2016-1 *Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses*
- AASB 2017-2 *Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016*

The above has had no impact on the financial statements.

(2) *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*
AASB 9 *Financial Instruments*	1 January 2018
AASB 15 Revenue from Contracts with Customers, 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*, 2015-8 *Amendments to Australian Accounting Standards – Effective date of AASB 15*, 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	1 January 2018
AASB 16 *Leases*	1 January 2019
AASB 2008-1 *Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle*	1 January 2019

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

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

AASB 9 - Financial Instruments

AASB 9 was issued in December 2014 mainly to include:

(a) Impairment requirements for financial assets;

(b) Limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

AASB 9 applies to annual periods beginning on or after 1 January 2018. The directors of the Company anticipate that the application of AASB 9 in the future will not have a material impact on amounts reported in respect of the Company's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of AASB 9 until the Company undertakes a detailed review.

AASB 15 - Revenue from Contracts with Customers

In November 2014, AASB 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. AASB 15 will supersede the current revenue recognition guidance including AASB 118 Revenue, AASB 111 Construction Contracts and the related Interpretations when it becomes effective. Further clarifications to FRS 115 were also issued in June 2016.

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

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

Under AASB 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in AASB 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by AASB 15.

The Company's current practice involves recognizing revenue over the period of service and / or in accordance with agreed contractual terms in the period in which the service is provided.

2. Profit/(loss) for the year

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

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Revenue:				
Warehousing and transport services	(143,666)	(111,786)	-	-
Other services	(214)	(300)	-	-
	(143,880)	(112,086)	-	-
Other income:				
Interest revenue	(123)	(95)	-	-
Other income	(57)	(18)	(595)	(745)
	(180)	(113)	(595)	(745)
Dividend income	-	-	-	(29,173)
Finance costs:				
Bank fees	9	7	5	5
Amortisation of borrowing costs	267	-	267	-
Interest	5,991	3,732	5,821	3,566
Financing charges	6	6	-	-
	6,273	3,745	6,093	3,571
Depreciation of property, plant and equipment	1,370	1,391	-	-
Profit on sale of plant and equipment	(61)	(56)	-	-
Employee benefits expense:				
Post-employment benefits to defined contribution plans	2,718	2,555	-	-
Other employee benefits	34,280	31,342	-	-
	36,998	33,897	-	-

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000

3. Income tax

Prima facie tax payable

The income tax expense for the year can be reconciled to accounting profit as follows:

	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Profit/(loss) before tax	2,556	(999)	(5,958)	23,217
Income tax expense/(benefit) at 30% (2017: 30%)	766	(300)	(1,788)	6,965
Effect of dividend income that is not assessable in determining taxable profit	-	-	-	(8,752)
Effect of expenses that are not deductible in determining taxable profit	57	10	29	-
Over provision for tax in prior year	(6)	(130)	(6)	-
Impact of forming a tax consolidated group		606	-	-
Other	-	-	-	(26)
Income tax expense/(benefit)	817	186	(1,765)	(1,813)

4. Trade and other receivables

	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Trade receivables	20,471	15,908	-	-
Allowance for doubtful debts	(12)	(6)	-	-
	20,459	15,902	-	-
Other receivables	104	176	-	2
	20,563	16,078	-	2

5. Other Assets

	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Accrued income	331	224	-	-
Prepayments	994	847	-	-
Other assets	89	-	89	-
	1,414	1,071	89	-

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000

6. Other financial assets

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Investments in controlled entities	-	-	5,300	5,300
Loans to controlled entities	-	-	22,463	22,133
	-	-	27,763	27,433
Current	-	-	-	-
Non-current	-	-	27,763	27,433
	-	-	27,763	27,433

7. Property, plant and equipment

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Plant and equipment				
At cost	10,471	8,837	-	-
Accumulated depreciation	(6,176)	(5,081)	-	-
Total property, plant and equipment	4,295	3,756	-	-

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

8. Intangible assets

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Software				
At cost	2,496	2,158	-	-
Accumulated depreciation	(1,953)	(1,698)	-	-
Total software	543	460	-	-

9. Deferred tax assets

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Temporary differences	5,283	4,598	905	933
	5,283	4,598	905	933

10. Trade and other payables

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Trade payables	9,256	6,018	-	-
Goods and services tax (GST) payable	616	690	-	-
Other accruals	6,240	2,655	2,860	288
	16,112	9,363	2,860	288

11. Other financial liabilities

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Lease incentive	9,280	8,245	-	-
Financial liability (warrant) designated at FVTPL	-	2,513	-	2,513
	9,280	10,758	2,513	2,513
Current	618	324	-	-
Non-current	8,662	10,434	-	2,513
	9,280	10,758	-	2,513

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
12. Provisions				
Employee benefits	4,750	4,579	-	-
Pallet provision	288	32	-	-
	5,038	4,611	-	-
Current	4,259	3,866	-	-
Non-current (i)	779	745	-	-
	5,039	4,611	-	-

(i) non-current proportion of employee benefits

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
13. Deferred revenue				
Arising from warehousing contracts	186	237	-	-
	186	237	-	-
Current	186	219	-	-
Non-current	-	18	-	-
	186	237	-	-

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
14. Borrowings				
Related party loans	-	-	7,179	620
External borrowings – secured (i)	18,000	22,196	18,000	22,196
	18,000	22,196	25,179	22,816
Current	4,000	-	4,000	620
Non-current – secured	14,000	22,196	21,179	22,196
	18,000	22,196	25,179	22,816

(i) On 20 June 2018, a new external financing arrangement was entered into with Westpac Banking Corporation, which involved the receipt of $18,000,000 borrowing funds by the consolidated entity, as well as an increase in Bank Guarantee facility to $12,000,000. This loan facility has a maturity date of 19 June 2020. Terms of the facility include cash interest and principal repayment each quarter. This $18,000,000, along with the consolidated entity's own cash reserve, was used to pay out the pre existing loan agreement entered into on 28 July 2016 with Tor Investment.

	Consolidated		Company	
	2018	2017	2018	2017
	'000	$'000	'000	$'000
15. Issued capital				
2,437,500 fully paid ordinary shares (2017:2,437,500)	2,438	2,438	2,438	2,438
Preference shares issued	27,500	-	27,500	-
Share issue costs	(1,163)	-	(1,163)	-
Balance at end of the year	28,775	2,438	28,775	2,438

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
The shares bought back in the current year were canceled immediately.

	2018		2017	
	Consolidated and company		Consolidated and company	
	No. '000	$'000	No. '000	$'000
Fully paid ordinary shares				
Balance at beginning of the year	2,438	2,438	6,500	6,500
Share buy-back (note 17)	-	-	(4,062)	(4,062)
Preference shares issued	27,500	27,500	-	-
Share issue costs	-	(1,163)		
Balance at end of the year	29,938	28,775	2,438	2,438

Fully paid ordinary shares carry one vote per share and carry the right to dividends.
The shares bought back in the prior year were canceled immediately.

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
16. Retained earnings / (accumulated losses)				
Balance at beginning of the year	10,052	11,237	24,023	(1,007)
Net profit/(loss) for the period	1,739	(1,185)	(4,193)	25,030
Balance at the end of the year	11,791	10,052	19,830	24,023

17. Share buyback reserve

Share buyback reserve	24,453	24,453	24,453	24,453

Effective 1 August 2016, the company undertook a selective share buyback whereby the purchase price for 4,062,000 fully paid ordinary shares totaled $28,515,000. An amount of $4,062,000 was applied against the share capital of Marrakech Road Pty Ltd with the remainder allocated to the share buyback reserve and amounted to $24,453,000.

18. Controlled Entities

Details of the controlled entities at the end of the reporting period are as follows:

Name of entity	Country of incorporation	Ownership interest % 2018	Ownership interest % 2017
Parent entity			
Marrakech Road Pty Ltd	Australia	100	100
Controlled entities			
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 24 June 2018 (prior year: 25 June 2017). The consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income of the entities party to the deed of cross guarantee are the same as reported in these consolidated accounts.

19. 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:

	Consolidated 2018 $'000	Consolidated 2017 $'000	Company 2018 $'000	Company 2017 $'000
Cash and cash equivalents	33,787	10,004	24,590	22

	Consolidated		Company	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
(b) Reconciliation of profit/(loss) for the period to net cash flows from operating activities				
Profit/(loss) for the period	1,739	(1,185)	(4,193)	25,030
Gain on sale of property, plant and equipment	(61)	(56)	-	-
Amortisation of lease incentive	420	486	-	-
Capitalised interest expenses	2,561	1,995	2,680	1,995
Non-cash interest income	-	-	(352)	(403)
Loss on financial liability designated at FVTPL	187	1,638	187	1,638
Capitalised borrowing costs	(89)	(350)	(89)	(350)
Dividend income	-	-	-	(29,173)
Depreciation of non-current assets	1,370	1,391	-	-
Changes in net assets and liabilities, net of effects from acquisition of businesses:				
(Increase)/decrease in assets:				
Trade and other receivables	(4,485)	(113)	2	-
Other current assets	(255)	(108)	-	-
Deferred tax assets	(706)	(1,530)	27	(933)
Increase/(decrease) in liabilities:				
Trade and other payables	6,739	2,550	2,574	253
Current tax liabilities	391	(1,340)	391	765
Provisions	428	(774)	-	-
Deferred revenue	(51)	(193)	-	-
Other liabilities	616	3,087	(2,271)	(556)
Net cash provided by/(used in) operating activities	8,804	5,498	(1,044)	(1,734)

20. Remuneration of auditors

	Consolidated		Company	
	2018 $	2017 $	2018 $	2017 $
Audit of the financial statement	48,715	44,000	-	-
Tax compliance	14,150	15,000	-	-
Tax advisory services	10,000	40,000	-	-
Corporate advisory services	28,650	43,000	-	-
	101,515	142,000	-	-

The auditor of Marrakech Road Pty Ltd is Deloitte Touche Tohmatsu

21. Subsequent Events

There has not been any other 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 other than noted below:

Acquisition

On 2 July 2018, Marrakech Road Pty Ltd acquired Container Swinglift Services Pty Ltd and Marrakech Lane Pty Ltd (formerly Tapper Group Pty Ltd), collectively known as "CSS" for a consideration of $16,586,194, of which $2,500,000 are placed in escrow to be distributed depending on completion balance sheet, and further earn out targets at 30 June 2019.

22. Additional company information

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

Registered office	**Principal place of business**
69 Studley Court	69 Studley Court
Derrimut VIC 3030	Derrimut VIC 3030