

Marrakech Road Pty Ltd

ABN 45 165 867 372

Interim Report for the 26 weeks ended 27 December 2020

Marrakech Road Pty Ltd
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For the 26 weeks ended 27 December 2020

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Marrakech Road Pty Ltd
Corporate directory
For the 26 weeks ended 27 December 2020

Directors	Mr Terry Andrew Sinclair Mr Brendan Philip Boyd Mr John Anthony Joseph Sood Mr Stephen Fletcher Moulton
Company secretary	Ms Melanie Leydin
Registered office	Unit 3, 850, Lorimer Street, Port Melbourne VIC 3207
Principal place of business	Unit 3, 850, Lorimer Street, Port Melbourne VIC 3207 Lot 2, 29, Alick Road, Brooklyn VIC 3012
Auditor	Deloitte Touche Tohmatsu 477 Collins Street, Melbourne VIC 3000

Marrakech Road Pty Ltd
Directors' report
For the 26 weeks ended 27 December 2020

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Marrakech Road Pty Ltd (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the period from 29 June 2020 to 27 December 2020.

Directors

The following persons were directors of Marrakech Road Pty Ltd during the whole of the financial period and up to the date of this report, unless otherwise stated:

Mr Terry Andrew Sinclair
Mr Brendan Philip Boyd
Mr John Anthony Joseph Sood
Mr Stephen Fletcher Moulton

Mr TA Sinclair and Mr SF Moulton were appointed as directors on 14 July 2020.

Information on directors

Name: Terry Andrew Sinclair
Title: Chairman, Non-Executive Director
Experience and expertise: Terry has significant operational and corporate development experience across Industrial, Resources and Consumer Services sectors including 20 years in senior management roles in BHP (Minerals, Steel and Transport/Logistics). He also provides M&A advisory services to private equity and government clients. He currently serves as an Industry Advisor to Australian Super and had served as the Head of Corporate Development at Australia Post in the past.

Other current directorships: Non-Executive Director of Locate Technologies, Faethm.ai Pty Ltd, Cleanaway Limited (ASX: CWY) and Industry Advisor to Australian Super Holdings Limited

Former directorships (last 3 years): Non-Executive Director of Ovato Limited, GMDX Group, Managing Director of Service Stream Limited, Chairman of AUX Investments (jointly owned by Qantas and Australia Post), Chairman of Star Track Express, Director of Sai Cheng Logistics (China), Director of Asia Pacific Alliance (HK)

Interests in shares: None
Interests in options: None

Name: Brendan Philip Boyd
Title: Managing Director, Chief Executive Officer
Experience and expertise: Prior to his present role, Brendan was General Manager Warehousing with Silk Logistics Group. He also worked in the past as General Manager Distribution Courier and Logistics Services at Australia Post, General Manager Toll Fastat at Toll Group; Chief Executive Officer DX Express at AUSDOC/DX Express and Chief Operating Officer of Mayne Nickless.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 729,895 fully paid ordinary shares
Interests in options: None

Name: John Anthony Joseph Sood
Title: Director and Chief Customer Officer
Experience and expertise: Prior to his present role, John was General Manager Business Development with Silk Logistics Group. He also worked as General Manager Portside United and General Manager Marketing and Business Development with Linfox and General Manager Development with Westgate Logistics in the past.

Other current directorships: None
Former directorships (last 3 years): None
Interests in shares: 729,895 fully paid ordinary shares
Interests in options: None

Marrakech Road Pty Ltd
Directors' report
For the 26 weeks ended 27 December 2020

Name: Stephen Fletcher Moulton
Title: Non-Executive Director
Experience and expertise: Stephen is Director of Danaher Moulton Legal a corporate advisory and legal firm. Prior to his present role he was a partner at a corporate advisory/M&A firm, Gadens, a partner at Clayton Utz, and PwC (head of legal in Victoria), and Chairman of Partners and Managing Partner of Mills Oakley. Stephen was a director of the Carlton Football Club for 6 years until 2012.
Other current directorships: Danaher Moulton Legal, The O'Brien Foundation and Sugarbyhalf Ltd.
Former directorships (last 3 years): Buymyplace.com.au Limited (ASX: ESL)
Interests in shares: None
Interests in options: None

Principal activities

The consolidated entity's principal activities during the period consisted of the provision of port logistics and contract logistics services. Port logistics operations consist of wharf cartage services; whilst contract logistics consists of warehousing and distribution 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.

There have been no changes to the principal activities in the current period.

Review of operations

Profit for the period for the consolidated entity after providing for income tax (net profit after tax or NPAT) amounted to \$4,259,000 (29 December 2019: loss for the period of \$653,000).

Port logistics activities, measured by the volume of shipping containers transported in the period, recorded pleasing growth over the prior corresponding period (pcp) due to strong domestic demand for consumer goods driving import volumes, and agriculture markets driving export volumes. Likewise, contract logistics benefited from buoyant domestic demand, particularly in household goods, food additive products, light industrial and pet food sectors. Warehouse occupancy levels and handling activities experienced growth in the reporting period.

Port congestion and union industrial action resulted in some disruption to wharf cartage activities. This was particular felt in New South Wales which required the re-direction of vessels into Victoria and Queensland.

Management primarily measures the Group's financial performance on earnings before interest, tax, depreciation and amortisation (EBITDA) and EBIT bases as it believes these measures provide the most accurate representation of underlying business performance and capital efficiency. Where applicable, EBITDA and EBIT are normalised to exclude significant costs associated with mergers and acquisitions activity, capital restructures or certain one-off costs incurred in reporting periods that are not reflective of underlying business activities. Management believes underlying EBITDA and EBIT provides the best bases to measure the Group's performance over comparable periods.

Marrakech Road Pty Ltd
Directors' report
For the 26 weeks ended 27 December 2020

Group NPAT to Underlying EBIDTA and EBIT reconciliation

	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
Net profit/(loss) after tax	4,259	(653)
Add back/(subtract):		
Depreciation and amortisation expense	18,341	18,477
Finance costs	4,407	4,334
Income tax expense	2,341	59
EBITDA – including significant items	29,348	22,217
Significant items	667	1,128
Underlying EBITDA – excluding significant items	30,015	23,345
Depreciation and amortisation expense	(18,341)	(18,477)
Underlying EBIT – excluding significant items	11,674	4,868
Significant items -		
Remeasurement of contingent consideration – note 23	667	-
Share-based payment and mergers & acquisitions related costs	-	1,128
	667	1,128

Outlook

Trading conditions have remained favourable into calendar year 2021 in both segments. Both operating segments experience seasonal impacts in the second half of the financial year due to Chinese New Year and Easter holiday period. However, the outlook for underlying business conditions remains largely positive.

Corporate activities during the period

There were no changes in the consolidated entity's corporate activities in the financial period.

Impact of COVID-19 pandemic on operations

The outbreak of COVID-19 and the subsequent quarantine measures imposed by the Australian and other governments, as well as the travel and trade restrictions imposed by Australia and other countries in early 2020, caused disruption to businesses and economic activity in certain sectors. However, strong import volumes and domestic demand for goods in sectors in which the consolidated group's customers operate meant the COVID-19 pandemic has had a negligible impact on its operation and results.

In response to COVID-19, both the Federal Government and State Governments' have implemented policies and measures through 2020 and 2021 with the aim of containing the virus, with certain jurisdictions requiring state-wide extended social and workplace restrictions. Despite these measures, given the national footprint of the consolidated entity's operations, and the essential services requirement for domestic and global supply chains to remain open, these measures have not had any material impact on the business

The consolidated entity did not receive any financial assistance from the Federal or state governments during the financial year.

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial period.

Marrakech Road Pty Ltd
Directors' report
For the 26 weeks ended 27 December 2020

Matters subsequent to the end of the financial period

At the Board of Directors' meeting held on 22 January 2021, a resolution was approved for the Company to seek an initial public offering (IPO) of its shares on the Australian Stock Exchange (ASX) before 30 June 2021, unless otherwise varied. Following approval by the Board, key advisers, investigating accountant and joint lead managers appointments were finalised. The first meeting of the due diligence committee was held on 1 February 2021. At the date of this report, the IPO plan remains on track with the timetable approved by the Board.

No other matter or circumstance has arisen since 27 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Future Developments

At the date of this report, uncertainty remains with the impact on the economy of COVID-19 lockdowns which are likely to continue until such a time as the vaccine program has been substantially completed, along with the winding back of Job Keeper payments to support impacted businesses. Notwithstanding, the consolidated entity's strategic intent remains on growing its market share, delivering a full suite of services to its customers in all current geographic locations, and driving operational efficiencies across its property footprint, utilisation of equipment and use of its agile capital-light business model.

The consolidated entity's focus on superior customer service delivery is built around strong relationships and supported by technology-driven solutions. These remains key areas in future periods to drive growth opportunities.

Environmental regulations

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

Rounding of amounts

The company is a company of a kind referred to in ASIC Corporations (*(Rounding in Financials/Directors Reports) Instrument 2016/191*), dated 24 March 2016 and in accordance with that Corporations Instrument amounts in this director's report are rounded to the nearest thousand dollars, unless otherwise indicated.

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 half 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

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 306(3) of the Corporations Act 2001.

On behalf of the directors



Terry Andrew Sinclair
Chairman

22 April 2021

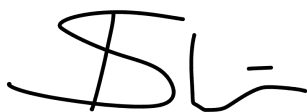
Marrakech Road Pty Ltd
Directors' declaration
For the 26 weeks ended 27 December 2020

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 27 December 2020 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A handwritten signature in black ink, appearing to be 'TAS', written over a horizontal line.

Terry Andrew Sinclair
Chairman

22 April 2021

The Board of Directors
Marrakech Road Pty Ltd
850 Lorimer Street
PORT MELBOURNE VIC 3207

22 April 2021

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 review of the financial statements of Marrakech Road Pty Ltd for the half-year ended 27 December 2020, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner
Chartered Accountants

Marrakech Road Pty Ltd
Consolidated statement of profit or loss and other comprehensive income
For the 26 weeks ended 27 December 2020

		Consolidated	
		26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
	Note		
Revenue	5	153,873	123,330
Other income	6	312	455
Expenses			
Employee benefits expense		(33,649)	(31,370)
Subcontractors and labour agency expenses		(45,025)	(35,922)
Fleet & material handling equipment expenses		(9,199)	(9,911)
Occupancy expense		(3,687)	(4,021)
Other transport & warehousing expenses		(27,176)	(15,253)
Administration expense		(5,434)	(5,091)
Finance costs	7	(4,407)	(4,334)
Depreciation and amortisation expense	7	(18,341)	(18,477)
Change in measurement of contingent consideration	23	(667)	-
Profit/(loss) before income tax expense		6,600	(594)
Income tax expense	8	(2,341)	(59)
Profit/(loss) after income tax expense for the period		4,259	(653)
Other comprehensive income for the period, net of tax		-	-
Total comprehensive income/(loss) for the period		<u>4,259</u>	<u>(653)</u>
		Cents	Cents
Basic earnings per share	33	278.75	(43.40)
Diluted earnings per share	33	145.44	(43.40)

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

Marrakech Road Pty Ltd
Consolidated statement of financial position
As at 27 December 2020

		Consolidated	
	Note	27 December 2020 \$'000	28 June 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	9	12,885	19,820
Trade and other receivables	10	50,628	36,746
Current tax assets	11	-	246
Other current asset	12	4,754	2,951
Total current assets		<u>68,267</u>	<u>59,763</u>
Non-current assets			
Property, plant and equipment	13	13,740	15,864
Right-of-use assets	14	157,875	173,451
Intangibles	15	34,169	33,841
Deferred tax	16	9,183	8,746
Other receivables		1,112	-
Total non-current assets		<u>216,079</u>	<u>231,902</u>
Total assets		<u>284,346</u>	<u>291,665</u>
Liabilities			
Current liabilities			
Trade and other payables	17	26,605	23,518
Borrowings	18	19,000	26,000
Lease liabilities	19	36,651	30,485
Current tax liabilities	20	1,912	-
Provisions	21	8,200	7,493
Deferred revenue	22	497	297
Other financial liabilities	23	6,000	5,333
Total current liabilities		<u>98,865</u>	<u>93,126</u>
Non-current liabilities			
Lease liabilities	19	143,733	161,202
Provisions	21	3,038	2,926
Total non-current liabilities		<u>146,771</u>	<u>164,128</u>
Total liabilities		<u>245,636</u>	<u>257,254</u>
Net assets		<u>38,710</u>	<u>34,411</u>
Equity			
Issued capital	24	52,226	52,186
Reserves		(24,453)	(24,453)
Retained profits		10,937	6,678
Total equity		<u>38,710</u>	<u>34,411</u>

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

Marrakech Road Pty Ltd
Consolidated statement of changes in equity
For the 26 weeks ended 27 December 2020

Consolidated	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 1 July 2019	32,275	(24,453)	11,002	18,824
Loss after income tax expense for the period	-	-	(653)	(653)
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive loss for the period	-	-	(653)	(653)
Issued capital	20,000	-	-	20,000
Share issue cost, net of tax	(89)	-	-	(89)
Balance at 29 December 2019	<u>52,186</u>	<u>(24,453)</u>	<u>10,349</u>	<u>38,082</u>
	Issued capital \$'000	Reserves \$'000	Retained profits \$'000	Total equity \$'000
Balance at 29 June 2020	52,186	(24,453)	6,678	34,411
Profit after income tax expense for the period	-	-	4,259	4,259
Other comprehensive income for the period, net of tax	-	-	-	-
Total comprehensive income for the period	-	-	4,259	4,259
Issued capital	40	-	-	40
Balance at 27 December 2020	<u>52,226</u>	<u>(24,453)</u>	<u>10,937</u>	<u>38,710</u>

During the period ended 27 December 2020, 23,138 ordinary shares were issued at a fair value of \$1.75 per share. There were no cash proceeds arising on issue of the shares.

The reserves balance relates to a share buy-back undertaken in the financial year ended June 2017.

Marrakech Road Pty Ltd
Consolidated statement of cash flows
For the 26 weeks ended 27 December 2020

		Consolidated	
		26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
	Note		
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		156,825	129,880
Payments to suppliers and employees (inclusive of GST)		<u>(136,608)</u>	<u>(114,040)</u>
		20,217	15,840
Interest received		2	12
Interest and other finance costs paid		(4,393)	(4,342)
Income tax payments		<u>(621)</u>	<u>(736)</u>
Net cash from operating activities	32	<u>15,205</u>	<u>10,774</u>
Cash flows from investing activities			
Payment for business acquisitions		-	(30,555)
Payments for property, plant and equipment and intangible assets		(1,009)	(917)
Proceeds from disposal of property, plant and equipment		<u>712</u>	<u>371</u>
Net cash used in investing activities		<u>(297)</u>	<u>(31,101)</u>
Cash flows from financing activities			
Proceeds from issue of preference shares	24	-	20,000
Share issue transaction costs		-	(89)
Proceeds from borrowings		-	15,000
Repayment of borrowings		(7,000)	(1,000)
Net repayment of lease liabilities		<u>(14,843)</u>	<u>(13,773)</u>
Net cash (used in)/from financing activities		<u>(21,843)</u>	<u>20,138</u>
Net decrease in cash and cash equivalents		(6,935)	(189)
Cash and cash equivalents at the beginning of the financial period		<u>19,820</u>	<u>10,624</u>
Cash and cash equivalents at the end of the financial period		<u><u>12,885</u></u>	<u><u>10,435</u></u>

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

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 1. General information

The financial statements cover Marrakech Road Pty Ltd as a consolidated entity consisting of Marrakech Road Pty Ltd and the entities it controlled at the end of, or during, the 26 weeks ended 27 December 2020. The financial statements are presented in Australian dollars, which is Marrakech Road Pty Ltd's functional and presentation currency.

Marrakech Road Pty Ltd (the "company") is a proprietary company incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Unit 3, 850, Lorimer Street, Port Melbourne VIC 3207

Principal place of business

Unit 3, 850, Lorimer Street, Port Melbourne VIC 3207
Lot 2, 29, Alick Road, Brooklyn VIC 3012

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 22 April 2021.

Note 2. Significant accounting policies

Statement of compliance

These general purpose financial statements ('GPFS') for the interim half-year reporting period ended 27 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 28 June 2020. Prior to this interim reporting period, the consolidated entity prepared annual special purpose financial statements ('SPFS'), and these interim financial statements include some of the disclosures under GPFS that were not previously disclosed under the SPFS reporting framework.

The principal accounting policies adopted are consistent with those of the previous financial year unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The Group has adopted all the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. None of the new and revised Standards and amendments thereof and Interpretations that became effective for the current half-year were applicable or material to the Group:

Standard/Amendment

AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business

AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material

AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework

AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform

AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia

Basis of preparation

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

Working capital deficiency

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

At reporting date, the consolidated entity reported a deficiency in current assets compared to current liabilities of \$30,598,000 (June 2020: \$33,363,000). This deficiency was due to:

- a) Lease liabilities of \$36.7m which are classified as current liabilities whilst the corresponding assets have been classified as non-current.
- b) External borrowings of \$19.0m which are classified as current liabilities as the Debt Facility Agreement is due to expire in December 2021.

At the date of this report and having considered the above factors, the Directors are confident that the consolidated entity will be able to continue as a going concern on the following basis:

- a) The consolidated entity continues to forecast to be profitable in the future and generate positive cash flows to meet all future lease obligations.
- b) The Directors have commenced negotiations with their external financier to extend their existing debt facilities until December 2022 and to modify existing terms whereby future principal repayments are not required to be made, where certain financial ratios are achieved. Subsequent to reporting date, the external financier has provided the Group a Term Sheet (subject to certain conditions precedent relating to the proposed Initial Public Listing (IPO) being achieved) which is currently being reviewed by the Group.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Marrakech Road Pty Ltd ('company' or 'parent entity') as at 27 December 2020 and the results of all subsidiaries for the period then ended. Marrakech Road Pty Ltd and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

The Group's reportable segments under AASB 8 Segment Reporting are:

- Port Logistics – provision of wharf cartage services to customers
- Contract Logistics – provision of warehousing and related transport services to customers

Information regarding these segments is set out in note 4.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

The consolidated entity derives its revenue from the provision of services to commercial customers on normal credit terms over time and at a point in time in each segments in accordance with agreed contractual terms in the period in which the service is provided.

Port logistics wharf cartage revenues are recognised at a point in time based on the local transport of shipping containers to destination(s) before de-hire at empty container yards. Contract logistics revenues are earned from the storage of customer goods (recognised over time based on the quantity of goods stored at agreed rates during the contract period), warehouse handling activities (recognised at a point in time) and transport services out of warehouse to destination (recognised at a point in time).

Service contracts do not generally contain provisions for rebates or discounts or any ongoing service and the total transaction price does not contain any variable consideration in relation to such items.

Other income

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other Revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Financial Instruments

Recognition and Derecognition

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

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification of Financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Initial measurement of financial assets

Financial assets are classified according to their business model and the characteristics of their contractual cash flows. Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with AASB 15, all financial assets are initially measured at fair value adjusted for transaction costs.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets, other than those designated and effective as hedging instruments, are classified as financial assets at amortised cost.

Amortised cost and 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.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

Impairment of financial assets

The entity recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade and other receivables

The company makes use of a simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, the company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

Financial liabilities and Equity

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 arrangements and the definitions of a financial liability and an equity instrument.

Financial liabilities

Financial liabilities at FVTPL

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on changes in fair value recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in profit or loss.

Financial liabilities measured subsequently at amortised cost

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 (including all fees and 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 financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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.

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.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

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.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current unless there is an unconditional right to defer settlement of the liability for at least 12 months after reporting date.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	3-15 years
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The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets

A right-of-use asset arising from property leases (container hardstands and warehouses) and equipment leases (truck fleet and material handling equipment) is recognised at the commencement date of a lease except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets (such as tablets and personal computers, small items of office furniture and telephones). The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Lease Liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; the lease term; and certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

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.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 2. Significant accounting policies (continued)

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.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The company retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 2. Significant accounting policies (continued)

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Marrakech Road Pty Ltd, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary and preference shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

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 2.

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. Further information on the terms of the preference shares is summarised in Note 24.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term and incremental borrowing rate

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

In addition, at the commencement of a lease the incremental borrowing rate is utilised in order to measure the present value of the lease payments to be made. The incremental borrowing rate is a function of both the aforementioned lease term and the credit risk of the company. Judgement is required in determining such rates.

Intangible asset carrying values

The carrying value of intangible assets is assessed as the lower of fair value at acquisition date and discounted future cash flows. In determining the value of discounted future cash flows, judgement is required to establish a range of factors including financial performance over the forthcoming five-year period, expected future growth rates (revenue and cost base), discount rate and terminal values. The factors selected for input into the calculation model are based on market knowledge, economic outlook, long-term bond yields, and certain industry and company specific risk ratings using external agency consensus benchmarks. The resultant valuation is assessed against the likely realisable value through a sale process based on expected market multiples applied to last twelve months or next twelve months earnings.

Note 4. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into two operating segments: Port Logistics (being the transport of shipping containers) and Contract Logistics (warehousing operations and distribution services). These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the consolidated entity Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews reported and underlying EBITDA (earnings before interest, tax, depreciation and amortisation) and EBIT to assess financial performance. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Intersegment transactions

No intersegment transactions are included in segment results presented below.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

The consolidated entity does not have a major customer that contributes more than 10% or more to the consolidated entity's revenue.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 4. Operating segments (continued)

Operating segment information

Consolidated - December 2020	Port Logistics \$'000	Contract Logistics \$'000	Total \$'000
Revenue			
Sales to external customers	95,434	58,439	153,873
Total revenue	95,434	58,439	153,873
Other income	245	67	312
Segment operating expenses	(86,116)	(38,721)	(124,837)
EBITDA	9,563	19,785	29,348
Finance cost	(784)	(3,623)	(4,407)
Depreciation and amortisation expense	(4,540)	(13,801)	(18,341)
Profit/(loss) before income tax benefit	4,239	2,361	6,600
Consolidated- December 2019			
Revenue			
Sales to external customers	71,096	52,234	123,330
Total revenue	71,096	52,234	123,330
Other income	401	54	455
Segment operating expenses	(66,880)	(34,688)	(101,568)
EBITDA	4,617	17,600	22,217
Finance cost	(1,025)	(3,309)	(4,334)
Depreciation & amortisation expense	(4,487)	(13,990)	(18,477)
Profit/(loss) before income tax benefit	(895)	301	(594)
Consolidated - December 2020			
Current assets	41,552	26,715	68,267
Non-current assets	63,167	152,912	216,079
Total assets	104,719	179,627	284,346
Current liabilities	51,315	47,550	98,865
Non-current liabilities	9,566	137,205	146,771
Total liabilities	60,881	184,755	245,636
Consolidated - June 2020			
Current assets	38,485	21,278	59,763
Non-current assets	66,931	164,971	231,902
Total assets	105,416	186,249	291,665
Current liabilities	55,537	37,589	93,126
Non-current liabilities	11,303	152,825	164,128
Total liabilities	66,840	190,414	257,254

Revenue reported above represents revenue generated from external customers. There were no intersegment sales during the half-year.

The accounting policies of the reportable segments are the same as the Group's accounting policies.

Segment EBITDA represents the profit/(loss) earned by each segment including the allocation of the share of central administration costs including directors' salaries, non-operating gains and losses in respect of financial instruments and finance costs. This is the measure reported to the Group's Chief Executive Officer for the purpose of resource allocation and assessment of segment performance.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 5. Revenue

Revenue from contracts with customers is categorised by type of service provided as disclosed below. Revenue is recognised when the performance obligations are delivered at a point in time except for storage services which are recognised over time. Once a contract has been entered into, the Group has an enforceable right to payment for work completed to date.

Disaggregation of revenue

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
<i>Warehousing and Transport Services Rendered:</i>		
Port logistics	95,434	71,087
Distribution	8,030	4,806
Storage	19,160	19,375
Handling	31,249	28,062
	<hr/>	<hr/>
Revenue	<u>153,873</u>	<u>123,330</u>

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
<i>Timing of revenue recognition</i>		
Services provided at a point in time	134,713	103,955
Services provided over time	19,160	19,375
	<hr/>	<hr/>
	<u>153,873</u>	<u>123,330</u>

Note 6. Other income

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
Interest income	69	22
Profit from sale of property, plant and equipment	242	230
Other income	1	203
	<hr/>	<hr/>
Other income	<u>312</u>	<u>455</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 7. Expenses

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Plant and equipment	2,116	3,033
Amortisation of intangible assets	218	135
Hire purchased asset	139	48
Make good asset	114	108
Right-of-use assets	15,754	15,153
Total depreciation	<u>18,341</u>	<u>18,477</u>
<i>Finance costs</i>		
Bank fees	11	13
Amortisation of debt raising costs	-	40
Interest expense related to external borrowings	547	848
Interest expense -related to lease liabilities	3,835	3,441
Net finance loss/(gain)	14	(8)
Finance costs expensed	<u>4,407</u>	<u>4,334</u>

Note 8. Income tax expense

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
<i>Income tax expense</i>		
Current tax	2,873	1,514
Deferred tax	(532)	(1,455)
Aggregate income tax expense	<u>2,341</u>	<u>59</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax expense	<u>6,600</u>	<u>(594)</u>
Tax at the statutory tax rate of 30%	1,980	(178)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible expenses	228	25
Non-deductible acquisition costs	-	180
Under statement of prior year tax provision	(32)	(56)
Others	165	88
Income tax expense	<u>2,341</u>	<u>59</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 9. Cash and cash equivalents

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Cash at bank and in hand	12,885	19,820

Note 10. Trade and other receivables

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Trade receivables	49,089	36,953
Less: Allowance for expected credit losses	(472)	(467)
	<u>48,617</u>	<u>36,486</u>
Other receivables	2,011	260
	<u>50,628</u>	<u>36,746</u>

The average credit period on sales of services is 30 days. Generally, no interest is charged on outstanding trade receivables.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime estimated credit loss ('ECL'). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. None of the trade receivables that have been written off are subject to enforcement activities. The following table details the risk profile of trade receivables based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer segments.

Allowance for expected credit losses

The consolidated entity has recognised a loss of \$5,000 (December 2019: \$176,000) in profit or loss in respect of the expected credit losses for the period ended 27 December 2020.

The ageing of the trade receivables and allowance for expected credit losses provided for above are as follows:

Consolidated	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	27 December		27 December		27 December	
	2020	28 June 2020	2020	28 June 2020	2020	28 June 2020
	%	%	\$'000	\$'000	\$'000	\$'000
Not overdue	0.3%	0.4%	32,515	25,206	96	99
0 to 3 months overdue	0.5%	0.7%	16,139	11,430	85	80
3 to 6 months overdue	2.2%	2.4%	88	-	2	-
Over 6 months overdue	2.2%	2.4%	30	-	1	-
Other	90.9%	90.9%	317	317	288	288
			<u>49,089</u>	<u>36,953</u>	<u>472</u>	<u>467</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 11. Current tax assets

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Current tax assets	-	246
	<u> </u>	<u> </u>

Note 12. Other current asset

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Prepayments	2,691	1,472
Accrued income	1,940	1,436
Inventory	67	36
Other assets	56	7
	<u> </u>	<u> </u>
	<u>4,754</u>	<u>2,951</u>

Accrued income is recognised in the port logistics segment to account for revenue earned from the movement of shipping containers which remain unbilled to customers at period end. The services provided for the collection and movement of containers attract costs which are recognised in the period they are incurred. Revenue attributable to the services provided can be reliably measured based on agreed rates per containers. Further, accrued income is recognised in respect of unbilled warehousing storage costs.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 13. Property, plant and equipment

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Plant and equipment - at cost	25,493	26,528
Less: Accumulated depreciation	<u>(11,753)</u>	<u>(10,664)</u>
	<u>13,740</u>	<u>15,864</u>

Reconciliations

Movement in the costs and accumulated depreciation during the reporting period are set out below:

	Plant & Equipment \$'000	Fixtures & Fittings \$'000	Total \$'000
Cost			
Balance at 28 June 2020	25,688	840	26,528
Additions	462	-	462
Disposals	<u>(1,497)</u>	<u>-</u>	<u>(1,497)</u>
Balance at 27 December 2020	<u>24,653</u>	<u>840</u>	<u>25,493</u>
Accumulated depreciation			
Balance at 28 June 2020	(9,943)	(721)	(10,664)
Depreciation	(2,095)	(21)	(2,116)
Disposals	<u>1,027</u>	<u>-</u>	<u>1,027</u>
Balance at 27 December 2020	<u>(11,011)</u>	<u>(742)</u>	<u>(11,753)</u>
Carrying value			
As at 27 December 2020	13,642	98	13,740
As at 28 June 2020	<u>15,745</u>	<u>119</u>	<u>15,864</u>

Note 14. Right-of-use assets

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Land and buildings - right-of-use	174,398	176,326
Less: Accumulated depreciation	<u>(36,587)</u>	<u>(26,993)</u>
	<u>137,811</u>	<u>149,333</u>
Plant and equipment - right-of-use	29,142	29,943
Less: Accumulated depreciation	<u>(9,078)</u>	<u>(5,825)</u>
	<u>20,064</u>	<u>24,118</u>
	<u>157,875</u>	<u>173,451</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 15. Intangibles

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Goodwill	33,063	33,063
Software - at cost	4,032	3,486
Less: Accumulated amortisation	(2,926)	(2,708)
	<u>1,106</u>	<u>778</u>
	<u><u>34,169</u></u>	<u><u>33,841</u></u>

Goodwill is attributable to business acquisitions completed in prior financial periods and has been allocated entirely to the port logistics segment (cash generating unit or CGU) due to the nature of the businesses acquired. Goodwill is considered to have an indefinite useful life due to the on-going cash generation attributable to the CGU and its recoverable value is assessed annually on a value-in-use (VIU) discounted cash flows basis. The key bases and assumptions on which VIU is determined includes most recent budget or forecast for the CGU, projections of financial performance over the future 5-year period which include revenue growth rates, profit margin, changes in working capital and capital expenditure based on historical and expected future trends (referenced against industry projections). CGU growth rate is estimated to be 8% and the discount rate applied against future cash flows is 15%. Terminal growth rate is 2%.

Reconciliations

Movement in the costs and accumulated amortisation during the reporting period are set out below:

	Goodwill	Software	Total
	\$'000	\$'000	\$'000
Cost			
Balance at 28 June 2020	33,063	3,486	36,549
Additions	-	546	546
Balance at 27 December 2020	<u>33,063</u>	<u>4,032</u>	<u>37,095</u>
Accumulated Amortisation			
Balance at 28 June 2020	-	(2,708)	(2,708)
Amortisation for the period	-	(218)	(218)
Balance at 27 December 2020	<u>-</u>	<u>(2,926)</u>	<u>(2,926)</u>
Carrying value			
As at 27 December 2020	33,063	1,106	34,169
As at 28 June 2020	<u>33,063</u>	<u>778</u>	<u>33,841</u>

Note 16. Deferred tax

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Deferred tax asset	<u>9,183</u>	<u>8,746</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
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Note 17. Trade and other payables

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Trade payables	12,553	10,810
GST	902	869
Employee related payables	2,912	2,358
Property related and other payables	10,238	9,481
	<u>26,605</u>	<u>23,518</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 21 days. No interest is charged by suppliers on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

The directors consider that the carrying amount of trade payables approximates to their fair value.

Note 18. Borrowings

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
External borrowings – current	<u>19,000</u>	<u>26,000</u>

As at 28 June 2020, external borrowings were classified as current due to the debt facility expiring on 31 July 2020 and a breach in covenants. During the current period, the debt facility has been renegotiated and the term of the debt facilities have been extended until 31 December 2021.

Total secured liabilities

The total secured liabilities are as follows:

The loan bears interest at variable market rates and is repayable by 31 December 2021. Amortising repayments amounting to \$7.0 million (2019: \$1.0 million) were made in line with agreed repayment terms.

The loan at 27 December 2020 was used to acquire businesses in prior periods. Under the current facility agreement quarterly amortising repayments of \$1.5 million are due unless otherwise varied by mutual consent. Fixed and floating charges are provided by the Group in respect to the financing facility.

The loan carries interest rate at 2.9 per cent above 90-day BBSY bid rate. The weighted average interest rate in the period was 3.07%.

The bank facility includes a bank guarantee facility of \$13.0 million which is used as security against leased premises. At 27 December 2020, \$12.1 million of the facility has been utilised. The utilised portion of the facility attracts a bank guarantee margin at 2.32% per annum, whilst the unutilised amount is charged at 50% of the bank guarantee margin.

During the prior financial year, the Group breached two components of its financial undertakings in the facility agreement in respect of the quarters ended March 2020 and June 2020. The breaches were due to: (i) lower than expected earnings calculated on a last twelve-month basis; (ii) non-payment of March amortising repayment to preserve cash for the unknown impacts of COVID-19 at that time. In September 2020 the facility agreement was renegotiated and extended with revised financial undertakings. There have been no breaches in the current reporting period.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 19. Lease liabilities

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Lease liability - current	36,651	30,485
Lease liability - non current	143,733	161,202
	<u>180,384</u>	<u>191,687</u>

The carrying value of lease liabilities is determined based on cash cost and term of leases, with future lease payments discounted to present value using the Group's assessed incremental borrowing rate.

Maturity analysis of total discounted lease liabilities as at the reporting date are as follows:

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
1 year or less	36,651	30,485
Between 1 and 2 years	31,451	31,022
Between 2 and 5 years	76,501	83,430
Over 5 years	35,781	46,750
	<u>180,384</u>	<u>191,687</u>

Note 20. Current tax liabilities

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Provision for income tax	1,912	-
	<u>1,912</u>	<u>-</u>

Note 21. Provisions

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Provisions- current		
Employee benefits	7,391	6,533
Onerous lease	-	150
Make good provisions	809	810
	<u>8,200</u>	<u>7,493</u>
Provisions – non-current		
Employee benefits	1,165	1,089
Make good provisions	1,873	1,837
	<u>3,038</u>	<u>2,926</u>
Total provisions	<u>11,238</u>	<u>10,419</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 22. Deferred revenue

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Deferred revenue	497	297

Note 23. Other financial liabilities

	Consolidated	
	27 December	
	2020	28 June 2020
	\$'000	\$'000
Deferred contingent consideration	6,000	5,333

Deferred contingent consideration relates to a component of the consideration in relation to the acquisition of Rocke Brothers Pty Ltd on 5 August 2019.

The transaction included contingent deferred consideration of up to \$6 million depending on the value realised by the principal shareholders of the Group in the event that the directors enter into a contractually binding liquidity event (exit) prior to 30 June 2022 and complete the exit prior to 31 December 2022. The payment is not contingent on the employment or services of the vendors in the business and accordingly is considered by management to be akin to consideration for the Enterprise (rather than remuneration) under AASB 3 'Business Combinations'.

In the prior year, to determine the fair value of the deferred contingent consideration, management prepared a Monte Carlo valuation model and arrived at a valuation of \$5.35m (remeasured to \$5.33m at June 2020). The model simulates a series of potential exit multiples, timings and pay-offs to the vendor using a random normal distribution.

The primary model assumptions are that on acquisition of Rocke Brothers Pty Ltd the consolidated group had a EV valuation of greater than the highest hurdle and that the probability of a liquidity events in FY20, FY21 and FY22 were 0%, 33.3% and 66.6% accordingly. At December 2020, the expected Group EV valuation remains greater than the highest hurdle and the probability of a liquidity event has been revised – refer to subsequent events note. Accordingly, the deferred contingent consideration has been revalued to \$6.0 million at 27 December 2020 and has not been discounted due to the near term timing of the expected exit event.

Note 24. Issued capital

	Consolidated			
	27 December		27 December	
	2020	28 June 2020	2020	28 June 2020
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	1,527,876	1,504,738	5,000	4,960
Preference shares - fully paid	1,400,424	1,400,424	47,226	47,226
	<u>2,928,300</u>	<u>2,905,162</u>	<u>52,226</u>	<u>52,186</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 24. Issued capital (continued)

Convertible preference shares (CPS)

CPS were originally issued at \$46.81 per share. The CPS are classified as equity on the basis that they cannot be redeemed by the Holder and there are no mandatory repayment obligation features (principal or interest). To the extent CPS are entitled to dividends they will only be declared and paid with Board of Director discretion. Furthermore, CPS will convert to ordinary shares on a one-for-for basis at certain Board of Director controlled liquidity events.

Convertible redeemable preference shares (CRPS)

CRPS were originally issued at \$51.3772 per share. The rights, privileges and conditions attached to the CRPS are the same as CPS other than redemption rights. Redemption of CRPS only occurs at certain Board of Director controlled liquidity events.

Note 25. Dividends

There were no dividends paid, recommended or declared during the current or previous financial period.

Note 26. Contingent liabilities

The Group has no material contingent liabilities as at the date of this report.

Note 27. Related party transactions

Parent entity

Marrakech Road Pty Ltd is the parent entity.

Transactions with related parties

During the period, the Group utilised the services of Danaher Moulton for legal advice to the value of \$60,000. Stephen Moulton (director) is a partner of Danaher Moulton and is the principal contact for the Group.

Receivable from and payable to related parties

There were no trade receivables from related parties at the current and previous reporting date.

Other than amounts owed to Danaher Moulton of \$20,000 (June 2020: \$20,000) there were no trade payables to related parties at the current and previous reporting date.

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 28. Remuneration of key management personnel

The term 'key management personnel' refers to those persons having authority and responsibility for planning, directing and controlling the activities of the consolidated entity (i.e. group), directly or indirectly, including any director (whether executive or otherwise) of the consolidated entity.

The directors and other key management personnel of the consolidated entity during or since the end of the financial period were:

Non-executive directors

Mr TA Sinclair
Mr SF Moulton

Position

Chairman, non-executive director
Non-executive director

Executive officers

Mr BP Boyd
Mr JA Sood
Mr BJ Pentland ^
Mr P Spottiswood ^^

Position

Managing Director, Chief Executive Officer
Chief Customer Office
Chief Financial Officer
Chief Financial Officer

^ Mr BJ Pentland was appointed as Chief Financial Officer on 1 July 2020.

^^ Mr P Spottiswood held the position of Chief Financial Officer for the period 1 November 2020 until 3 July 2020

Remuneration paid or payable to KMP in the financial period ended 27 December 2020 totalled \$755,634 (2019: \$451,445).

Note 29. Controlled Entities

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

Name of Entity	Country of incorporation	Ownership %	
		27 December 2020	28 June 2020
Parent Entity			
Marrakech Road Pty Ltd	Australia	100	100
Hoffman SPV Pty Ltd	Australia	100	100
R Hoffman & Co Pty Ltd	Australia	100	100
Kagan SPV Pty Ltd	Australia	100	100
Kagan Bros. Storage Pty Ltd	Australia	100	100
Kagan Bros. (VIC) Pty Ltd	Australia	100	100
Silk Contract Logistics Pty Ltd	Australia	100	100
Marrakech Lane Pty Ltd	Australia	100	100
Container Swinglift Services Pty Ltd	Australia	100	100
Flincept Pty Ltd	Australia	100	100
L&M Scott Haulage Pty Ltd	Australia	100	100
Rocke Brothers Pty Ltd	Australia	100	100

The company and all of its wholly owned subsidiaries have entered into a deed of cross guarantee with Marrakech Road Pty Ltd pursuant to ASIC Corporations (wholly-owned Companies) Instrument 2016/785 and are relieved from the requirement to individually prepare and lodge audited financial statements. This deed of cross guarantee was entered into on 22 June 2015. All wholly owned subsidiaries have consistent financial years.

Note 30. Business combinations

There were no business combination transaction during half year ended 27 December 2020.

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 31. Events after the reporting period

At the Board meeting held on 22 January 2021, the directors approved the strategic plan for the Company to seek an initial public offering (IPO) of its shares on the Australian Stock Exchange (ASX) before 30 June 2021, unless otherwise varied. Following approval by the Board, key advisers, investigating accountant and joint lead managers appointments were finalised. The first meeting of the due diligence committee was held on 1 February 2021. At the date of this report, the IPO plan remains on track with the timetable approved by the Board.

No other matter or circumstance has arisen since 27 December 2020 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 32. Reconciliation of profit/(loss) after income tax to net cash from operating activities

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
Profit/(loss) after income tax expense for the period	4,259	(653)
Adjustments for:		
(Gain)/loss on sale of property, plant and equipment	(242)	(230)
Share-based payments	40	
Non-cash net interest income	(67)	(10)
Remeasurement of deferred contingent consideration liability	667	-
Depreciation and amortisation	18,341	18,477
Non-cash net finance loss/(gain)	14	(8)
Change in operating assets and liabilities:		
(Increase)/Decrease in trade and other receivables	(12,493)	(7,018)
(Increase)/Decrease in other current assets	(1,803)	969
(Increase)/Decrease in deferred tax asset	(437)	(1,311)
Increase/(Decrease) in trade and other payables	2,669	(498)
Increase/(Decrease) in provision for income tax	2,157	479
Increase/(Decrease) in deferred revenue	200	803
Increase/(Decrease) in provisions	1,900	(226)
Net cash from operating activities	<u>15,205</u>	<u>10,774</u>

Marrakech Road Pty Ltd
Notes to the consolidated financial statements
For the 26 weeks ended 27 December 2020

Note 33. Earnings per share

	Consolidated	
	26 weeks ended 27 December 2020 \$'000	26 weeks ended 29 December 2019 \$'000
Profit/(loss) after income tax attributable to the owners of Marrakech Road Pty Ltd	<u>4,259</u>	<u>(653)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>1,527,876</u>	<u>1,504,738</u>
Weighted average number of ordinary and preference shares used in calculating diluted earnings per share	<u>2,928,300</u>	<u>1,504,738*</u>
	Cents	Cents
Basic earnings per share	278.75	(43.40)
Diluted earnings per share	145.44	(43.40)

*The preference shares in the comparative period were considered to be anti-dilutive in nature. Therefore the diluted earnings per share in the comparative period is based on the weighted average number of ordinary shares.

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

Conclusion

We have reviewed the half-year financial report of Marrakech Road Pty Ltd (the "Company") and its subsidiaries (the "Group"), which comprises the Consolidated statement of financial position as at 27 December 2020, 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 half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Marrakech Road Pty Ltd is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 27 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-year Financial Report* section of our report. We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual 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 review report.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 27 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



DELOITTE TOUCHE TOHMATSU



Peter Glynn
Partner
Chartered Accountants
Melbourne, 22 April 2021