

**HEATLEYS GROUP HOLDINGS PTY LIMITED**

**ACN 604 453 152**

**FINANCIAL STATEMENTS  
FOR THE 9 MONTHS ENDED  
31 MARCH 2018**

**HEATLEYS GROUP HOLDINGS PTY LIMITED**

**ACN 604 453 152**

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## **HEATLEYS GROUP HOLDINGS PTY LIMITED**

### **Director's Report**

**31 March 2018**

The sole director presents her report, together with the financial report of Heatleys Group Holdings Pty Limited (the **Company** or **Parent Entity**) being the Company and its controlled entity (the **Group**) for the 9 months ended 31 March 2018 and the auditor's review report thereon.

#### **Directors**

The following person was a director of the Company during the whole of the 9 months ended 31 March 2018 and up to the date of this report, unless otherwise stated:

Jayne Shaw

#### **Principal activities**

During the financial period the principal continuing activities of the Company and the Group consisted of the distribution of industrial supplies.

#### **Dividends**

No dividends were paid or declared during the financial year.

#### **Review of operations**

The profit for the Group for the 9 months ended 31 March 2018 after providing for income tax amounted to \$933,105 (9 months ended 31 March 2017: \$449,233).

#### **Significant changes in the state of affairs**

There were no significant changes in the state of affairs of the Group during the 9 months ended 31 March 2018.

#### **Matters subsequent to the end of the financial period**

No matter or circumstance has arisen since 31 March 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

#### **Likely developments and expected results of operations**

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the Group.

#### **Environmental regulation**

The Group is not subject to any significant environmental regulation under Australian Commonwealth or State law.

#### **Shares under option**

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

#### **Shares issued on the exercise of options**

There were no ordinary shares of the Company issued on the exercise of options during the 9 months ended 31 March 2018 and up to the date of this report.

#### **Indemnity and insurance of officers**

The Company has indemnified the directors and executives of the Group for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the 9 months ended 31 March 2018, the Group paid a premium in respect of a contract to insure the directors and executives of the Group against a liability to the extent permitted by the Corporations Act 2001.

#### **Indemnity and insurance of auditor**

The Company has not, during or since the end of the 9 months ended 31 March 2018, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the 9 months ended 31 March 2018, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

**HEATLEY SALES PTY LTD**

**Directors' report**

**31 March 2018**

**Proceedings on behalf of the company**

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

**Rounding of amounts**

The Company is of a kind referred to in ASIC Corporation (Rounding in Financial/Director's Reports) Instrument 2016/191 and in accordance with that instrument, amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Auditor's independence declaration**

A copy of the auditor's independence declaration from BDO is set out on the following page.

This report is made in accordance with a resolution of the sole director, pursuant to section 298(2)(a) of the Corporations Act 2001.



Jayne Shaw  
Director

9 August 2018

DECLARATION OF INDEPENDENCE BY MATTHEW CUTT TO THE DIRECTORS OF HEATLEYS GROUP HOLDINGS PTY LIMITED

As lead auditor of Heatleys Group Holdings Pty Limited Ltd for the period ended 31 March 2018, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Australian Professional Accounting Bodies in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Heatleys Group Holdings Pty Limited and the entities it controlled during the period.



Matthew Cutt

Partner

BDO Audit (WA) Pty Ltd

Perth, 9 August 2018

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the 9 months ended 31 March 2018**

	Note	Consolidated Group 9 Months ended 31 March 2018 \$'000	9 Months ended 31 March 2017 \$'000
<b>Revenue</b>	3	31,683	28,792
Cost of Sales		22,776	20,589
Gross profit		<u>8,907</u>	<u>8,203</u>
Other income	4	23	24
<b>Expenses</b>			
Distribution expenses	5	269	260
Marketing expenses	5	13	9
Occupancy expenses	5	1,087	1,104
Selling and administrative expenses		992	1,078
Employee benefits expense	5	4,971	4,821
Depreciation and amortisation expense		65	89
Other expenses	5	74	71
Finance costs	5	124	151
<b>Profit before income tax expense</b>		<u>1,335</u>	<u>644</u>
Income tax expense		402	195
<b>Profit after income tax expense for the period</b>		<u>933</u>	<u>449</u>
Total comprehensive result for the year		<u>933</u>	<u>449</u>
Loss for the year is attributable to:			
Non-controlling interest		-	-
Owners of the parent		<u>933</u>	<u>449</u>
		933	449
Total comprehensive result for the period is attributable to:			
Non-controlling interest		-	-
Owners of the parent		<u>933</u>	<u>449</u>
		933	449

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

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Consolidated Statement of Financial Position**  
**As at 31 March 2018**

	Note	Consolidated Group 31 March 2018 \$'000	30 June 2017 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	212	87
Trade and other receivables	7	7,219	6,550
Inventories	8	4,242	3,966
Other	9	258	305
<b>Total current assets</b>		<u>11,931</u>	<u>10,908</u>
<b>Non-current assets</b>			
Property, plant and equipment	10	325	312
Intangibles	11	35	36
Deferred tax	12	460	435
<b>Total non-current assets</b>		<u>820</u>	<u>783</u>
<b>Total assets</b>		<u>12,751</u>	<u>11,691</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	6,141	5,186
Borrowings	14	1,769	2,664
Income tax	15	304	261
Employee benefits	16	959	874
Other	17	105	145
<b>Total current liabilities</b>		<u>9,278</u>	<u>9,130</u>
<b>Non-current liabilities</b>			
Borrowings	18	32	50
Employee benefits	19	85	88
Provisions	20	122	122
<b>Total non-current liabilities</b>		<u>239</u>	<u>260</u>
<b>Total liabilities</b>		<u>9,517</u>	<u>9,390</u>
<b>Net assets</b>		<u>3,234</u>	<u>2,301</u>
<b>Equity</b>			
Issued capital	21	1	1
Retained Profits	22	3,233	2,300
<b>Total equity</b>		<u>3,234</u>	<u>2,301</u>

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

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Consolidated Statement of Changes in Equity**  
**For the 9 months to 31 March 2018**

<b>Consolidated Group</b>	<b>Issued capital \$'000</b>	<b>Retained profits \$'000</b>	<b>Total equity \$'000</b>
Balance at 1 July 2016	1	1,647	1,648
Profit after income tax expense for the period	-	449	449
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	449	449
Balance at 31 March 2017	<u>1</u>	<u>2,096</u>	<u>2,097</u>

<b>Consolidated Group</b>	<b>Issued capital \$'000</b>	<b>Retained Profits \$'000</b>	<b>Total Equity \$'000</b>
Balance at 1 July 2017	1	2,300	2,301
Profit after income tax expense for the period	-	933	933
Other comprehensive income for the period, net of tax	-	-	-
Total comprehensive income for the period	-	933	933
Balance at 31 March 2018	<u>1</u>	<u>3,233</u>	<u>3,234</u>

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



**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Consolidated Statement of Cash Flows**  
**For the 9 months ended 31 March 2018**

		<b>Consolidated Group</b>	
		<b>9 Months to</b>	<b>9 Months to</b>
	<b>Note</b>	<b>31 March</b>	<b>31 March</b>
		<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		34,602	31,325
Payments to suppliers and employees (inclusive of GST)		<u>(33,104)</u>	<u>(31,140)</u>
		1,498	185
Other revenue		-	1
Income taxes paid		<u>(258)</u>	<u>-</u>
Net cash from operating activities	26	<u>1,240</u>	<u>186</u>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		<u>(78)</u>	<u>(14)</u>
Net cash used in investing activities		<u>(78)</u>	<u>(14)</u>
<b>Cash flows from financing activities</b>			
Repayment on leases		(17)	(10)
Proceeds /(repayment) from director's loans		1,685	1,801
(Repayment) / proceeds of borrowings		(2,581)	(2,114)
Finance costs paid		<u>(124)</u>	<u>(151)</u>
Net cash used in financing activities		<u>(1,037)</u>	<u>(474)</u>
Net increase/(decrease) in cash and cash equivalents		125	(302)
Cash and cash equivalents at the beginning of the financial period		<u>87</u>	<u>389</u>
Cash and cash equivalents at the end of the financial period	6	<u><u>212</u></u>	<u><u>88</u></u>

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

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Notes to the Consolidated Financial Statements**  
**31 March 2018**

**Note 1. Significant accounting policies**

This financial report is a special purpose financial report for the 9 months ended 31 March 2018 and has been prepared in accordance with requirements of the Australian Accounting Standard AASB 134: Interim Financial Reporting. The Company is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated interim financial statements as at and for the 9 months ended 31 March 2018 comprise the Group and its controlled entity (together referred to as the **Group**).

This interim financial report is intended to provide users with an update on the latest annual financial statements of the Group. As such, it does not contain information that represents relatively insignificant changes occurring during the 9 months within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2017.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

**New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (**AASB**) that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

**Rounding of amounts**

The Group is of a kind referred to in ASIC Corporation (Rounding in Financial/Director's Reports) Instrument 2016/191 and in accordance with that instrument, amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the interim reporting period ended 31 March 2018. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. 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 period are discussed below.

*Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

*Provision for impairment of inventories*

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

**Note 2. Critical accounting judgements, estimates and assumptions (continued)**

*Estimation of useful lives of assets*

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

*Impairment of non-financial assets other than goodwill and other indefinite life intangible assets*

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

*Income tax*

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

*Recovery of deferred tax assets*

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

*Employee benefits provision*

As discussed in note 1 of the annual report, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

*Lease make good provision*

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

HEATLEYS GROUP HOLDINGS PTY LIMITED  
Notes to the Consolidated Financial Statements  
31 March 2018

**Note 3. Revenue**

	<b>Consolidated Group</b>	
	<b>9 Months to</b>	<b>9 Months to</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Sales revenue</i>		
Sale of goods	31,683	28,792
	<hr/>	<hr/>
	31,683	28,792
	<hr/>	<hr/>
Revenue	<u>31,683</u>	<u>28,792</u>

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Notes to the Consolidated Financial Statements**  
**31 March 2018**

**Note 4. Other income**

	<b>9 Months to 31 March 2018 \$'000</b>	<b>9 Months to 31 March 2017 \$'000</b>
Bad debts recovered	23	6
Other income	-	18
	<hr/>	<hr/>
Other income	23	24
	<hr/> <hr/>	<hr/> <hr/>

**Note 5. Expenses**

	<b>9 Months to 31 March 2018 \$'000</b>	<b>9 Months to 31 March 2017 \$'000</b>
Profit before income tax includes the following specific expenses:		
<i>Distribution expenses</i>		
Net customer delivery & freight expenses	269	260
	<hr/>	<hr/>
<i>Marketing expenses</i>		
Advertising & promotion	6	9
Sponsorship	7	-
	<hr/>	<hr/>
Total marketing expenses	13	9
	<hr/>	<hr/>
<i>Occupancy Expenses</i>		
Rent	827	830
Outgoings	22	20
Rates & taxes	84	87
Cleaning	38	41
Utilities	85	97
Repairs & maintenance	24	22
Security	7	7
	<hr/>	<hr/>
Total occupancy expenses	1,087	1,104
	<hr/>	<hr/>
<i>Employee benefits</i>		
Wages & salaries, net of recharge	4,063	3,987
Commissions & bonuses	54	13
Temporary staff	30	25
Termination & redundancy payments	3	3
Superannuation	414	407
Annual leave	329	326
Long service leave	78	60
	<hr/>	<hr/>
	4,971	4,821

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Notes to the financial statements**  
**31 March 2018**

**Note 5. Expenses (continued)**

	<b>Consolidated Group</b>	
	<b>9 Months to</b>	<b>9 Months to</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Other Expenses</i>		
Depreciation and amortisation	65	89
Goods for own use	49	46
Audit fees	25	25
	139	160
<i>Finance costs</i>		
Interest expense	72	98
Line fees	52	53
	124	151

**Note 6. Current assets - cash and cash equivalents**

	<b>31 March</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank	209	83
Petty cash imprest	2	3
Till floats	1	1
	212	87
	212	87

**Note 7. Current assets - trade and other receivables**

	<b>31 March</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivables	7,086	6,279
Less: Provision for impairment of receivables	(4)	-
	7,082	6,279
Rebate revenue owing	131	209
Other debtors	6	62
	137	271
	7,219	6,550

HEATLEYS GROUP HOLDINGS PTY LIMITED  
Notes to the financial statements  
31 March 2018

**Note 8. Current assets - inventories**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Stock on hand	4,460	4,194
Slow moving stock provision	(245)	(238)
Stock in transit	27	10
	<u>4,242</u>	<u>3,966</u>

**Note 9. Current assets - other**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Prepayments	218	267
Deposits in advance	40	38
	<u>258</u>	<u>305</u>

**Note 10. Non-current assets - property, plant and equipment**

	<b>Consolidated Group</b>	
	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Leasehold improvements - at cost	179	169
Less: Accumulated depreciation	(126)	(118)
	<u>53</u>	<u>51</u>
Makegood asset	180	180
Less: Accumulated depreciation	(180)	(180)
	<u>-</u>	<u>-</u>
Plant and equipment - at cost	1,054	1,039
Less: Accumulated depreciation	(939)	(909)
	<u>115</u>	<u>130</u>
Motor vehicles – at cost	433	433
Less: Accumulated depreciation	(336)	(316)
	<u>97</u>	<u>117</u>
Office equipment – at cost	85	78
Less: Accumulated depreciation	(71)	(68)
	<u>14</u>	<u>10</u>
Computer equipment – at cost	66	20
Less: Accumulated depreciation	(20)	(16)
	<u>46</u>	<u>4</u>
	<u>325</u>	<u>312</u>

**HEATLEYS GROUP HOLDINGS PTY LIMITED**

**Notes to the financial statements**

**31 March 2018**

**Note 10. Non-current assets - property, plant and equipment (continued)**

*Reconciliations*

Reconciliations of the written down values at the beginning and end of the current and previous financial periods are set out below:

<b>Consolidated Group</b>	Leasehold Improvements \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Office Equipment \$'000	Computer Equipment \$'000	Total \$'000
Balance at 1 July 2016	53	186	116	10	4	369
Additions	13	1	33	1	3	51
Disposals	-	-	-	-	-	-
Depreciation expense	(15)	(57)	(32)	(1)	(3)	(108)
Balance at 30 June 2017	51	130	117	10	4	312
Additions	9	15	-	7	47	78
Disposals	-	-	-	-	-	-
Depreciation expense	(7)	(30)	(20)	(3)	(5)	(65)
Balance at 31 Mar 2018	<u>53</u>	<u>115</u>	<u>97</u>	<u>14</u>	<u>46</u>	<u>325</u>

**Note 11. Non-current assets – intangibles**

	<b>Consolidated Group</b>	
	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Software - at cost	25	25
Less: Accumulated amortisation	(25)	(25)
	<u>-</u>	<u>-</u>
Stamp Duty	34	34
	<u>34</u>	<u>34</u>
Intangible assets	<u>1</u>	<u>2</u>
	<u>35</u>	<u>36</u>

**Note 12. Non-current assets - deferred tax**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Deferred tax asset	<u>460</u>	<u>435</u>



**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Notes to the financial statements**  
**30 June 2015**

**Note 13. Current liabilities - trade and other payables**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Trade payables	5,977	4,982
Payroll tax	27	36
PAYG withholding	-	50
Net GST payable	83	56
Purchase accruals	54	62
	<u>6,141</u>	<u>5,186</u>

**Note 14. Current liabilities - borrowings**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Westpac invoice finance (i)	1,624	(61)
Loan – director (ii)	-	1,800
Loan – Heatley Unit Trust	122	899
Loan – Jayne Shaw	-	3
Finance lease liability	23	23
	<u>1,769</u>	<u>2,664</u>

(i) The Group has an invoice financing facilities with Westpac with a facility limit of \$7 million and secured by existing and future assets of Heatley Sales Pty Ltd.

(ii) The directors loan was unsecured interest bearing at 4.5% p.a. and was repayable on demand. The loan was repaid during the year.

**Note 15. Current liabilities – income tax**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Provision for income tax	<u>304</u>	<u>261</u>

**Note 16. Current liabilities - employee benefits**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Wages accrual	144	24
Provision for long service leave	384	341
Provision for holiday pay	383	441
Superannuation Payable	48	68
	<u>959</u>	<u>874</u>

HEATLEYS GROUP HOLDINGS PTY LIMITED  
Notes to the financial statements  
31 March 2018

**Note 17. Current liabilities - other**

	<b>Consolidated Group</b>	
	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Accrued expenses	102	104
Other payables	3	41
	<u>105</u>	<u>145</u>

**Note 18. Non-current liabilities - borrowings**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Finance lease liability	<u>32</u>	<u>50</u>

**Note 19. Non-current liabilities - employee benefits**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Provision for long service leave	<u>85</u>	<u>88</u>

**Note 20. Non-current liabilities - provisions**

	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Lease make good	<u>122</u>	<u>122</u>

*Movements in provisions*

Movements in each class of provision during the current financial periods, other than employee benefits, are set out below:

<b>31 March 2018</b>	Lease make good \$'000
Carrying amount at the start of the year	122
Amounts transferred to current	<u>-</u>
Carrying amount at 31 March 2018	<u>122</u>

**HEATLEYS GROUP HOLDINGS PTY LIMITED**  
**Notes to the financial statements**  
**30 June 2017**

**Note 21. Equity - issued capital**

	<b>31 March 2018 Shares</b>	<b>30 June 2017 Shares</b>	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Ordinary shares - fully paid	<u>100,000</u>	<u>100,000</u>	<u>1</u>	<u>1</u>

*Ordinary shares*

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Group in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Group 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.

**Note 22. Equity - retained profits**

	<b>Consolidated Group</b>	
	<b>31 March 2018 \$'000</b>	<b>30 June 2017 \$'000</b>
Retained profits at the beginning of the financial year	2,300	1,647
Profit after income tax expense for the periods	<u>933</u>	<u>653</u>
Retained profits at 31 March 2018	<u><u>3,233</u></u>	<u><u>2,300</u></u>

**Note 23. Remuneration of auditors**

During the financial periods the following fees (in dollars) were paid or payable for services provided by BDO Australia, the auditor of the Group:

	<b>31 March 2018 \$</b>	<b>30 June 2017 \$</b>
<i>Audit and Review services – BDO Australia</i>		
Audit of the financial statements	-	28,500
Review of the financial statements	<u>28,500</u>	<u>-</u>
	<u><u>28,500</u></u>	<u><u>28,500</u></u>

**HEATLEYS GROUP HOLDINGS PTY LIMITED****Notes to the financial statements****31 March 2018****Note 24. Commitments**

	<b>Consolidated Group</b>	
	<b>31 March</b>	<b>30 June</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Lease commitments - operating</i>		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	1,093	1,108
One to five years	1,184	1,965
More than five years	-	-
	<u>2,277</u>	<u>3,073</u>
<i>Lease commitments - finance</i>		
Committed at the reporting date and recognised as liabilities, payable:		
Within one year	26	26
One to five years	51	53
	<u>77</u>	<u>79</u>
Total commitment	77	79
Less: Future finance charges	(4)	(6)
	<u>73</u>	<u>73</u>
Net commitment recognised as liabilities	<u>73</u>	<u>73</u>
Representing:		
Lease liability - current (note 14)	23	23
Lease liability - non-current (note 18)	32	50
	<u>55</u>	<u>73</u>

Operating lease commitments includes contracted amounts for various retail outlets, warehouses, offices and plant and equipment under non-cancellable operating leases expiring within one to ten years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The above amounts have not been reflected in the statement of financial position as existing liabilities.

Finance lease commitments includes contracted amounts for various motor vehicles with a written down value of \$64,569 under finance leases expiring within one to five years. Under the terms of the leases, the Group has the option to acquire the leased assets for predetermined residual values on the expiry of the leases.

**HEATLEYS GROUP HOLDINGS PTY LIMITED****Notes to the financial statements****31 March 2018****Note 25. Events after the reporting period**

No matter or circumstance has arisen since 31 March 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial periods.

**Note 26. Reconciliation of profit after income tax to net cash from operating activities**

	<b>Consolidated Group</b>	
	<b>31 March</b>	<b>31 March</b>
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit after income tax expense for the period	933	450
Adjustments for:		
Depreciation and amortisation	65	89
Finance Costs	124	151
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(747)	(781)
Decrease/(increase) in inventories	(275)	73
Decrease/(increase) in deferred tax assets	(24)	5
Decrease/(increase) in accrued revenue	78	(35)
Decrease/(increase) in prepayments and deposits	47	(84)
Decrease in trade and other payables	973	169
Increase in provision for income tax	44	187
Decrease/(increase) in employee benefits	22	(37)
Net cash from operating activities	<u>1,240</u>	<u>187</u>

**HEATLEYS GROUP HOLDINGS PTY LIMITED**

**Director's Declaration**

**31 March 2018**

In the director's opinion:

- the Company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, as described in note 1 to the financial statements, the attached special purpose financial statements have been prepared for the needs of the members;
- the attached financial statements and notes comply with the Accounting Standards as described in note 1 to the financial statements and other mandatory professional reporting requirements;
- the attached financial statements and notes presents fairly the Group's financial position as at 31 March 2018 and of its performance for the financial period ended on that date; and
- there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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



Jayne Shaw  
Director

9 August 2018

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Heatleys Group Holdings Pty Limited

### Report on the 31 March 2018 Financial Report

#### Conclusion

We have reviewed the 31 March 2018 financial report of Heatleys Group Holdings Pty Limited ("the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 March 2018, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period then ended, notes comprising a statement 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 31 March 2018 financial report of the Group does not present fairly, in all material respects, the financial position of the Group as at 31 March 2018, and of its financial performance and its cash flows for the period ended on that date, in accordance with the Australian Accounting Standards.

#### Directors' responsibility for the Financial Report

The director of the Company is responsible for the preparation and fair presentation of the 31 March 2018 financial report in accordance with the Australian Accounting Standards and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the 31 March 2018 financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's responsibility

Our responsibility is to express a conclusion on the 31 March 2018 financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 31 March 2018 financial report is not presented fairly, in all material respects, in accordance with the Australian Accounting Standards. As the auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a 31 March 2018 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.



Independence

In conducting our review, we have complied with the independence requirements of the Australian professional accounting bodies.

BDO Audit (WA) Pty Ltd

BDO  
M. Cutt

Matthew Cutt

Partner

Perth, 09 August 2018