ANNUAL REPORT

2017/2018

SHELLHARBOUR WORKERS' CLUB LTD

ABN 69 001 068 864

OUR VISION...

TO ENABLE THE COMMUNITY TO REACH ITS HIGHEST POTENTIAL.

FROM THE PRESIDENT

MARK CLIMO

MARK CLIMO
President

On behalf of the Board of Directors I present the Annual Report for Shellharbour Workers' Club Limited for the year ending 30 June 2018.

The 2017/2018 Financial Year has been another great year for Shellharbour Workers' Club Limited and this is credit to the great team we have on the job. I would like to thank the Board of Directors and Management for their tireless commitment to the vision for the business: **'TO ENABLE THE COMMUNITY TO REACH ITS HIGHEST POTENTIAL'** and their focus on the staged delivery of the Estate Plan. Our continued focus on diversifying our business over time will ensure long-term financial sustainability.

Most importantly... THANK YOU to our members and to the broader community for your support throughout the past year.

BRIAN GOODALL
Vice President

DIANNE HYDE

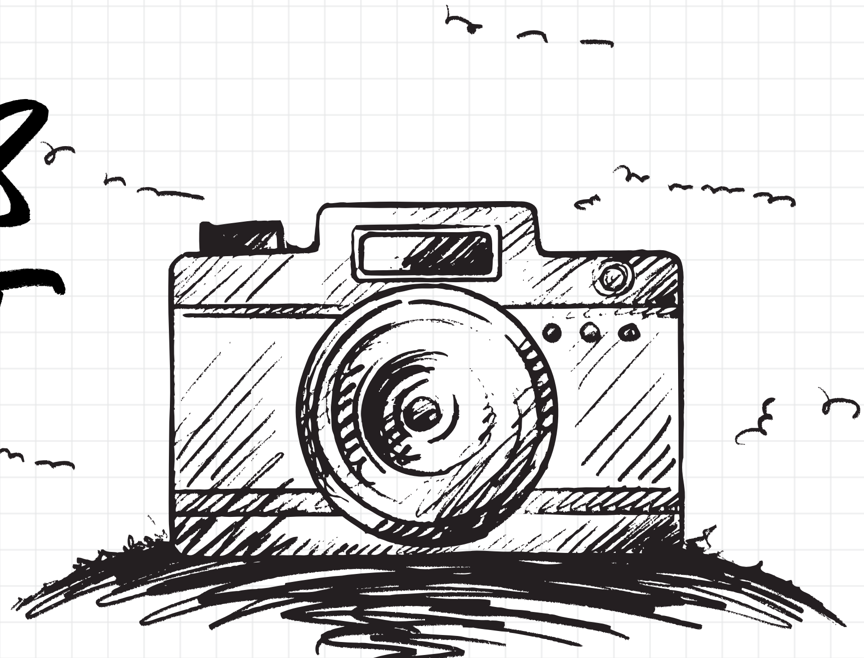
LUKE MCPHIE

SCOTT MURPHY

PETER COOPER

DAN HUNT

2017/2018 SNAPSHOT



Our community and our people benefit from our performance.

OUR PERFORMANCE

21.12%
EBITDA
Earnings before interest, tax, depreciation, amortisation

$28,005,059
Total Gross Revenue

$1,773,392
Gross Profit before Tax

$47,833,327
Total Assets

OUR PEOPLE

- WE HAVE APPROX. 130 EMPLOYEES
- OUR EMPLOYEES WORKED OVER 170,000 HOURS
- THEY SPENT 3,359 HOURS TRAINING ON-THE-JOB, ONLINE AND IN THE CLASSROOM
- WE REWARDED THEM WITH 35,705 REWARD POINTS

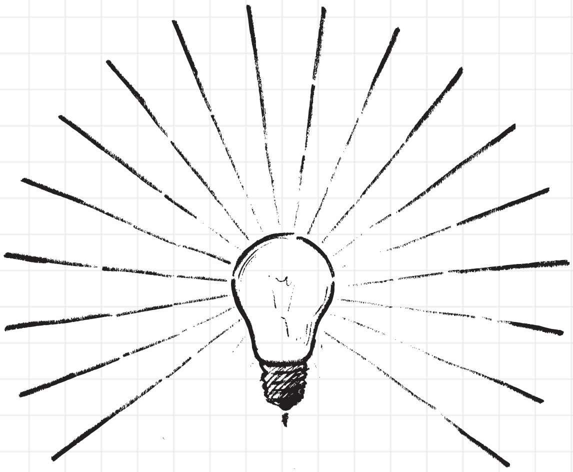
OUR COMMUNITY

We continue to reward our Members via
MY SHELLY'S REWARDS

We are proud to have
29,779 MEMBERS

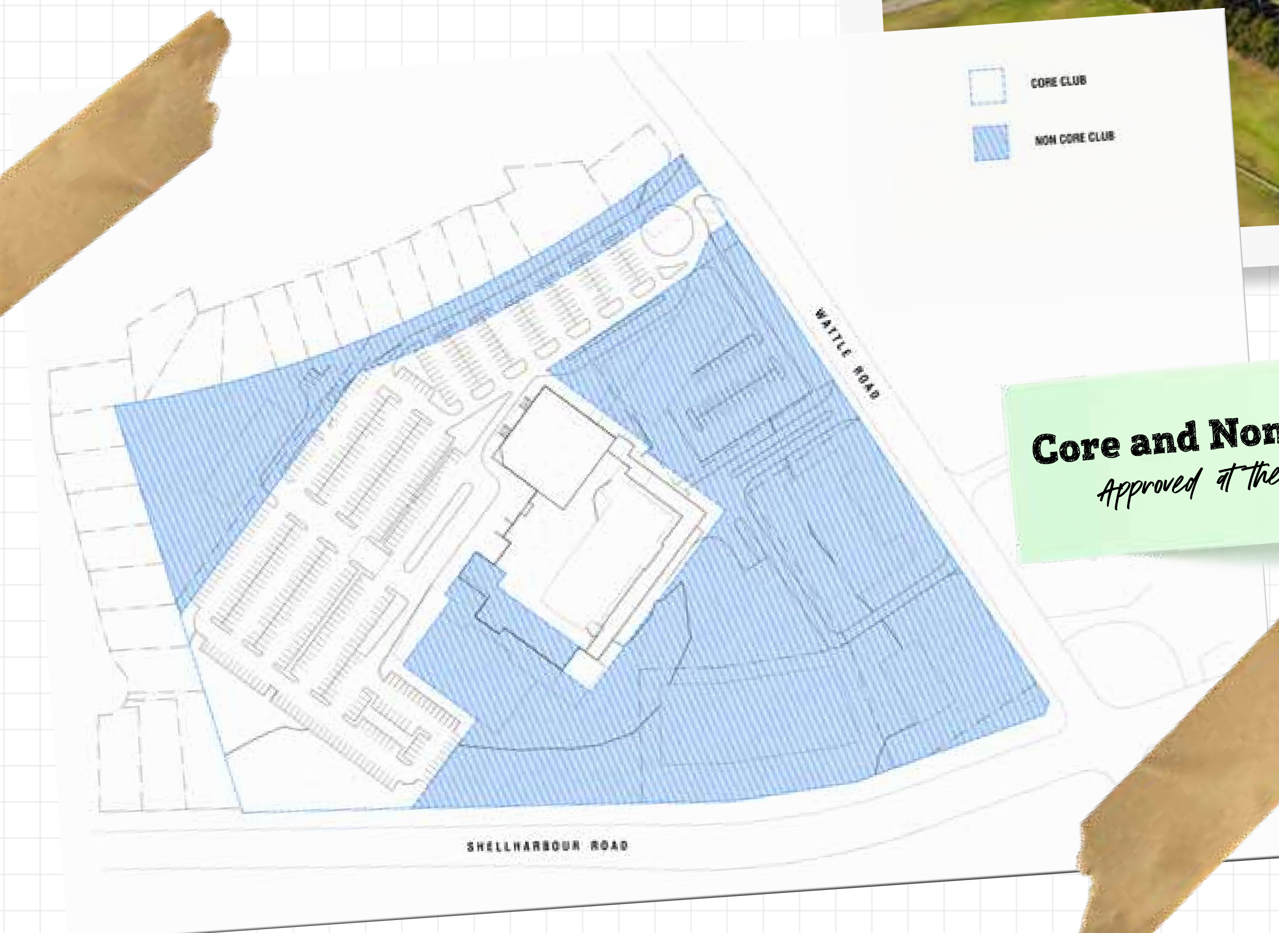
OVER 550,000
people walked through our doors

WE DONATED $450,000
to the community via the ClubGRANTS Scheme
BETWEEN 1/9/17 & 31/8/18



From the CEO Debbie Cosmos

We've Been BUSY Delivering the Estate Plan



Core and Non-Core Plan
Approved at the 2014 AGM

THE SHELLHARBOUR SITE

& THE CLIFTON SITE

WE LAUNCHED PRECINCT

& WERE AMAZED AT HOW BUSY IT WAS

BON BON

OVER 2,500

SERVES OF NUTELLA TOPPING WERE ADDED

RANCHO GRANDE

OVER 6,500

BOWLS OF NACHOS WERE BAKED, TOPPED & SERVED

DYNASTY DUMPLINGS

OVER 3,500

PRAWN DUMPLINGS WERE STEAMED

BIG TIME BBQ

MORE THAN 1,300

PHILLY STEAK ROLLS WERE CREATED

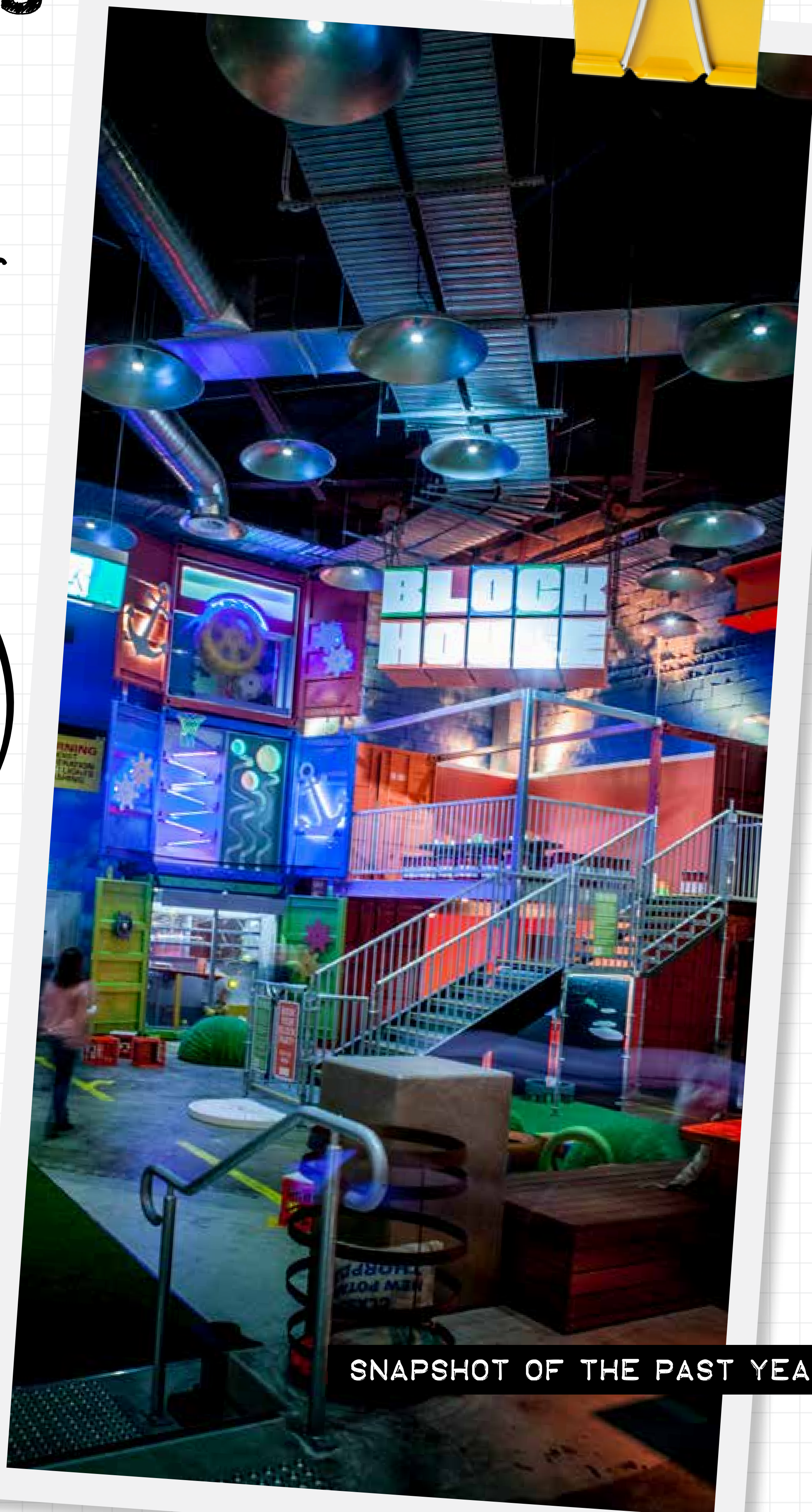
THOUSANDS OF BALLS WERE THROWN

(...IT FELT LIKE MILLIONS!)

COMING SOON

GIANT SLIDES

WATCH THIS SPACE!



SNAPSHOT OF THE PAST YEAR

WE BUILT A CHILDCARE CENTRE

.....AND THE KIDS HAVE MOVED IN!

Long Day Care
6.30am – 6.00pm

LEASED AND OPERATED BY

The Grove Academy

SNAPSHOT OF THE PAST YEAR

A PEEK INSIDE

...BEFORE THE KIDS MOVED IN

We refreshed the MAIN LOUNGE

OVER 100 LIVE ACTS HAVE PERFORMED IN THE LOUNGE

WE PLANNED THE SPORTS BAR... AND STARTED CONSTRUCTION!

WHAT'S COMING?

- Large industrial space
- Large scale projection
- Multiple screens
- Separate TAB
- Fireplace

WE PLANNED THE IMPERIAL

...it's coming soon

DIRECTOR'S REPORT

FOR THE YEAR ENDED 30 JUNE 2018

The directors of Shellharbour Workers' Club Ltd (the Company) present this report, together with the financial statements for the financial year ended 30 June 2018.

DIRECTORS

The names and details of the Company's directors in office during the financial year and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE & RESPONSIBILITIES
Mark Climo	President	Director 2007 – Current Club Member 1990 – Current	Occupation – Real Estate Sales Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling
Brian Goodall	Vice President	Director 2013 – Current Club Member 1996 – Current	Occupation – Business Manager Sub-committees – Audit, Risk & Compliance Committee, Remuneration Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling
Dianne Hyde	Director	Director 1975 – 1986 Director 2000 – Current Club Member 1969 – Current Life Member 1985 – Current	Occupation – Business Owner Sub-committee – ClubGRANTS Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling

NAME	POSITION	TERM	QUALIFICATION, EXPERIENCE & RESPONSIBILITIES
Peter Cooper	Director	Director 2009 – 2013 Director 2015 – Current Club Member 2000 – Current	Occupation – Social Worker (Retired) Sub-committees – Audit, Risk & Compliance Committee, Remuneration Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Responsible Service of Alcohol Responsible Conduct of Gambling
Luke McPhie	Director	Director 2013 – Current Member 1997 – Current	Occupation – Police Officer (Retired) Sub-committee – Audit, Risk & Compliance Committee, ClubGRANTS Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Club Leadership in Action Strategic Planning & Market Profiling Risk Management & Procurement Responsible Service of Alcohol Responsible Conduct of Gambling
Scott Murphy	Director	Director 2016 – Current Club Member 1998 – Current	Occupation – Commercial Manager Sub-committee – Remuneration Committee, ClubGRANTS Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Responsible Service of Alcohol Responsible Conduct of Gambling
Dan Hunt	Director	Director 2017 – Current Member 2015 – Current	Occupation – Managing Director Sub-committee – ClubGRANTS Committee Training – Cert IV Corporate Governance – Director Foundation & Management Collaboration Finance for Club Boards Responsible Service of Alcohol Responsible Service of Gambling

CHIEF EXECUTIVE OFFICER/ COMPANY SECRETARY

Debra Cosmos was appointed Company Secretary on 4 May 2013. Debra commenced employment with the Club in 1995 and has a Diploma in Hospitality Management, Advanced Diploma in Social Welfare, Certificate IV in Workplace Training and Assessment, Certificate IV in Corporate Governance, Responsible Service of Alcohol Certificate and Responsible Conduct in Gambling Certificate.

PRINCIPAL ACTIVITY

The principal activity of the Company during the financial year was that of a Registered Club.

OPERATING RESULTS FOR THE YEAR

The Company achieved a profit of $1,637,089 for the 2018 year (2017: $1,765,636).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Company during the year.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

No significant changes in the state of affairs of the Company occurred during the financial year.

BUSINESS OVERVIEW

Annually the board of directors review and set the strategic direction for the Group. The annual strategic planning process is a collaboration of the board of directors and the management team working together to set priorities. It is a disciplined process that produces key actions that shape and guide what the business is, who it serves, what it does and why it does it, with a focus on the future. This process is always guided by our vision: "To enable the community to reach its highest potential."

The strategic plan is underpinned by a detailed review of the business Strengths, Weaknesses, Opportunities and Threats (SWOT). In response to the SWOT analysis, four primary objectives are set that enable the Group to optimise strengths and possible opportunities whilst addressing identified weaknesses and minimising potential threats. The objectives provide a rolling five year view towards progressive growth of the business aimed at optimising the existing Group assets, capturing new products and services and working towards sustainable diversification. The corresponding strategies provide the specific direction required to achieve these objectives.

The four primary objectives of the Group are:

MARKET POSITIONING

To ensure that the Group is positioned strategically within the market to increase market share.

ASSET MANAGEMENT

To manage the acquisition, development, use and disposal of Group Assets.

PEOPLE CULTURE

To ensure the organisational design, human resources and systems enable optimal performance of the Group.

RISK MANAGEMENT

To implement and connect risk management to business planning and decision making.

MEASUREMENT OF SUCCESS

The Club measures success against industry wide benchmarks and key performance indicators for:

- *EBITDA – Earnings before interest, tax, depreciation, amortisation*
- *Revenue*
- *Patron visitation*
- *Member satisfaction*
- *Community Benefit though the ClubGRANTS Scheme*
- *Community Engagement*

ENVIRONMENTAL ISSUES

The Company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the financial year, the Company paid premiums in respect of a contract insuring all directors and executives of Shellharbour Workers' Club Ltd. against legal liability arising from any wrongful act committed, attempted or allegedly committed or attempted in the course of their duties as a director or executive of the Company. Total premiums paid during the financial year were $7,045 (2017: $4,103).

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

DIRECTORS' ENTITLEMENTS

No director has received or become entitled to receive, during or since the end of financial year, a benefit because of a contract made by the Company or a related body corporate with the director, a firm of which a director is a member or an entity in which a director has a substantial financial interest with the exception of:

Dianne Hyde, a Director of Warilla Florist – supplied goods (flowers) to the Club totalling $3,147 (2017: $1,500).

This statement excludes a benefit included in the aggregate amount of emoluments received or due and receivable by directors shown in the Company's accounts or the fixed salary of a full- time employee of the Company, controlled entity or related body corporate.

DIRECTORS' MEETINGS

The number of Director Meetings and Sub-committee Meetings attended by each director during the year were as follows:

	BOARD MEETINGS		SUB-COMMITTEE MEETINGS			OTHER
	MONTHLY BOARD MEETING	SPECIAL BOARD MEETING	AUDIT, RISK & COMPLIANCE COMMITTEE	REMUNERATION COMMITTEE	ClubGRANTS COMMITTEE	STRATEGIC PLANNING
Mark Climo	11	6	–	1	–	1
Brian Goodall	12	6	4	3	–	1
Dianne Hyde	12	6	–	–	1	1
Peter Cooper	11	5	5	1	–	1
Luke McPhie	12	6	3	–	1	1
Scott Murphy	12	6	–	1	1	1
Dan Hunt	7	3	–	–	–	1

MEMBERS GUARANTEES

The Company is limited by guarantee. If the Company is wound up, the Constitution states that each member is required to contribute a maximum of $2 each. At 30 June 2018 the number of members was 29,779 (2017: 29,909) as follows:

	NUMBER OF MEMBERS
Life members	11
Full members	29,768
Total members	29,779

At 30 June 2018, the total amount that members of the Company are liable to contribute if the Company is wound up is $59,558 (2017: $59,818).

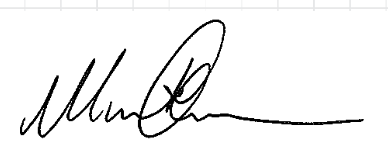
PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or 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 any part of those proceedings. The Company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2018 has been received and can be found attached to the directors' report.

Signed in accordance with a resolution of the directors.



MARK CLIMO
President
27 August 2018

BRIAN GOODALL
Vice President
27 August 2018

AUDITOR'S INDEPENDENCE DECLARATION

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
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Auditor's Independence Declaration to the Directors of Shellharbour Workers Club Limited

As lead auditor for the audit of Shellharbour Workers Club Limited for the financial year ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

Ernst & Young

Daniel Cunningham
Partner
Sydney

27 August 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Sale of goods		8,015,177	6,924,194
Rendering of services		19,989,882	18,467,556
Revenue	**4**	**28,005,059**	**25,391,750**
Cost of sales		(2,997,305)	(2,844,237)
Employee benefits expense		(7,613,901)	(6,911,148)
Depreciation expense		(3,338,875)	(2,629,759)
Other operating expenses	5	(11,372,446)	(10,528,671)
Finance income		27,065	9,150
Finance costs		(936,205)	(534,392)
Profit before income tax expense		**1,773,392**	**1,952,693**
Income tax expense	6	(136,303)	(187,057)
Profit for the year		**1,637,089**	**1,765,636**
Other comprehensive income		-	-
Total comprehensive income for the year		**1,637,089**	**1,765,636**

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

STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2018

	Notes	2018 $	2017 $
Assets			
Current assets			
Cash	7	2,778,811	3,164,404
Trade and other receivables	8	231,661	47,092
Inventories	9	225,604	309,310
Income tax receivable		-	9,891
Prepayments		194,911	250,075
Total current assets		3,430,987	3,780,772
Non-current assets			
Property, plant and equipment	10	40,088,839	42,399,361
Investment property	11	3,486,453	-
Intangible assets		748,259	748,259
Deferred tax assets	6	78,789	75,751
Total non-current assets		44,402,340	43,223,371
Total assets		**47,833,327**	**47,004,143**
Liabilities and equity			
Current liabilities			
Trade and other payables	12	1,629,020	1,610,332
Interest-bearing loans and borrowings	13	2,997,553	3,857,145
Income tax payable		1,682	-
Employee benefit liabilities	14	925,060	894,382
Other liabilities	15	49,109	41,599
Total current liabilities		5,602,424	6,403,458
Non-current liabilities			
Interest-bearing loans and borrowings	13	18,982,444	19,035,336
Employee benefit liabilities	14	127,661	101,604
Other liabilities	15	178,558	156,066
Deferred tax liabilities	6	120,786	123,314
Total non-current liabilities		19,409,449	19,416,320
Total liabilities		**25,011,873**	**25,819,778**
Equity			
Retained earnings		22,821,454	21,184,365
Total equity		**22,821,454**	**21,184,365**
Total liabilities and equity		**47,833,327**	**47,004,143**

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2018

	Retained Earnings $	Total $
As at 1 July 2017	**21,184,365**	**21,184,365**
Profit for the year	1,637,089	1,637,089
Other comprehensive income	-	-
Total comprehensive income	1,637,089	1,637,089
At 30 June 2018	**22,821,454**	**22,821,454**
As at 1 July 2016	**19,418,729**	**19,418,729**
Profit for the year	1,765,636	1,765,636
Other comprehensive income	-	-
Total comprehensive income	1,765,636	1,765,636
At 30 June 2017	**21,184,365**	**21,184,365**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2018

	Notes	2018 $	2017 $
Operating activities			
Receipts from customers		30,649,053	28,037,682
Payments to suppliers and employees		(24,512,579)	(22,872,018)
Interest received		27,065	9,150
Interest paid		(936,205)	(595,527)
Income tax paid		(130,296)	(225,925)
Net cash flows from operating activities		**5,097,038**	**4,353,362**
Investing activities			
Proceeds from sale of property, plant and equipment		96,062	45,414
Purchase of property, plant and equipment & investment property		(4,666,209)	(12,182,501)
Purchase of intangible assets		-	(137,300)
Net cash flows used in investing activities		**(4,570,147)**	**(12,274,387)**
Financial activities			
(Repayment of)/proceeds from borrowings		(1,510,037)	7,856,508
Net cash flows (used in)/from financing activities		**(1,510,037)**	**7,856,508**
Net decrease in cash and cash equivalents		(983,146)	(64,517)
Cash and cash equivalents at 1 July		3,164,404	3,228,921
Cash and cash equivalents at 30 June	**7**	**2,181,258**	**3,164,404**

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2018

1. CORPORATE INFORMATION

The financial report of Shellharbour Workers' Club Limited (the "Company"/"Club") for the year ended 30 June 2018 was authorised for issue in accordance with a resolution of the directors on 27 August 2018.

Shellharbour Workers' Club Limited is a not-for-profit entity limited by guarantee, incorporated and domiciled in Australia.

The Company's registered office and principal place of business is Cnr Wattle and Shellharbour Road, Shellharbour NSW 2529.

The nature of the operations and principal activities of the Company are described in the director's report.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) GOING CONCERN

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

At 30 June 2018, the Club's total current liabilities exceeded total current assets by $2,171,437 (2017: total current liabilities exceeded total current assets by $2,622,686). Given that there are $5,930,003 of financing facilities available for use at 30 June 2018 (2017: $3,342,430), in addition to the financing facilities available to the Club, management have projected the company will continue to generate positive cash flows for the 2019 financial year (2018: $5,097,038 net cash flow from operating activities). Based on the above, the Directors have concluded that the use of the going concern assumption in the preparation of the financial statements is appropriate.

B) BASIS OF PREPARATION

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards - Reduced Disclosure Requirements and other authoritative pronouncements of the Australian Accounting Standards Board (AASB). Australian Accounting Standards contain requirements specific to not-for-profit entities, including standards AASB 116 *Property, Plant and Equipment*, AASB 138 *Intangible Assets*, AASB 136 *Impairment of Assets* and AASB 1004 *Contributions.*

The financial report has been prepared on a historical cost basis, except for investment property which have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar ($).

STATEMENT OF COMPLIANCE

The financial statements for the Company are tier 2 general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements (AASB-RDRs).

C) CHANGES IN ACCOUNTING POLICIES, DISCLOSURES, STANDARDS AND INTERPRETATIONS

NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The new and amended Australian Accounting Standards and AASB Interpretations that apply for the first time in 2017/2018 do not materially impact the financial statements of the Company.

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Company for the annual reporting year ended 30 June 2018. The directors have not early adopted any of these new or amended standards or interpretations. The directors are in the process of assessing the impact of the applications of AASB 9 *Financial Instruments* (effective 1 January 2018), AASB 15 *Revenue from Contracts with Customers* (effective 1 January 2019 for not-for-profit entities), AASB 16 *Leases* (effective 1 January 2019) and AASB 1058 *Income of Not-For-Profit Entities* (effective 1 January 2019) and its amendments to the extent relevant to the financial statements of the Company.

D) CURRENT VERSUS NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or a cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

E) CASH

Cash in the statement of financial position comprises cash on hand and at bank.

F) TRADE AND OTHER RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Individual debts that are known to be uncollectible are written off when identified. An impairment provision is recognised when there is objective evidence that the Company will not be able to collect the receivable.

G) INVENTORIES

Inventories are valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

H) PROPERTY, PLANT AND EQUIPMENT

Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Land and buildings are measured at cost less accumulated depreciation on buildings.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Class of fixed asset	Depreciation rate
Freehold land	Not depreciable
Buildings	2- 8%
Poker machines	10- 50%
Plant and equipment	5- 40%
Motor vehicles	22.50%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

I) INVESTMENT PROPERTY

Investment property are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, investment property are measured at cost, net of accumulated depreciation and accumulated impairments losses, if any.

Investment property are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss and other comprehensive income in the year of retirement or disposal.

J) INTANGIBLE ASSETS

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss and other comprehensive income when the asset is derecognised.

K) LEASES

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the lease term.

L) INTEREST-BEARING LOANS AND BORROWINGS

Interest-bearing loans and borrowings are recognised initially at fair value and, net of directly attributable transaction costs. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate (EIR) method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in the statement of profit or loss and other comprehensive income.

M) BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

N) IMPAIRMENT OF NON-FINANCIAL ASSETS

At each reporting date, the Company assesses whether there is an indication that an asset may be impaired.

Where an indicator of impairment exists or where annual impairment testing for an asset is required, the Company makes a formal estimate of the recoverable amount. An impairment loss is recognised for the amount, by which the carrying amount of an asset exceeds recoverable amount, which is defined for not for profit entities as the higher of an asset's fair value less costs to sell or depreciated replacement cost. For the purpose of assessing impairment, assets are grouped at the levels for which there are separately identifiable cash flows. An impairment loss is recognised in the statement of profit and loss and other comprehensive income.

O) PROVISIONS AND EMPLOYEE BENEFIT LIABILITIES

GENERAL

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of profit or loss and other comprehensive income net of any reimbursement.

WAGES, SALARIES AND EMPLOYEE PROVISIONS

Liabilities for wages and salaries, including non-monetary benefits and employee provisions which are expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled.

LONG SERVICE LEAVE AND ANNUAL LEAVE

The Company does not expect its long service leave or annual leave benefits to be settled wholly within 12 months of each reporting date. The Company recognises a liability for long service leave and annual leave measured as 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

P) TRADE AND OTHER PAYABLES

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Q) REVENUE RECOGNITION

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

SALE OF GOODS

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

RENDERING OF SERVICES

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

INTEREST INCOME

Interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in other income from ordinary activities in the statement of profit or loss and other comprehensive income.

RENTAL INCOME

Rental income arising from operating leases is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss and other comprehensive income due to its operating nature.

R) TAXES

INCOME TAX

The Income Tax Assessment Act 1997 (Amended) provides that under the concept of mutuality, Clubs are only liable for income tax on income derived from non-members and from outside entities. Current tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities based on the current period's taxable income. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except:

- When the GST incurred on a sale or purchase of assets or services is not payable to or recoverable from the taxation authority, in which case the GST is recognised as part of the revenue or the expense item or as part of the cost of acquisition of the asset, as applicable
- When receivables and payables are stated with the amount of GST included

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

IMPAIRMENT - GENERAL

The Company assesses impairment at the end of each reporting period by evaluation of conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions. These may differ from accrual.

TAXES

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

LONG SERVICE LEAVE PROVISION

As discussed in Note 2, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at reporting date. In determining the present value of the liability, attrition rates and pay increase through promotion and inflation have been taken into account.

KEY JUDGEMENTS

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

POKER MACHINE LICENSES

The Company holds poker machine licences either acquired through a past business combination or granted at no consideration by the NSW government. AIFRS requires that licences outside of a pre AIFRS transaction business combination be recognised initially at its fair value as at the date it was granted with a corresponding adjustment to the profit and loss to recognise the grant immediately as income. Until new gaming legislation taking effect in April 2002 allowing poker machine licences to be traded for the first time, the Company has determined that fair value at grant date for licences granted pre April 2002 to be zero. Should licences be granted to the Company post April 2002 they will be initially recognised at fair value. The Company has determined that the market for poker machine licences does not meet the definition of an active market and consequently licences recognised will not be revalued each year.

4. REVENUE

	2018 $	2017 $
Sale of goods		
Bar sales	3,301,315	2,946,058
Food & catering sales	4,713,862	3,978,136
	8,015,177	**6,924,194**
Rendering of services		
Poker machine revenue	18,883,797	17,559,380
Commission & vending income	475,393	456,390
Members subscriptions	174,251	167,452
Poker machine rebate	17,180	17,180
Rental & hall hire	202,413	50,527
Social & entertainment income	200,064	210,698
Other income	36,784	5,929
	19,989,882	**18,467,556**
Total revenue	**28,005,059**	**25,391,750**

5. OTHER OPERATING EXPENSES

	2018 $	2017 $
Loss on disposal of property, plant and equipment	55,341	197,492
Bar indirect expenses	152,512	129,204
Catering indirect expenses	379,518	338,839
Gaming indirect expenses	642,027	629,586
Poker machine tax	4,601,071	4,195,174
Advertising and promotional expenses	2,401,764	2,018,521
Donations	354,333	331,565
Maintenance costs	479,350	556,905
Club services	1,835,442	1,634,707
Members expenses	110,479	148,563
Administration costs	360,609	348,115
Total other operating expenses	**11,372,446**	**10,528,671**

6. INCOME TAX

(a) The major components of income tax expense for the years ended 30 June 2018 and 2017 are:

	2018 $	2017 $
Current income tax:		
Current income tax charge	141,868	131,628
Adjustment with respect of current income tax of previous years	-	66,276
Deferred tax:		
Relating to the origination and reversal of temporary differences	(5,565)	(10,847)
Income tax expense reported in the statement of profit or loss and other comprehensive income	**136,303**	**187,057**

(b) A reconciliation of tax expense and the accounting profit multiplied by Australian's domestic tax rate for the years 2017 and 2018:

	2018 $	2017 $
Accounting profit before tax	1,773,392	1,952,693
At Company's statutory income tax rate of 30% (2017: 30%)	532,018	585,808
Non-deductible expenses for tax purposes		
Other non-deductible differences	438,550	65,906
Net income from members subject to tax	(834,265)	(530,933)
Adjustment with respect to income from prior years	-	66,276
Aggregated income tax expense	**136,303**	**187,057**

(c) Recognised deferred tax asset and liabilities

	2018 $	2017 $
(i) Deferred tax liabilities		
Fixed Assets	120,786	122,539
Prepayments	-	775
	120,786	**123,314**
(ii) Deferred tax assets		
Blackhole deductions	1,041	1,983
Borrowing costs	3,324	495
Accruals	-	6,202
Provisions	74,424	67,071
	78,789	**75,751**

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 30 JUNE 2018

7. CASH

	2018 $	2017 $
Cash on hand	1,118,984	1,065,518
Cash at bank	1,659,827	2,098,886
	2,778,811	**3,164,404**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following at 30 June:

Cash on hand	1,118,984	1,065,518
Cash at bank	1,659,827	2,098,886
	2,778,811	**3,164,404**
Bank overdrafts (Note 13)	(597,553)	-
Cash and cash equivalents	**2,181,258**	**3,164,404**

8. TRADE AND OTHER RECEIVABLES

	2018 $	2017 $
Trade debtors	-	26,089
Sundry debtors	231,661	21,003
	231,661	**47,092**

9. INVENTORIES

	2018 $	2017 $
Stock on hand	**225,604**	**309,310**

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 30 JUNE 2018

10. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land & Buildings $	Plant & Equipment $	Poker Machines $	Motor Vehicles $	Capital Works in Progress $	Total $
Cost or valuation						
At 1 July 2017	27,273,791	19,025,087	8,036,295	19,517	11,269,669	65,624,359
Additions	-	642,640	470,255	-	3,458,655	4,571,550
Disposals	(4,545)	(269,401)	(219,006)	-	-	(492,952)
Transfer to investment property	-	-	-	-	(3,553,314)	(3,553,314)
Transfers	3,275,527	3,635,678	-	-	(6,911,205)	-
At 30 June 2018	**30,544,773**	**23,034,004**	**8,287,544**	**19,517**	**4,263,805**	**66,149,643**
Depreciation						
At 1 July 2017	7,141,531	11,045,313	5,019,008	19,146	-	23,224,998
Depreciation charge for the year	646,366	1,598,329	1,027,235	84	-	3,272,014
Write back of depreciation on disposal	(1,555)	(270,013)	(164,640)	-	-	(436,208)
At 30 June 2018	**7,786,342**	**12,373,629**	**5,881,603**	**19,230**	**-**	**26,060,804**
Net book value						
At 30 June 2018	**22,758,431**	**10,660,375**	**2,405,941**	**287**	**4,263,805**	**40,088,839**
Net book value						
At 30 June 2017	**20,132,260**	**7,979,774**	**3,017,287**	**371**	**11,269,669**	**42,399,361**

Capital work in progress include interest capitalised of $62,827 (2017: $61,135).

NOTES TO THE FINANCIAL STATEMENTS *(CONTINUED)*

FOR THE YEAR ENDED 30 JUNE 2018

11. INVESTMENT PROPERTY

	Land and buildings investment - Childcare $
Year ended 30 June 2017	
Opening balance at 1 July	-
Additions	3,553,314
Depreciation charge for the year	(66,861)
Closing balance at 30 June	**3,486,453**

12. TRADE AND OTHER PAYABLES

	2018 $	2017 $
Current		
Trade payables	341,847	467,642
Other creditors & accruals	1,132,053	1,046,090
GST payable	155,120	96,600
	1,629,020	**1,610,332**

13. INTEREST-BEARING LOANS AND BORROWINGS

	2018 $	2017 $
Current		
Bank loans	2,400,000	3,857,145
Bank overdrafts	597,553	-
	2,997,553	**3,857,145**
Non-current		
Bank loans	**18,982,444**	**19,035,336**

The bank loan facilities total $21,382,444 (2017: $22,892,481) of which $2,400,000 (2017: $3,857,145) is classified as current and $18,982,444 (2017: $19,035,336) is classified as non-current, the loan matures in July 2023 and is subject to quarterly repayments. Interest rate for 2018 as at reporting date is 4.6% (2017: 4.3%) and is secured by a First Registered Mortgage over all the Company's property and a registered floating charge over all the Company's assets in support of its guarantee and loan.

	2018 $	2017 $
Loan facility limits		
Bank loan facility	24,910,000	22,984,911
Finance lease facility	-	250,000
Overdraft facility	3,000,000	3,000,000
Bank guarantee facility	5,000	5,000
	27,915,000	**26,239,911**
Loan facilities available		
Bank loan facility	3,527,556	92,430
Finance lease facility	-	250,000
Overdraft facility	2,402,447	3,000,000
	5,930,003	**3,342,430**

14. EMPLOYEE BENEFIT LIABILITIES

	2018 $	2017 $
Current		
Annual leave	602,923	585,138
Long service leave	322,137	309,244
	925,060	**894,382**
Non-current		
Long service leave	**127,661**	**101,604**

15. OTHER LIABILITIES

	2018 $	2017 $
Current		
Members' subscriptions in advance	**49,109**	**41,599**
Non-current		
Members' subscription in advance	**178,558**	**156,066**

16. RELATED PARTY DISCLOSURES

(a) Key Management Personnel:

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any director (whether executive or otherwise) of that Company is considered key management personnel.

The Key Management Personnel (KMP) of the Company during the year are:

Mark Climo	President
Brian Goodall	Vice President
Dianne Hyde	Director
Luke McPhie	Director
Peter Cooper	Director
Scott Murphy	Director
Dan Hunt	Director
Debra Cosmos	Secretary/Chief Executive Officer
Margo Emmerik (Resigned: 13 April 2018)	Chief Financial Officer
Shandelle Rue (Appointed: 7 May 2018)	Chief Financial Officer
Amy Traviss	Chief Operations Officer
Jason Petrolo	Operations Manager

The total remuneration/honorarium paid to key management personnel (KMP) of the Company during the year is as follows:

	2018 $	2017 $
Remuneration/honorarium	**875,617**	**741,697**

(b) Other Related Parties:

Other related parties include immediate family members of KMP; entities that are controlled or significantly influenced by those KMP individually or collectively with their immediate family members.

From time to time, the Club may enter into a commercial transaction with an entity or an individual that a director or key management personnel may have an interest in or be related to. In all instances, the Club ensures that the transaction is conducted on an arms length basis and that the director or key management personnel has no involvement in the transaction.

17. COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 30 June 2018, the Company has a contractual commitment related to the renovation of the sports bar facility for $1,623,400 (2017: $2,830,000 for construction of the new Childcare facility).

Contingent liabilities

(a) The Company had no contingent liabilities as at 30 June 2018 (2017: none).

(b) The Company has outstanding bank guarantees of $5,000 as at 30 June 2018 (2017: $5,000).

18. SIGNIFICANT EVENTS AFTER THE REPORTING DATE

There have been no significant events occurring after the reporting period which may affect either the Company's operations or results of those operations or the Company's state of affairs.

19. MEMBERS GUARANTEE

The Company is limited by guarantee. If the Company is wound up, the articles of association state that each members is required to contribute a maximum of $2.00 (2017: $2.00) each. At 30 June 2018, the number of members was 29,779 (2017: 29,909).

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Shellharbour Workers' Club Ltd, we state that:
In the opinion of the directors:

(a) the financial statements and notes of the Company are in accordance with the Corporations Act 2001, including:

  (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*;

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

On behalf of the board

MARK CLIMO
President
27 August 2018

BRIAN GOODALL
Vice President
27 August 2018

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Independent Auditor's Report to the Members of Shellharbour Workers Club Limited

Opinion

We have audited the financial report of Shellharbour Workers Club Limited (the Company), which comprises the statement of financial position as at 30 June 2018, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

a) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial report and our auditor's report thereon. Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

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

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

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Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

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

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

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

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

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

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

Ernst & Young

Ernst & Young

Daniel Cunningham
Partner
Sydney
27 August 2018

OUR VISION
TO ENABLE THE COMMUNITY TO REACH ITS HIGHEST POTENTIAL

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