Pharmacor Pty Limited

ABN 58 121 020 835
Financial Statements for the year ended 31 March 2018

Contents

Directors' Report

The Directors of Pharmacor Pty Limited (Pharmacor Pty Limited) present their report together with the financial statements of Pharmacor Pty Limited (the Company) for the year ended 31 March 2018.

Director details

The following persons were Directors of Pharmacor Pty Limited during or since the end of the financial year:

- Mr Amit Ghare
- Mr Sandeep Singh
- Mr Basudeo Narian Singh
- Mr Joseph Diago Fernandes
- Mr Andrew Guy Phillips
- Mr Richard Mlynarcik (appointed 31 March 2017)
- Mr Ashish Mallela (appointed 1 December 2017)

Operating results

The result of the Company for the year after providing for income tax amounted to a profit of $678,333 (2017: $802,549).

Review of operations

Osteomol was the biggest selling product during the year which is supplied by Alkem Laboratories Ltd. There was also an increase in the sale of Codine products as these products can no longer be purchases over the counter. Inventory levels have increased during the year as there were a number of new products supplied in the year and inventory levels were maintained at higher levels to ensure no inventory shortages.

Significant changes in the state of affairs

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

Principal activities

The principal activity of the company was the sale of pharmaceutical products as approved by the Therapeutic Goods Administration (TGA). No significant change in the nature of these activities occurred during the year.

Events arising since the end of the reporting period

No matters or circumstances have arisen subsequent to the reporting date that may affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

Future developments, prospects and business strategies

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 legislation

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

Dividends paid or recommended

There were no dividends paid or declared during the financial year (2017: nil).

Options

No options over issues shares or interests in the Company were granted during or since the end of the financial year and there were no options outstanding at the date of this report (2017: nil).

Indemnity of auditors

During the financial year, the Company has not indemnified any current or former directors or auditors for any costs incurred defending an action against them nor has any insurance premiums been paid.

Proceedings of 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.

Auditor's independence declaration

The auditor's independence declaration is included on page 3.

This report is signed in accordance with a resolution of Directors made pursuant to s298(2)(a) of the Corporations Act 2001.

Signed in accordance with a resolution of the Directors.

Richard Mlynarcik
Director

Ashish Mallela
Director

11-May-18

Grant Thornton

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Auditor's Independence Declaration
to the Directors of Pharmacor Pty Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Pharmacor Pty Ltd for the year ended 31 December 2017, I declare that, 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.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

RJ Isbell

R J Isbell
Partner - Audit & Assurance

Sydney, 11 May 2018

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Statement of Profit or Loss and Other Comprehensive Income
For year ended 31 March 2018

	Notes	2018 AUD	2017 AUD
Revenue	4	24,061,337	20,053,512
Cost of sales		(16,332,525)	(13,355,468)
Gross profit		**7,728,812**	**6,698,044**
Other Income	5	87,393	51,234
Sales and marketing expenses		(247,137)	(161,637)
Distribution expenses		(2,223,213)	(1,760,633)
Employee benefits expense		(2,444,544)	(2,290,461)
Depreciation and amortisation		(18,528)	(22,866)
Occupancy expense		(155,855)	(97,794)
Legal and professional fees		(669,928)	(451,963)
Administration expenses		(633,045)	(462,690)
Finance costs	6	(229,966)	(326,293)
Profit before income tax		**1,193,989**	**1,174,941**
Income tax expense	7	(515,656)	(372,392)
Profit for the year		**678,333**	**802,549**
Other comprehensive income		**678,333**	**802,549**
Total comprehensive income for the year		**678,333**	**802,549**

This statement should be read in conjuction with the notes to the financial statements.

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Statement of Financial Position
As at 31 March 2018

	Notes	2018 AUD	2017 AUD
Assets			
Current			
Cash and cash equivalents	10	3,953,917	5,347,426
Trade and other receivables	11	4,395,739	3,176,016
Inventories	13	5,573,360	4,891,676
Other assets	12	142,820	127,318
Total current assets		**14,065,836**	**13,542,436**
Non-current			
Property, plant and equipment	14	92,512	26,980
Intangible assets		-	10,699
Other assets	12	116,151	20,000
Deferred tax assets	9	4,539	114,697
Total non-current assets		**213,202**	**172,376**
Total assets		**14,279,038**	**13,714,812**
Liabilities			
Trade and other payables	15	6,021,368	6,196,963
Provisions	16	367,747	559,763
Debt	17	5,500,000	5,500,000
Current tax Liability	8	180,894	-
Total current liabilities		**12,070,009**	**12,256,726**
Non-current			
Deferred tax liabilities	9	72,610	-
Total non-current liabilities		**72,610**	**-**
Total liabilities		**12,142,619**	**12,256,726**
Net assets		**2,136,420**	**1,458,086**
Equity			
Share capital	18	2,305,000	2,305,000
Accumulated losses		(168,581)	(846,914)
Total equity		**2,136,419**	**1,458,086**

This statement should be read in conjuction with the notes to the financial statements.

PHARMACOR PTY LIMITED
FINANCIAL STATEMENTS

Statement of Changes in Equity
As at 31 March 2018

	Share capital AUD	Accumulated losses AUD	Total equity AUD
Balance at 1 April 2016	2,305,000	(1,649,463)	655,537
Profit for the year	-	802,549	802,549
Other comprehensive income for the year, net of ta:	-	-	-
Total comprehensive income for the year	-	802,549	802,549
Balance at 31 March 2017	**2,305,000**	**(846,914)**	**1,458,086**
Balance at 1 April 2017	2,305,000	(846,914)	1,458,086
Profit for the year	-	678,333	678,333
Other comprehensive income for the year, net of ta:	-	-	-
Total comprehensive income for the year	-	678,333	678,333
Balance at 31 March 2018	**2,305,000**	**(168,581)**	**2,136,419**

This statement should be read in conjuction with the notes to the financial statements.

PHARMACOR PTY LIMITED
FINANCIAL STATEMENTS

Statement of Cash Flows
For the year ended 31 March 2018

	Notes	2018 AUD	2017 AUD
Operating services			
Receipts from customers		25,125,775	22,757,704
Payments to suppliers and employees		(26,088,889)	(19,453,879)
Interest received		21,695	37,201
Regulatory service fee		25,000	35,000
Finance costs		(229,965)	(251,935)
Income taxes (paid)		(151,993)	(7,945)
Net cash from operating activities	20	**(1,298,377)**	**3,116,146**
Investing activities			
Purchase of property, plant and equipment	14	(95,132)	(18,819)
Net cash (used in) investing activities		**(95,132)**	**(18,819)**
Financing activities			
Borrowings & borrowing costs		-	(6,453,671)
Loan received		-	5,500,000
Net cash provided by financing activities		**-**	**(953,671)**
Net change in cash and cash equivalents		(1,393,509)	2,143,656
Cash and cash equivalents, beginning of year		5,347,426	3,203,770
Cash and cash equivalents, end of year	10	**3,953,917**	**5,347,426**

This statement should be read in conjuction with the notes to the financial statements.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

1 General information and statement of compliance

The financial report includes the financial statements and notes of Pharmacor Pty Limited (Company).

The Company has elected to adopt the Australian Accounting Standards – Reduced Disclosure Requirements (established by AASB 1053 *Application of Tiers of Australian Accounting Standards* and AASB 2010-2 *Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements*).

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. Pharmacor Pty Limited is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 31 March 2018 were approved and authorised for issue by the Board of Directors on 11 May 2018.

2 Application of new and revised Accounting Standards

New and revised standards that are effective for these financial statements

A number of new and revised standards became effective for annual periods beginning on or after 1 January 2017. Information on the more significant standard(s) is presented below.

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

AASB 2016-2 amends AASB 107 Statement of Cash Flows to require entities preparing financial statements in accordance with Tier 1 reporting requirements to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

AASB 2016-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these amendments has not had a material impact on the Company.

AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-2016 Cycle

This Standard clarifies the scope of AASB 12 Disclosure of Interests in Other Entities by specifying that the disclosure requirements apply to an entity's interests in other entities that are classified as held for sale, held for distribution to owners in their capacity as owners or discontinued operations in accordance with AASB 5 Non-current Assets Held of Sale and Discontinued Operations.

AASB 2017-2 is applicable to annual reporting periods beginning on or after 1 January 2017.

The adoption of these amendments has not had a material impact on the Company.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations that were issued but not yet effective are listed below:

Standard / Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 9 '*Financial Instruments', and the relevant amending standards*	1 January 2018	31 March 2019
AASB 15 *'Revenue from Contracts with Customers',* AASB 2014-5 *'Amendments to Australian Accounting Standards arising from AASB 15'*, AASB 2015-8 *'Amendments to Australian Accounting Standards – Effective date of AASB 15'*	1 January 2018	31 March 2019
AASB 16 '*Leases'*	1 January 2019	31 March 2020
AASB 2017-1 *Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments'*	1 January 2018	31 March 2019
Interpretation 22 'Foreign Currency Transactions and Advance Consideration'	1 January 2018	31 March 2019
Interpretation 23 'Uncertainty over Income Tax Treatments, AASB 2017-4 'Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments'	1 January 2019	31 March 2020

In the current year, the company has adopted all of the new and revised Standards and Interpretations issues by the Australian Accounting Standards and the impact is not material.

Management has made an assessment of the impact of AASB 15 'Revenue from Contracts with Customers' on the company and has concluded that the impact will not be material when the new standard is applied.

3 Summary of accounting policies

Basis of preparation

The financial statements have been prepared on the basis of historical cost, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The principal accounting policies are set out below.

3.1 Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

3.2 Going concern basis of accounting

The financial report has been prepared on the basis of a going concern. The Company received financial support and has received financial support from its parent entity, Alkem Laboratories Ltd. The directors of the Company have received a letter confirming ongoing financial support for at least 12 months from the date of signing of these financial statements from Alkem Laboratories Ltd.

3.3 Comparative figures

Comparative figures have been adjusted to conform to changes in presentation for the current financial year where required by accounting standards or as a result of changes in accounting policy.

3.4 Foreign currency translation

The financial statements are presented in Australian Dollars ($AUD), which is also the functional currency of the Company.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective Company entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items at year end exchange rates are recognised in profit or loss.

Non-monetary items are not retranslated at year-end and are measured at historical cost (translated using the exchange rates at the date of the transaction), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

3.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts or 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.

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

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement by the Company in those goods.

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

3.6 Borrowing costs

Borrowing costs are expensed in the period in which they are incurred and reported in ‘finance costs’.

3.7 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned on a first-in, first-out basis.

3.8 Property, plant and equipment

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

Plant and equipment are measured using the cost model, cost less subsequent depreciation and impairment losses.

Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful lives are applied:

- Office equipment: 20-40%
- Furniture and fittings: 20%

Material residual value estimates and estimates of useful life are updated as required, but at least annually.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

3.9 Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Lease incentives under operating leases are recognised as a liability and amortised on a straight-line basis over the life of the lease term.

3.10 Impairment of financial assets

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in the financial assets reserve in other comprehensive income.

3.11 Impairment of non-financial assets

At each reporting date, the Company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset’s fair value less costs to sell and value in use, is compared to the asset’s carrying value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Any excess of the asset’s carrying value over its recoverable amount is expensed to the statement of profit or loss and other comprehensive income.

Impairment testing is performed annually for intangible assets with indefinite lives and intangible assets not yet available for use. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

3.12 Financial instruments

Initial recognition and measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus or minus transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instrument classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

Effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial assets or, where appropriate, a shorter period.

Income is recognised on an effective interest rate basis for debt instruments other than those financial assets 'at fair value through profit or loss'.

Classification and subsequent measurement

Financial assets at fair value through profit or loss

Financial assets are classified at fair value through profit or loss when they are held for trading for the purpose of short term profit taking, where they are derivatives not held for hedging purposes, or designated as such to avoid an accounting mismatch or to enable performance evaluation where a Group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Realised and unrealised gains and losses arising from changes in fair value are included in profit or loss in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

3.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

3.14 Income taxes

Tax expense recognised in profit or loss comprises the sum of deferred tax and current tax not recognised in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, the Australian Taxation Office (ATO) and other fiscal authorities relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Company's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

3.15 Employee benefits

Short-term employee benefits

Short-term employee benefits are benefits, other than termination benefits, that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. Examples of such benefits include wages and salaries, non-monetary benefits and accumulating sick leave. Short-term employee benefits are measured at the undiscounted amounts expected to be paid when the liabilities are settled.

Provision is made for the company's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled. The company's obligations for short term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and Other payables in the balance sheet.

Other long-term employee benefits

The Company’s liabilities for annual leave and long service leave are included in other long term benefits as they are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are measured at the present value of the expected future payments to be made to employees. The expected future payments incorporate anticipated future wage and salary levels, experience of employee departures and periods of service, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the timing of the estimated future cash outflows. Any re-measurements arising from experience adjustments and changes in assumptions are recognised in profit or loss in the periods in which the changes occur.

The Company presents employee benefit obligations as current liabilities in the statement of financial position if the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period, irrespective of when the actual settlement is expected to take place.

Provision is made for employees' long service leave and annual leave entitlements not expected 10 be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligations for long terrn employee benefits are presented as non current provisions in its balance sheet, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

3.16 Provisions

Provisions are recognised when the Company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

3.17 Critical accounting judgements and key sources of estimation uncertainty

Estimation uncertainty
When preparing the financial statements management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the financial statements.

Deferred tax assets
The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Company's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in the numerous jurisdictions in which the Company operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. Deferred tax assets were recognised by the Company to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Useful lives of depreciable assets
Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Inventories
Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date.

Provisions – Long service leave
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 the reporting date. In determining the present value of the liability, attrition rates and pay increases through promotion and inflation have been taken into account.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

	2018 AUD	2017 AUD

4 Revenue

The Company's revenue may be analysed as follows for each major product and service category:

	2018 AUD	2017 AUD
Sale of goods	26,319,719	21,575,045
Price promotions and price adjustments	(2,258,382)	(1,521,533)
Total revenue	**24,061,337**	**20,053,512**

5 Other income

Other income consists of the following:

	2018 AUD	2017 AUD
Interest income from cash and cash equivalents	21,695	37,201
Fees	26,499	36,609
Foreign exchange gains/ (losses)	39,199	(22,576)
Total other income	**87,393**	**51,234**

6 Finance costs

Finance costs consist of the following:

	2018 AUD	2017 AUD
Interest expense	208,270	251,936
Bank charges	21,695	58,970
Other	-	15,387
Total finance costs	**229,965**	**326,293**

7 Income tax expense

The major components of tax expense and the reconciliation of the expected tax expense based on the domestic effective tax rate of Pharmacor Pty Limited at 30% (2017: 30%) and the reported tax expense in profit or loss are as follows:

	2018 AUD	2017 AUD
Income tax expense		
Current tax	332,888	-
Deferred tax – origination and reversal of temporary differences	68,071	-
Use of tax losses previously recognised	114,697	372,391
Aggregate income tax expense	**515,656**	**372,391**
Deferred tax included in income tax expense comprises:		
Decrease/(increase) in deferred tax assets	110,158	372,391
Increase/(decrease) in deferred tax liabilities	72,610	-
Deferred tax expense	**182,768**	**372,391**
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before tax	1,193,989	1,174,941
Income tax expense calculated at 30% (2017: 30%)	358,197	352,482
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
· Expenditure non-deductible for tax purposes	157,459	19,909
Actual tax expense / (income)	**515,656**	**372,391**

The tax rate used for the 2018 and 2017 reconciliations above is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law.

	2018 AUD	2017 AUD

The components of income tax expense comprise:

	2018	2017
Current tax	447,585	372,391
Deferred tax	68,071	-
Total income tax expense	**515,656**	**372,391**

8 Tax liabilities

Tax liabilities consist of the following:

	2018	2017
Income tax payable	180,894	-
Tax liability - current	**180,894**	**-**

9 Deferred tax assets and liabilities

Deferred tax asset

Deferred tax asset comprises temporary differences attributable to:

	2018	2017
Amounts recognised in profit or loss:		
Tax losses	-	114,697
Employee benefits	4,539	-
Total	**4,539**	**114,697**

Deferred tax liability

Deferred tax liability comprises temporary differences attributable to:

	2018	2017
Amounts recognised in profit or loss:		
Provision for income tax expense	(72,610)	-
Total	**(72,610)**	**-**
Net deferred tax asset/(liability)	**(68,071)**	**114,697**

Movements:

	2018	2017
Opening balance	114,697	487,088
Credited / (charged) to profit or loss	(182,768)	(372,391)
Charged directly to other comprehensive income	-	-
Closing balance:	**(68,071)**	**114,697**

10 Cash and cash equivalents

Cash and cash equivalents consist the following:

	2018	2017
Cash at bank	3,952,738	5,347,111
Cash on hand	1,179	315
	3,953,917	**5,347,426**

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

	2018 AUD	2017 AUD

11 Trade and other receivables

Trade and other receivables consist of the following:

	2018 AUD	2017 AUD
Trade receivables	4,131,559	3,039,101
Allowance for impairment of receivables	(80,000)	-
Receivables due from related parties	344,180	136,915
Total trade and other receivables	**4,395,739**	**3,176,016**

All amounts are short-term. The net carrying value of trade receivables is considered a reasonable approximation of fair value.

The Company does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired. The other classes of receivables do not contain impaired assets.

All of the Company's trade and other receivables have been reviewed for indicators of impairment. Certain trade receivables were found to be impaired and an allowance for impairment of receivables of AUD80,000 (2017: AUDNil) has been recorded accordingly within other expenses.

Movement in the allowance for impairment of receivables:	2018 AUD	2017 AUD
Balance at the beginning of the year / period	-	-
Amounts provided for as uncollectible	(80,000)	-
Balance at the end of the year / period	**(80,000)**	**-**

12 Other assets

Other assets consist of the following:

Current	2018 AUD	2017 AUD
Prepayments	65,475	103,092
Security deposit	-	16,282
Staff loans	9,375	-
GST receivable	67,970	-
PAYG receivable	-	7,944
Other assets - current	**142,820**	**127,318**
Non- current		
Security deposit	116,151	20,000
	116,151	**20,000**

The security deposits relate to bonds on the office premises.

13 Inventories

Inventories consist of the following:

Current	2018 AUD	2017 AUD
Finished goods at cost	4,825,516	4,883,133
Allowance for stock obsolescence	(111,363)	(73,549)
Inventory In transit	859,207	82,092
Total Inventories	**5,573,360**	**4,891,676**

Movement in the allowance for stock obsolescence:	2018 AUD	2017 AUD
Balance at the beginning of the year	(73,549)	(55,272)
Amounts provided for as uncollectible	(37,814)	(18,277)
Balance at the end of the year	**(111,363)**	**(73,549)**

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

14 Property, plant and equipment

Details of the Company's property, plant and equipment and their carrying amount are as follows:

	Leasehold Improvements AUD	Office equipment AUD	Website AUD	Furniture and fittings AUD	Total AUD
Gross carrying amount					
Balance 1 April 2016	-	47,678	6,300	19,571	73,549
Additions	-	13,136	-	5,685	18,821
Disposals	-	(19,739)	-	-	(19,739)
Balance 31 March 2017	**-**	**41,075**	**6,300**	**25,256**	**72,631**
Depreciation and impairment					
Balance 1 April 2016	-	(29,801)	(6,226)	(15,175)	(51,202)
Depreciation	-	(12,136)	(74)	(1,871)	(14,081)
Disposals	-	19,632	-	-	19,632
Balance 31 March 2017	**-**	**(22,305)**	**(6,300)**	**(17,046)**	**(45,651)**
Carrying amount 31 March 2017	**-**	**18,770**	**-**	**8,210**	**26,980**

	Leasehold Improvements AUD	Office equipment AUD	Website AUD	Furniture and fittings AUD	Total AUD
Gross carrying amount					
Balance 1 April 2017	-	41,075	6,300	25,256	72,631
Additions	51,240	19,812	24,080	(25,256)	69,876
Disposals	-	(20,242)	-	-	(20,242)
Balance 31 March 2018	**51,240**	**40,645**	**30,380**	**-**	**122,265**
Depreciation and impairment					
Balance 1 April 2017	-	(22,305)	(6,300)	(17,046)	(45,651)
Depreciation	(2,005)	(13,888)	(486)	(2,149)	(18,528)
Disposals	-	15,231	-	19,195	34,426
Balance 31 March 2018	**(2,005)**	**(20,962)**	**(6,786)**	**-**	**(29,753)**
Carrying amount 31 March 2018	**49,235**	**19,683**	**23,594**	**-**	**92,512**

All depreciation and impairment charges are included within depreciation, amortisation and impairment of non-financial assets.

	2018 AUD	2017 AUD

15 Trade and other payables

Trade and other payables recognised consist of the following:

	2018 AUD	2017 AUD
Trade payables	1,150,027	657,992
Accrued expenses	26,030	77,734
Other payables	152,531	72,819
Payables owed to related parties	4,692,780	5,388,418
Total trade and other payables	6,021,368	6,196,963

All amounts are short-term. The net carrying value of trade payables is considered a reasonable approximation of fair value. The Company has financial risk management policies in place to ensure that all payables are paid within pre-agreed credit terms.

16 Provisions

Current:

	2018 AUD	2017 AUD
· Provision for annual leave	87,366	63,249
· Provision for long service leave	81,720	55,820
· Provision for hospital credits	198,661	440,694
Total provisions – current	**367,747**	**559,763**

Movement in hospital credits provision:

	Hospital Credits	Total
Carrying amount 1 April 2017	**440,694**	**440,694**
Amount utilised/ provided for	(242,033)	(242,033)
Carrying amount 31 March 2018	**198,661**	**198,661**

17 Borrowings

Borrowings include the following financial liabilities:

	2018 AUD	2017 AUD
Bank loans	5,500,000	5,500,000
Borrowings - current	**5,500,000**	**5,500,000**

Borrowings at amortised cost

The company currently holds a 3 year loan with HSCB Bank. The loan commenced in October 2016 of AUD5.5m. From perusal of the letter of offer, we noted the following information:

The loan is on demand - extract from the signed letter of offer "HSBC may at any time, at its sole and absolute discretion and without having to explain or provide any reason or notice, exercise its Cancellation Rights.

18 Equity

Share capital

The share capital of Pharmacor Pty Limited consists only of fully paid ordinary shares; the shares do not have a par value. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of Pharmacor Pty Limited.

	Shares Number	Share capital AUD
Shares issued and fully paid:		
Balance at 1 April 2017	68,313,954	2,305,000
Share issue	-	-
Total contributed equity at 31 March 2018	**68,313,954**	**2,305,000**

	2018 AUD	2017 AUD

19 Lease commitments

Operating leases as lessee

Operating leases relate to leases of an office and production building with a lease term of 4 years. The future minimum lease payments are as follows:

Payable – minimum lease payments:		
· not later than twelve (12) months	104,732	80,115
· between twelve (12) months and five (5) years	410,536	26,705
· greater than five (5) years	-	-
Total minimum lease payments	**515,268**	**106,820**

20 Cash flow information

Cash flows from operating activities

Profit for the period	678,333	802,549
Adjustments for non-cash flows in profit:		
· Depreciation and amortisation	18,528	22,866
· Borrowing	-	620
· Loss on disposal of assets	4,089	107
Changes in assets and liabilities		
· Decrease / (Increase) in inventory	(681,684)	(822,498)
· Decrease / (Increase) in trade and other receivables	(1,219,723)	930,897
· Decrease / (Increase) in other assets	(15,502)	43,081
· Decrease / (Increase) in other assets (non current)	(78,469)	(20,000)
· Decrease / (Increase) in deferred tax asset	110,158	372,391
· (Decrease) in trade and other payables	(175,596)	1,287,208
· (Decrease) / increase in current tax liabilities	180,894	-
· (Decrease) / increase in other liabilities	-	6,048
· (Decrease) / increase in deferred tax liabilities	72,610	-
· (Decrease)/ increase in provisions	(192,016)	492,877
Net cash from operating activities	**(1,298,377)**	**3,116,146**

21 Contingent assets and contingent liabilities

The Company has no contingent assets or contingent liabilities (2017: nil).

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

22 Financial Instruments - Fair Value and Risk Management
A. Accounting classification and fair values

Particulars	Carrying amount in AUD as at 31st March, 2018			
	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets				
Cash and cash equivalents	-	-	3,953,917	3,953,917
Trade and other receivables	-	-	4,395,739	4,395,739
Other Non-current financial asset	-	-	116,151	116,151
	-	**-**	**8,465,808**	**8,465,808**
Financial liabilities				
Borrowings	-	-	5,500,000	5,500,000
Trade and other payables	-	-	6,021,368	6,021,368
	-	**-**	**11,521,367**	**11,521,367**

	Carrying amount in AUD as at 31st March, 2018			
	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets				
Cash and cash equivalents	-	-	5,347,426	5,347,426
Trade and other receivables	-	-	3,176,016	3,176,016
Other Current financial asset	-	-	20,000	20,000
	-	**-**	**8,523,442**	**8,543,442**
Financial liabilities				
Borrowings	-	-	5,500,000	5,500,000
Trade and other payables	-	-	6,196,963	6,196,963
	-	**-**	**11,696,963**	**11,696,963**

The Company has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ;
- Market risk.

i. Risk management framework
The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

22 Financial Instruments - Fair Value and Risk Management

ii. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The company sells the products in local markets only.
Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31st March, 2018, the company did not have any significant customer. No single customer's balance was more than 10% of the total receivables.

Impairment
At March 31, 2018, the ageing of trade and other receivables that were not impaired was as follows.

	March 31, 2018	March 31, 2017
Neither past due nor impaired	3,796,467	2,586,566
Past due 1–180 days	459,688	470,494
Past due more than 180 days	139,584	118,956
	4,395,739	3,176,016

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers’ credit ratings if they are available.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

22 Financial Instruments - Fair Value and Risk Management

iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's Trade receivables are due for maturity within 30 days from the date of billing to the customer. Further, the general credit terms for Trade payables are approximately 30 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

			Contractual cash flows				
31st March, 2018	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
AUD							
Non-derivative financial liabilities							
Term loans from banks	5,500,000	5,885,000	-	192,500	5,692,500	-	-
Trade and other payables	6,021,368	6,021,368	1,561,102	4,460,266	-	-	-

			Contractual cash flows				
31st March, 2017	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
AUD							
Non-derivative financial liabilities							
Term loans from banks	5,500,000	6,077,500	-	192,500	192,500	5,692,500	-
Trade and other payables	6,196,963	6,196,963	3,112,029	3,084,934	-	-	-

The gross inflows/(outflows) disclosed in the above table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are not usually closed out before contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash-settled and gross cash inflow and outflow amounts for derivatives that have simultaneous gross cash settlement.

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – which will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

Currency risk
The Company is not exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency, as such items are transacted at the functional currency of the Company, which is Australian Dollars (AUD).

Interest rate risk
Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.
The Company is not exposed to interest rate risk as the borrowing is at fixed interest rate

Thus, the Company is not exposed to market risk related to Currency risk and Interest rate risk.

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

23 Capital Management

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at March 31, 2018 was as follows.

	As at 31st March, 2018 AUD	As at 31st March, 2017 AUD
Total borrowing	**5,500,000**	5,500,000
Less : Cash and cash equivalent	**(3,953,917)**	(5,347,426)
Adjusted net debt	**1,546,083**	152,574
Total equity	**2,136,419**	1,458,086
Adjusted equity	**2,136,419**	1,458,086
Adjusted net debt to adjusted equity ratio	**0.72**	0.10

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

24 Related party transactions

The Company's related parties include its key management and others as described below.

Unless otherwise stated, none of the transactions incorporate special terms and conditions and no guarantees were given or received. Outstanding balances are usually settled in cash.

Transactions with other parties

	Sales of goods		Purchases of goods	
	2018 AUD	**2017 AUD**	**2018 AUD**	**2017 AUD**
Alkem Laboratories Ltd	753,420	731,422	13,155,833	11,706,244

	Amounts owed by related parties		Amounts owed to related parties	
	2018 AUD	**2017 AUD**	**2018 AUD**	**2017 AUD**
Alkem Laboratories Ltd	344,180	136,915	4,692,780	5,388,418

Transactions with key management personnel

Key management of the Company are the executive members of Pharmacor Pty Limiteds Board of Directors. Key management personnel remuneration includes the following expenses:

	2018 AUD	**2017 AUD**
Total key management personnel remuneration	449,720	224,451
Ashish Mallela (from June 2017)	211,366	
Richard Mlynarcik	238,354	224,451

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

25 Earnings per share (EPS)

AUD

Particulars			Year ended 31st March, 2018	Year ended 31st March, 2017
Profit /(loss) after tax attributable to equity shareholders	AUD	A	678,333	802,549
Number of equity shares at the beginning of the year	Nos.		68,313,954	68,313,954
Equity shares issued during the period	Nos.		-	-
Number of equity shares outstanding at the end of the year	Nos.		68,313,954	68,313,954
Weighted average number of equity shares outstanding during the year	AUD	B	68,313,954	68,313,954
Basic and diluted earnings per equity share	AUD	(A / B)	0.01	0.01

Notes to the Financial Statements for the Financial Year ended 31st March, 2018

26 Segment Reporting

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements on Operating Segment is not applicable. In compliance to the said standard, Entity-Wise disclosures are as under :

AUD

Sr. No.	Particulars	For the year ended 31st March, 2018	For the year ended 31st March, 2017
a)	Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
	Revenue from the Country of Domicile- Australia	24,061,337	20,053,512
	Revenue from foreign countries	-	-
		24,061,337	**20,053,512**

b) Major Customers having external revenue exceeded 10% of total revenue

There are no customers having revenue exceeding 10% of total revenue

27 Events after the reporting period

No matters or circumstances have arisen since the end of the financial period which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

28 Company details

The registered office of business of the Company is:
Joseph Shamia & Co. Suite 1
307-317 Condamine Street
Manly Vale, NSW 2093

The principal place of business of the Company is:
Pharmacor Pty Limited
Suite 803, Level 8, Tower A, The Zenith
821 Pacific Highway, Chatswood, NSW 2067

Directors' Declaration

1 In the opinion of the Directors of Pharmacor Pty Limited:

a The consolidated financial statements and notes of Pharmacor Pty Limited are in accordance with the *Corporations Act 2001*, including

i Giving a true and fair view of its financial position as at 31 March 2018 and of its performance for the financial year ended on that date; and

ii Complying with Australian Accounting Standards – Reduced Disclosure Requirements (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

b There are reasonable grounds to believe that Pharmacor Pty Limited will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.

Richard Mlynarcik
Director

Ashish Mallela
Director

11-May-18

Grant Thornton

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Independent Auditor's Report to the Members of Pharmacor Pty Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Pharmacor Pty Limited (the Company), which comprises the statement of financial position as at 31 March 2018, the statement of profit or loss and other comprehensive income, statement of changes in equity and 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 31 March 2018 and of its 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 *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 Company's annual report for the year ended 31 March 2018, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible for assessing the Company's ability 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 intends to liquidate the Company or to cease operations, or has 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/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

RJ Isbell

R J Isbell
Partner - Audit & Assurance

Sydney, 11 May 2018