

GMIC Limited

ACN 089 510 529

Financial Statements

For the Year Ended 30 June 2017

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30 June 2017

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Directors' Report

30 June 2017

Your directors present their report on GMIC Limited for the financial year ended 30 June 2017.

1. General information

The names of each person who has been a director during the year and to the date of this report are:

Jamie Baensch	
David Sykes	
Timothy Peter Maishman	resigned 30 November 2016
David Beaumont Sinclair	
Lee Astheimer	resigned 30 November 2016
Lyn George	
Bernard Brussow	elected 30 November 2016
Ian David Kett	elected 30 November 2016

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

Information on Directors

<i>Director</i>	<i>Qualifications and Experience</i>
Jamie Baensch	<p>General Manager of Air Radiators</p> <p>Qualification: Mechanical engineer at Swinburne Institute of Technology</p> <p>Jamie is an experienced and successful General Manager and Professional Engineer, having run product design and vertically integrated manufacturing companies in Australia, China and Thailand. He has core competencies in strategic planning, business management, product development, project management and lean manufacturing operations. Jamie started his career at Marand as a graduate engineer, then moved to Ford as a chassis and driveline engineer. In 1994 he joined Air International where he progressed into executive management roles. In 2006 he left the automotive industry and worked as a Business Advisor for the Federal Government program Enterprise Connect. Then in 2008 he returned to Marand and in 2010 joined Air Radiators as General Manager. In addition to his working role Jamie is;</p> <ul style="list-style-type: none">• Chair of the Geelong Manufacturing Council,• Advisory Councillor to the Victorian Council of the Australian Industry Group,• Member of the Engineering Advisory Board for Deakin University,• Member of the Institute for Intelligent Systems Research and Innovation (IISRI) Board at Deakin University,• Executive Committee Member of the Australian Industry & Defence Network – Victoria Inc• President of the TORC Off Road Racing Club.
David Sykes	<p>Business Development Manager, Sava Engineering</p> <p>David graduated from the University of South Australia with a Bachelor of Applied Science (Secondary Metallurgy) and also undertook further education with an Associate Diploma in Business. He has held production and operational management positions with Tubemakers, Email, Boral and Backwell IXL. David's career focus has been in metal manufacturing, aluminum and cast iron castings, aluminum and steel fabrication, and automotive metal stampings.</p> <p>David presently holds the position of Business Development Manager at Sava Engineering.</p>
David Beaumont Sinclair	<p>David graduated in Chemical Engineering from Imperial College, London University.</p> <p>David has held a number of line management positions in the chemical and petrochemical industry, working with different companies in Wales, England, Saudi Arabia, Poland, Colombia and Holland as well as with Shell and Montell now LyondellBasell Australia. David now works part time as HR manager, at Plantic Technologies at Altona, which makes biodegradable plastics from corn starch.</p>

Directors' Report

30 June 2017

Director

Qualifications and Experience

Lyn George	<p>Corporate Manager and Co-owner of Austeng</p> <p>Lyn graduated from the University of Melbourne with an Arts/Law (hons) degree. After initially working as a lawyer, mainly in the area of commercial litigation and insolvency law, since 1995 Lyn has worked at Austeng in a managerial role. In the last few years her focus has been on business strategy, as Austeng has transitioned from reliance on traditional sectors such as automotive to clean tech and advanced manufacturing.</p> <p>Austeng has been inducted into the Victorian Manufacturing Hall of Fame in recognition of its outstanding reputation and track record in the industry.</p>
Bernard Brussow	<p>Chief Executive Officer at Backwell IXL</p> <p>Bernard graduated from the University of South Africa with a bachelor's degree in commerce, specifically in marketing, he has since achieved diplomas in both marketing and financial management.</p> <p>Bernard believes in motivating staff to achieve aggressive goals and objectives, in challenging business environments this has been proven by achieving A\$1 Billion revenue streams.</p> <p>Backwell IXL is Geelong based manufacturing company, and part of the IXL Group. In recent years, they have moved from manufacturing parts for the automotive industry to focus more on the mining and smelting, architectural, and the heating and cooling industries.</p>
Ian David Kett	<p>Director of Strategic Programs, Office of the Deputy Vice-Chancellor (Research) Deakin University</p> <p>Ian achieved a Bachelor's of Education (Human Movement) and followed it up with a Graduate Diploma (Recreation Management) and is also a graduate of the Australian Institute of Company Directors course. Ian has extensive experience sitting on boards, having been a director of over 11 entities since 1997.</p> <p>Ian has been managing major strategic initiatives at the University since 2011. Currently he is leading the development of a large scale renewable energy microgrid system on Deakin's Waurn Ponds campus in collaboration with industry which will build on the research platform Ian has brought together under the brand of Deakin Energy.</p> <p>Between 2012 and 2014 Ian had oversight of the development of strategic relationships, contracts and the construction process for the \$104m Australian Future Fibres Research and Innovation Centre which included the renovation of the Geelong Technology Precinct Building, construction of the new Fibre Processing and Carbon Nexus buildings, relocation of CSIRO from its previous Belmont premises to Deakin Waurn Ponds and the purchase, installation and commissioning of the pilot scale and research carbon fibre Lines located within Carbon Nexus. Ian also acted as the initial Director of the Carbon Nexus research facility establishing early contracts with industry. Following this development, he has maintained the role of the Deakin CSIRO relationship manager.</p> <p>Ian is a current Board member of the Geelong Manufacturing Council and the Energy Pipelines CRC and has previously been the Executive Director and a full Board member of Kinect Australia (2004 – 2010), Executive Director and Board member of the Victoria Council on Fitness and General Health (VICFIT) (1993-2004) and a senior manager within Government. He has a strong background in health promotion and community development.</p>

Directors' Report

30 June 2017

Directors' Meetings

The number of Directors' meetings held during the year ended 30 June 2017 and the number of meetings attended by each Director were:

	Full meetings of Directors
Number of meetings held:	7
Number of meetings attended by:	
Jamie Baensch	7
David Sykes	7
Timothy Peter Maishman	4
David Sinclair	7
Lee Astheimer	4
Lyn George	7
Bernard Brussow	4
Ian David Kett	4

The profit of the company for the financial year amounted to \$30,494 [2016: \$22,507].

Vision

To position Geelong as an internationally competitive manufacturing centre in the 21st century through:

- Developing and sharing sustainable practices
- Encouraging the growth of technologically advanced manufacturing
- Promoting a favourable environment for manufacturing innovation

Significant Changes in the State of Affairs

No significant changes to programs and activities impacting on changes to the business were experienced during the year.

Principal Activities

The principal activities of the company during the financial year were to promote manufacturing in the Geelong region, support and provide leadership for manufacturing and facilitate communication and cooperation between local manufacturing, industry, government and community stakeholders.

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

Events Subsequent to the End of the Reporting Period

At the date of this report, no other matters or circumstances have arisen since the end of the financial year which significantly affected or could significantly affect the operations of the company, the results of those operations or the state of affairs of the company in future financial years.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Directors' Report

30 June 2017

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

A copy of the auditor's independence declaration as required under s 307c of the *Corporations Act 2001* is set out on page 6.

Signed in accordance with a resolution of the Board of Directors.

A handwritten signature in black ink, appearing to read 'J Baensch', with a stylized flourish at the end.

Jamie Baensch
Chairman

Dated this 22nd day of November 2017

Auditor Independence Declaration Under S307C of the *Corporations Act 2001* to the Directors of GMIC Limited

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2017 there have been no contraventions of:

- I. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- II. any applicable code of professional conduct in relation to the audit.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

John J Gavens

JOHN GAVENS
Partner

Geelong Victoria
Date: 22nd November 2017

Statement of Comprehensive Income

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
Corporate Membership & Sponsorship		266,464	240,942
Project Sponsorship & Grants		1,602,415	1,667,407
Project management		-	913
Interest received		3,138	3,179
Total Income		1,872,017	1,912,441
Depreciation and amortisation expense		(6,177)	(1,905)
Administration expense		(214,256)	(171,898)
Marketing expense		(12,627)	(15,162)
Office, IT, and Occupancy expense		(198,949)	(182,912)
Project expense		(1,409,514)	(1,509,438)
Loss on net assets transferred from Enterprise Connect	11	-	(8,619)
Total Expenditure		(1,841,523)	(1,889,934)
Surplus from continuing operations		30,494	22,507
Other Comprehensive Income		-	-
Net Surplus for the year		30,494	22,507

Statement of Financial Position

As At 30 June 2017

	Note	2017 \$	2016 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	2	556,380	427,927
Trade and other receivables	3	73,612	141,507
Financial Assets	4	-	100,000
TOTAL CURRENT ASSETS		629,992	669,434
NON-CURRENT ASSETS			
Property, plant and equipment	5	14,703	4,430
TOTAL NON-CURRENT ASSETS		14,703	4,430
TOTAL ASSETS		644,695	673,864
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	6	33,211	117,156
Provisions	7	36,913	-
Income in Advance	8	93,198	105,829
TOTAL CURRENT LIABILITIES		163,322	222,985
TOTAL LIABILITIES		163,322	222,985
NET ASSETS		481,373	450,879
ACCUMULATED FUNDS			
Retained earnings		481,373	450,879
		481,373	450,879

The accompanying notes form part of these financial statements.

Statement of Changes in Equity

For the Year Ended 30 June 2017

2017

	Retained Earnings \$	Total \$
Balance at 1 July 2016	450,879	450,879
Surplus (deficit) attributable to members of the entity	30,494	30,494
Balance at 30 June 2017	481,373	481,373

2016

	Retained Earnings \$	Total \$
Balance at 1 July 2015	428,372	428,372
Surplus attributable to members of the entity	22,507	22,507
Balance at 30 June 2016	450,879	450,879

Statement of Cash Flows

For the Year Ended 30 June 2017

	Note	2017 \$	2016 \$
CASH FROM OPERATING ACTIVITIES:			
Receipts from customers		2,104,227	1,991,654
Payments to suppliers and employees		(2,062,462)	(2,058,216)
Interest received		3,138	3,179
Net cash provided by (used in) operating activities	12	44,903	(63,383)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of property, plant and equipment		(16,450)	(683)
Net redemption of term deposits		100,000	-
Net cash used by investing activities		83,550	(683)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Decrement in funds held in trust		-	-
Net cash used by Financing activities		-	-
Net increase (decrease) in cash and cash equivalents held		128,453	(64,066)
Cash and cash equivalents at beginning of year		427,927	491,993
Cash and cash equivalents at end of financial year	2	556,380	427,927

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies

(a) Basis of preparation

The directors have prepared special purpose financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. These financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB'), as appropriate for not-for-profit oriented entities.

The significant accounting policies disclosed below are those which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs unless otherwise stated in notes.

(b) Revenue and other income

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of GMIC Limited's activities as discussed below.

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Membership fees

Membership fees are recognised upon invoicing and are valid for a 12 month period. As membership fees are not subject to refund they are immediately recognised as revenue at that point.

Sponsorship income

Sponsorship income is recognised over the period to which it relates, usually over a calendar year.

Grant revenue

Grant revenue is recognised in the income statement when the entity obtains control of the grant, it is probable that the economic benefits gained from the grant will flow to the entity and the amount of the grant can be measured reliably.

When grant revenue is received whereby the entity incurs an obligation to deliver economic value directly back to the contributor, this is considered a reciprocal transaction and the grant revenue is recognised in the statement of financial position as a liability until the service has been delivered to the contributor, otherwise the grant is recognised as income on receipt.

GMIC Limited receives non-reciprocal contributions of assets from the government and other parties for zero or a nominal value. These assets are recognised at fair value on the date of acquisition in the statement of financial position, with a corresponding amount of income recognised in the income statement.

Donations are recognised as revenue when received.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

Interest revenue

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets is the rate inherent in the instrument.

All revenue is stated net of the amount of goods and services tax (GST).

(c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less which are convertible to a known amount of cash and subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

(d) Plant and equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment are measured on the cost basis less depreciation and impairment losses. Cost includes expenditure that is directly attributable to the asset.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, but excluding freehold land, is depreciated on a reducing balance basis over the asset's useful life to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Land is not depreciated.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Office Equipment	33.3%

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

(e) Trade and other payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the company during the reporting period which remain unpaid. The balance is recognised as a current liability.

(f) Income tax

No provision for income tax has been raised as the company has assessed that it is exempt from income tax under Div 50 of the *Income Tax Assessment Act 1997*.

Notes to the Financial Statements

For the Year Ended 30 June 2017

1 Summary of Significant Accounting Policies (continued)

(g) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than twelve months after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

Employee benefits are presented as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date regardless of the classification of the liability for measurement purposes under AASB 119.

(h) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(i) Economic dependence

A significant portion of Geelong Manufacturing Council Inc revenue is derived from Department of Business & Innovation. GMIC Limited is dependent on continued revenue from the Department of Business and Innovation for its continued ability to carry on normal activities in its current structure. The board has no reason to believe this funding will not be ongoing.

(j) 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 company for the annual reporting period ended 30 June 2017. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

(k) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Impairment of plant and equipment

The company assesses impairment at the end of the reporting year by evaluating conditions 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

Estimation of useful lives of assets

The company 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.

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017 \$	2016 \$
2 Cash and Cash Equivalents		
Cash at bank and in hand	456,380	427,927
Term Deposits – maturity of 3 months or less	100,000	-
	556,380	427,927
3 Trade and Other Receivables		
CURRENT		
Trade receivables	82,555	150,450
Provision for doubtful debts	(8,943)	(8,943)
Receivable (payable) from Enterprise Connect	-	-
	73,612	141,507
4 Financial Assets		
Term Deposits – maturity of 3 months or more	-	100,000
	-	100,000
5 Plant and Equipment		
Office equipment		
At cost	35,283	18,833
Accumulated depreciation	(20,580)	(14,403)
	14,703	4,430
(a) Movements in Carrying Amounts		
Movement in the carrying amounts for each class of Office equipment between the beginning and the end of the current financial year:		
Office Equipment		
Balance at the beginning of year	4,430	5,652
Additions	16,450	683
Depreciation expense	(6,177)	(1,905)
Balance at 30 June	14,703	4,430

Notes to the Financial Statements

For the Year Ended 30 June 2017

	2017	2016
	\$	\$
6 Trade and Other Payables		
Trade payables	33,211	110,175
Payroll Liabilities	-	4,595
ATO payables (receivables)	-	2,386
	33,211	117,156
7 Provisions		
Provision for Annual Leave	36,913	-
	36,913	-
8 Income in Advance		
Income in advance	93,198	105,829
Total income in advance	93,198	105,829

9 Contingent liabilities and Contingent Assets

In the opinion of the Directors, the company did not have any contingencies at 30 June 2017 (2016: \$nil).

10 Members' Guarantee

The company is incorporated under the *Corporations Act 2001* and is a company limited by guarantee. If the company is wound up, the constitution states that each member is required to contribute a maximum of \$50 each towards meeting any outstandings and obligations of the company. At 30 June 2017 the number of members was 82 (2016: 79).

11 Entrepreneurs' Programme

During the 2015 financial year the company managed project funds related to the Entrepreneurs' Programme. As at 1 July 2016 the Entrepreneurs' Programme was transferred into the Company with a net loss on the assets and liabilities transferred of \$8,619.

Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Cash Flow Information

Reconciliation of result for the year to cash flows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2017 \$	2016 \$
Surplus for the year	30,494	22,507
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- Depreciation	6,177	1,905
- Reduction of bad and doubtful debts provision	-	(30,979)
Changes in assets and liabilities:		
- (increase)/decrease in trade and other receivables	67,895	(3,534)
- decrease in prepayments	-	21,000
- increase/(decrease) in trade and other payables	(83,945)	30,718
- increase/(decrease) in employee benefits	36,913	-
- increase/(decrease) in income in advance	(12,631)	105,000
Cash flow from operations	<u>44,903</u>	<u>(63,383)</u>

13 Capital and Leasing Commitments

(a) Operating lease commitments

Non-cancellable operating leases contracted for but not capitalised in the financial statements. This related to the rent of GMIC Offices in Geelong.

Payable - minimum lease payments

- no later than 1 year	54,127	51,601
- between 1 year and 5 years	46,130	127,524
	<u>100,257</u>	<u>179,125</u>

14 Company Details

The registered office of the company is:

82 Brougham St
P.O. Box 638
Geelong VIC 3220

15 Events after the reporting period

No matter or circumstance has arisen since 30 June 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Directors Declaration

In the directors' 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 purposes of complying with the *Corporations Act 2001* requirements to prepare and distribute financial statements to the members of GMIC Limited;
- the attached financial statements and notes thereto comply with the *Corporations Act 2001*, the Accounting Standards s described in Note 1 to the financial statements, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;
- the attached financial statements and notes thereto give a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the financial year 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 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

A handwritten signature in black ink, appearing to read 'J Baensch', written in a cursive style.

Jamie Baensch
Director

Dated this 22nd day of November 2017

Independent Auditor's Report to the Members of GMIC Limited

Opinion

We have audited the financial report of GMIC Limited (the Company or GMIC), which comprises the statement of financial position as at 30 June 2017, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and 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 2017 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards to the extent described in Note 1 and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the 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 confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Emphasis of Matter – Basis of Accounting

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the needs of the members 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 ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar8.pdf. This description forms part of our auditor's report.

Crowe Horwath Melbourne

CROWE HORWATH MELBOURNE

John J Gavens

JOHN GAVENS

Partner

Dated at Geelong this 24th day of November 2017