

# **A.C.N 009 161 522 Limited**

**(Formerly known as SUBZERO GROUP LIMITED)**

**ABN 68 009 161 522**

**ANNUAL REPORT**  
**30 JUNE 2017**

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONTENTS**

Corporate Directory	1
Directors' Report	2
Auditor's Independence Declaration	10
Financial Report	11
Directors' Declaration	39
Independent Auditor's Report	40

**CORPORATE DIRECTORY**

**Directors**

Mr Michael Davy  
Mr Nicholas Young  
Ms Kyla Garic

**Company Secretary**

Ms Kyla Garic

**Registered office**

108 Outram Street  
West Perth WA 6005

**Auditor**

RSM Australia Partners  
8 St Georges Terrace  
PERTH, WESTERN AUSTRALIA 6000

**Bankers**

NAB  
1232 Hay Street  
West Perth WA 6005

**Share Registry**

Link Market Services Limited  
Level 12, 680 George Street  
Sydney NSW 2000

**Securities Exchange Listing**

ASX Limited  
20 Bridge Street  
Sydney NSW 2000

**ASX Code – SZG**

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**DIRECTORS' REPORT**

The Directors presents this report for A.C.N 009 161 522 Limited ("the Company") and its subsidiaries ("the Group") for the year ended 30 June 2017.

**Directors**

The names and the particulars of the Directors who held office during or since the end of the year and until the date of this report are disclosed below. The Directors were in office for this entire period unless otherwise stated.

The powers of the Directors were suspended from 11 February 2016, being the date of the appointment of the Voluntary Administrators and Receivers and Mangers and remain so during the term of the Deed of Company Arrangement ("DOCA") made in relation to the Company.

<b>Name</b>	<b>Status</b>	<b>Appointment/ Resignation</b>
Mr Michael Davy	Non-Executive Director	Appointed on 29 June 2017
Mr Nicholas Young	Non-Executive Director	Appointed on 29 June 2017
Ms Kyla Garic	Non-Executive Director	Appointed on 29 June 2017
Mr Graeme (Joe) Clayton	CEO and Executive Director	Resigned on 29 June 2017

**Company Secretary**

<b>Name</b>	<b>Status</b>	<b>Appointment/ Resignation</b>
Ms Kyla Garic	Company Secretary	Appointed on 29 June 2017

**Principal activities**

During the year the principal activities of the Group consisted of providing the following services to the Mining industry:

- Mechanical support (on and offsite heavy machinery repairs and light vehicle maintenance)
- Structural support (on and offsite engineering and fabrication)
- Mining support (mining project support, equipment hire and labour hire)
- Electrical harnessing and hydraulic isolator safety systems

There were no major changes to the activities of the Group during the period.

**Incomplete records**

To prepare this financial report, the Directors who were not in office during the periods presented in this report have reconstructed the financial records of the Group using data provided by the Receivers and extracted from the Group's accounting system for the year. However, there may be information that the Directors have not been able to obtain, the impact of which may or may not be material on the accounts. These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the external administration and receivership process of the Company.

Consequently, and although the Directors have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2017.

**Operating and financial review**

The consolidated profit for the year amounted to \$6,324,000 (2016: loss of \$4,740,000).

**Dividends paid or recommended**

There were no dividends paid or recommended during the financial year ended 30 June 2017 (2016: Nil).

**DIRECTORS' REPORT**

**Significant changes in state of affairs**

Significant changes in the state of affairs of the Company during the financial year were as follows:

On 12 August 2016, the Receivers entered into an Asset Sale Agreement for the sale of the business and assets of the Group (excluding the SZ Labour business and HMWS Business and the 50% interest in the Moranbah Joint Venture) with Management Resource Solutions PLC ("MRS").

The sale of business and assets of the Group (excluding the SZ Labour business and HMWS Business and the 50% interest in the Moranbah Joint Venture) with Management Resource Solutions PLC ("MRS") was completed on 30 September 2016.

The second meetings of creditors of companies in the Group was held on 14 November 2016 at which the creditors resolved the:

- With respect to the Company to execute a Deed of Company Arrangement ("DOCA") and appoint Mr Philip Campbell-Wilson and Mr Adam Nikitins as Joint and Several Deed Administrators ("Deed Administrators"); and
- With respect to the other entities in the group (other than the Company) creditors have resolved to wind up the subsidiary Entities and appoint Mr Philip Campbell-Wilson and Mr Adam Nikitins as Joint and Several Liquidators.

On 5 December 2016, the Company executed the DOCA, with Mr Philip Campbell-Wilson and Mr Adam Nikitins as Joint and Several Deed Administrators.

The DOCA provides for, inter alia, the recapitalisation of the Company and (subject to regulatory approval) re-quotation of its securities on the ASX.

A summary of the material terms of the "Recapitalisation Proposal" in relation to the Company is set out below. The following summary is not a substitute for the terms of the DOCA and the Recapitalisation Proposal, which forms Schedule 1 to the DOCA. Capitalised terms not defined below have the meanings given to them in the DOCA or Recapitalisation Proposal.

- a) The Company will consolidate its existing shares on a one (1) for (30) basis.
- b) The Syndicate (or nominees of the Syndicate) will provide \$440,000 cash towards the creditors of the Company ("Creditor Payment"). A total of \$30,000 to be paid as a deposit, upon execution of the varied DOCA and the balance to be made available following receipt of creditor and shareholder approval of the recapitalisation proposal.
- c) The Creditor Payment will be loaned into the Company, following shareholder approval, and will be repaid from the following capital raisings (which are subject to the receipt of shareholder approval). It is proposed that the capital raisings will be as follows:
  - (i) Up to 250,000,000 shares at not less than \$0.02 to raise \$5,000,000;
  - (ii) Up to 75,000,000 shares and 50,000,000 options to acquire shares with an exercise price of not less than \$0.02 each with an expiry of 4 years from the date of issue, for the acquisition of an asset to re-instate the Company's shares to trading on the ASX; and
  - (iii) Up to 75,000,000 Lead Manager Options to acquire shares with an exercise price of not less than \$0.02 each with an expiry date of 4 years from the date of issue;

The proposed capital structure and reconstruction (including consolidation, share/option issues and share/option prices) may be varied at the Syndicate's sole discretion, subject to both ASX and shareholder approval.

- d) All of the directors of the Company will be removed and replaced by nominees of the Syndicate.
- e) All secured creditors must release securing any security over the Company and its assets contemporaneously with the effectuation of the DOCA.
- f) The Creditor Payment is made on the basis that following shareholder approval, release of securities and payment of the Creditor Payment, the DOCA will terminate.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**DIRECTORS' REPORT**

- g) All subsidiaries of the Company that are dormant and not required by the Syndicate are to be deregistered, at no cost to the Company or the Syndicate.
- h) At Completion of the capital raising, the Company's cash position, net of liabilities, is greater than \$4m.

On 9 February 2017, the Australian Securities and Investment Commission ("ASIC") granted the Company relief from its financial reporting requirements and it does not need to comply with any of the following obligations under Part 2M.3 of the Corporations Act in relation to half year ended 31 December 2015, year ended 30 June 2016 and half year ended 31 December 2016:

- Reporting to members of the Company under section 314 within the time required by section 315;
- Send report to a member of the Company in accordance with a request under subsection 316(a) within the time required by subsection 316(2);
- Lodge reports with ASIC under subsection 319(1) within the required time by that subsection.

On 3 March 2017, at a duly convened creditors meeting of the Company, pursuant to Section 445F of the Corporations Act, the creditors resolved to approve a variation to the DOCA. On the same day, the Company, the Deed Administrators, the Secured Creditor and Otsana Pty Ltd executed the variation to the DOCA.

On 29 June 2017, the director Graham (Joe) Clayton resigned from office and Michael Davy, Nicholas Young and Kyla Garic were appointed as Directors of the Company.

No other significant changes in the nature of the Company's activities have occurred during the year.

**Significant events after reporting date**

On 8 August 2017, the Company announced the following resolutions to be presented at the General Meeting to be held on the 8 September 2017. The following resolutions were subject to each of the other recapitalisation resolutions being passed:

- The Company will consolidate its existing shares on a one (1) for (30) basis.
- The Company to undertake a placement of up to 47,000,000 shares (on a post-consolidation basis) at an issue price of \$0.02 to sophisticated or professional investors who are clients of Otsana to raise up to \$940,000 (before costs).
- The Company to undertake a placement of 50,000,000 Options (on a post-consolidation basis) to Otsana as a consideration for lead manager services provided.
- The Company's Directors Ms Kyla Garic, Mr Nicholas Young and Mr Michael Davy be re-elected as Director's of the Company.
- Approval of change of auditor from PricewaterhouseCoopers (PWC) to RSM Australia Partners due to the Company's Recapitalisation the Deed Administrators have deemed it more suitable to have the Company's auditor located in Perth.
- Replacement of the Company's existing constitution and adopt a new constitution which is of the type required for a listed public company limited by shares.

On 12 September 2017, it was announced that all resolutions presented at the General Meeting were approved by the shareholders.

On 21 September 2017, it was announced that the consolidation of capital was completed, resulting in the reduction of issued number of shares from 252,915,402 to 8,430,796.

On 24 October 2017, it was announced that all the conditions of the DOCA had been satisfied with the DOCA being effectuated on this date. A Syndicate of investors led by Otsana Capital loaned funds into the Company to effectuate the DOCA. The Company's registered and principal place of business also changed to 108 Outram Street, West Perth WA 6005.

## ANNUAL REPORT 30 JUNE 2017

## Information on Directors

**Non-Executive Director (appointed on 29 June 2017)**

BCom (Acc)

Mr Davy is an Accountant with over 15 years' experience. His experience is broad having working in Oil and Gas, Resources, Property, Food Distribution, Restaurants and startup Technology companies. Mr Davy is also a director and owner of a number of successful private companies. During the past five years Mr Davy has held directorships in two other ASX listed companies.

Interest in Shares and Options Nil

Nil

Dotz Nano Limited (formerly Northern Iron Limited) (resigned 31 October 2016)

**Non-Executive Director (appointed on 29 June 2017)**

BCom (Acc &amp; Fin), CA

Mr Young is a Chartered Accountant and has completed the Insolvency Education Program at the Australian Restructuring Insolvency and Turnaround Association. Nicholas commenced his career in the Corporate Restructuring division of an accounting firm and has gained valuable experience in Australia and Southern Africa, across a wide range of industries, including mining and exploration, mining services, renewable energy, professional services, manufacturing and transport. Mr Young has been involved in the recapitalisation of various ASX-listed companies.

Interest in Shares and Options Nil

Nil

MHM Metals Limited (current)  
Zenitas Healthcare Limited (formerly BGD Corporation Limited) (ceased 1 February 2015)  
Cre8tek Limited (formerly Marion Energy Limited) (ceased 5 November 2015)  
Calidus Resources Limited (formerly Pharmanet Group Limited) (ceased 13 June 2017)

Non-Executive Director (appointed on 29 June 2017)

BCom, MAcc, CA

Ms Garic is a Chartered Accountant and Director of Onyx Corporate. Onyx Corporate provides financial reporting and accounting services, including reconstruction and accounting compliance for companies undergoing recapitalisation.

Interest in Shares and Options Nil

Nil

Schrole Group Limited (formerly Aquaint Capital Holdings Limited) (resigned 4 October 2017)  
Dotz Nano Limited (formerly Northern Iron Limited) (resigned 31 October 2016)

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**DIRECTORS' REPORT**

**Information on Directors**

**Graham (Joe) Clayton**                      **CEO and Executive Director (resigned on 29 June 2017)**

Qualifications                      BE (Min) Hons, F AusIMM CP (Man), GAICD

Experience                      Graham Clayton has 38 years in mining with over 22 years leading mining operations in the coal, copper, iron ore and gold industries in all the mainland states of Australia as well as 8 years in remote communities in Papua New Guinea (PNG) and Indonesia. He led the exploration and development phases for large scale coal mines, the Anvil Hill Project in the Hunter Valley NSW and the Watermark Project in the Gunnedah Basin NSW. He designed the lead mine and led the start-up of operations for Camberwell Coal in Hunter Valley NSW. He has successfully led some of the most challenging mining operations in South East Asia including implementing major mining change management programs at Muswellbrook Coal in Hunter Valley NSW, Lihir Gold in PNG, Boddington and Hedges Goldmines in South West WA, Kanowna Belle Goldmine in WA goldfields as well as Sebuk, Senakin and Satui Coalmines in South Kalimantan Indonesia.

Interest in Shares and                      2,592,700 ordinary shares

Options

Special Responsibilities                      Nil

Directorships held in other                      Nil  
listed entities

**Information on Company Secretary**

**Kyla Garic**                      **Company Secretary (appointed on 29 June 2017)**

Qualifications/ Experience                      The qualification and experience of Ms Garic is noted above under directors' information.

**Meetings of directors**

Due to the appointment of Administrators and Receivers and Managers on 11 February 2016, there is insufficient information to determine the number of meetings held by the Directors during the year.

**Share options**

There are no shares under option and no options were exercised during the year (2016: Nil).

**Non-audit services**

No fees for non-audit services were paid to the external auditors during the year ended 30 June 2017 (2016: Nil).

**Auditor's independence declaration**

The auditor's independence declaration for the year ended 30 June 2017 can be found on page 10 of the financial report.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**DIRECTORS' REPORT**

**Remuneration report**

This remuneration report, which forms part of the Directors' Report, sets out information about the remuneration of A.C.N 009 161 522 Limited's directors and its senior management for the financial year ended 30 June 2017. The Company was in administration from 11 February 2016 and on entering administration the administrators were responsible for the remuneration policies of the Company.

The Directors who are in office at the date of this report had no involvement in adopting, implementing or complying with these remuneration policies. These policies may or may not have been in place during the financial period.

If the recapitalisation process is successful, the Directors who are in office at that date will adopt a new remuneration policy in accordance with the corporate governance framework to be adopted by the Board.

The prescribed details for each person covered by this report are detailed below under the following headings:

- Remuneration policy for directors and senior executives
- Details of remuneration
- Options issued as part of remuneration
- Employment contracts of directors and senior executives

**Remuneration policy for directors and senior executives**

The remuneration policy of A.C.N 009 161 522 was designed to align Director and Senior Management objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the group's medium and long-term financial outcomes.

The Board's policy for determining the nature and amount of remuneration for Board members and Senior Management of the group was as follows:

- The remuneration policy, setting the terms and conditions for Executives and Directors was developed by the Board.
- All Executives received a base salary (which was based on factors such as scope of responsibilities, length of service and experience), superannuation, fringe benefits, options and performance incentives.
- The Board reviewed Executive Directors and Senior Management performance annually by reference to the goals set at the start of the year

The Board was able to; however, exercise its discretion in relation to approving incentives, bonuses and options. The policy was designed to attract the highest calibre of Executive Directors and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to Executive Directors and Senior Management was valued at the cost to the Company and expensed.

Remuneration of non-executive directors is determined by the Board within the maximum amount approved by the shareholders from time to time and which currently stands at \$225,000 per annum.

**Details of remuneration**

**2016 & 2017**

From 11 February 2016 the Company was in administration and receivership. The Company does not have adequate information to enable the disclosures required by Corporations Act 2001 for the year two years ended 30 June 2017.



**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**DIRECTORS' REPORT**

**Options issued as part of remuneration**

No options were exercised, since the last report (2016: Nil).

**Employment Contracts of Directors and Senior Executives**

The previous directors' contracts ended upon entering administration.

**KMP options and rights holdings**

There were no options or rights held over the ordinary shares by KMP (2016: Nil)

**KMP shareholdings**

The number of ordinary shares in A.C.N 009 161 522 Limited held by each Director of the Group during the financial year was as follows:

	Balance at the start of the year	Granted as Remuneration during the year	Issued on exercise of options during the year	Other changes during the year	Balance at end of Year
<b>30 June 2017</b>					
M Davey	-	-	-	-	-
N Young	-	-	-	-	-
K Garic	-	-	-	-	-
G Clayton *	2,592,700	-	-	-	2,592,700
Total	2,592,700	-	-	-	2,592,700

\* The balance show for Mr Clayton is at his resignation date, 29 June 2017.

**Loans to Key Management Personnel**

To the best of the Directors' knowledge, they are not aware of any loans to Key Management Personnel during the financial year.

**Other KMP Transactions**

The Directors do not have sufficient information to determine if there are any other KMP transactions.

**REMUNERATION REPORT (END)**

**DIRECTORS' REPORT**

**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.

**Indemnifying officers**

Due to the Company being in administration the directors insurance premiums have not been renewed since the last policy was paid.

**Environmental regulations**

In the normal course of business, there are no environmental regulations or requirements that the Company is subject to.

**Future developments, prospects and business strategies**

The Company is in the process of being recapitalised and its future developments, prospects and business strategies are detailed in the significant events after balance sheet date section of the Directors' report.

**Indemnification of auditors**

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

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

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

**Michael Davy**

**Non-Executive Director**

Dated: 6 November 2017

**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

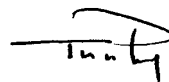
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited) for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 6 November 2017

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

**FOR THE YEAR ENDED 30 JUNE 2017**

		<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue from continuing operations	2	12,231	63,734
Cost of sales		(7,079)	(47,223)
<b>Gross profit</b>		<b>5,152</b>	<b>16,511</b>
Other income	2	5,936	225
General and administration expense	2	(765)	(7,639)
Vehicle and equipment costs	2	(1,026)	(2,972)
Depreciation and amortisation	2	(304)	(2,166)
Impairment of non-current assets			-
Finance costs	2	(457)	(1,039)
Employee benefits expense	2	(999)	(5,609)
Rental expense	2	(681)	(2,019)
Loss on disposal of assets	2	(532)	(32)
<b>Profit/(Loss) before income tax</b>		<b>6,324</b>	<b>(4,740)</b>
Income tax expense	3	-	-
<b>Profit/(loss) for the period</b>		<b>6,324</b>	<b>(4,740)</b>
<b>Other comprehensive income:</b>			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Exchange differences on translating foreign operations		-	-
<b>Total comprehensive profit/( loss) for the year</b>		<b>6,324</b>	<b>(4,740)</b>
<b>Total comprehensive loss attributable to:</b>			
Members of the parent entity		6,228	(4,719)
Non-controlling interest		96	(21)
		<b>6,324</b>	<b>(4,740)</b>
<b>Basic earnings/(loss) per share (cents per share)</b>	6	2.50	(1.87)

The accompanying notes form part of these financial statements.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2017**

	Note	30 June 2017 \$'000	30 June 2016 \$'000
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7a	2,491	-
Trade and other receivables	8	-	11,652
Inventories	9	-	1,468
<b>TOTAL CURRENT ASSETS</b>		<b>2,491</b>	<b>13,120</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	10	-	8,001
Financial assets		-	69
Intangible assets		-	21
<b>TOTAL NON-CURRENT ASSETS</b>		<b>-</b>	<b>8,091</b>
<b>TOTAL ASSETS</b>		<b>2,491</b>	<b>21,211</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	11,063	31,180
Borrowings	12	22,758	26,008
Current tax liabilities		-	234
Provisions	13	-	1,193
<b>TOTAL CURRENT LIABILITIES</b>		<b>33,821</b>	<b>58,615</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	13	-	250
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>-</b>	<b>250</b>
<b>TOTAL LIABILITIES</b>		<b>33,821</b>	<b>58,865</b>
<b>NET LIABILITIES</b>		<b>(31,330)</b>	<b>(37,654)</b>
<b>EQUITY</b>			
Issued capital	14	18,383	18,383
Reserves	15	-	(502)
Accumulated losses		(49,713)	(55,439)
<b>Total parent equity interest</b>		<b>(31,330)</b>	<b>(37,558)</b>
Non-controlling interest		-	(96)
<b>TOTAL DEFICIENCY</b>		<b>(31,330)</b>	<b>(37,654)</b>

The accompanying notes form part of these financial statements.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 30 JUNE 2017**

	Issued Capital	Accumulated Losses	Reserves	Non-Controlling Interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2015</b>	<b>18,383</b>	<b>(50,720)</b>	<b>(502)</b>	<b>(75)</b>	<b>(32,914)</b>
Loss for the period	-	(4,719)	-	(21)	(4,740)
Total comprehensive loss for the period	-	(4,719)	-	(21)	(4,740)
<b>Balance at 30 June 2016</b>	<b>18,383</b>	<b>(55,439)</b>	<b>(502)</b>	<b>(96)</b>	<b>(37,654)</b>
<b>Balance at 1 July 2016</b>	<b>18,383</b>	<b>(55,439)</b>	<b>(502)</b>	<b>(96)</b>	<b>(37,654)</b>
Loss for the period	-	5,726	502	96	6,324
Total comprehensive loss for the period	-	5,726	502	96	6,324
<b>Balance at 30 June 2017</b>	<b>18,383</b>	<b>(49,713)</b>	<b>-</b>	<b>-</b>	<b>(31,330)</b>

The accompanying notes form part of these financial statements.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017**

		<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		23,973	60,581
Payments to suppliers and employees		(19,197)	(61,047)
<b>Net cash from/(used) in operating activities</b>	<b>7b</b>	<b>4,776</b>	<b>(466)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from disposal of plant and equipment		1,000	-
<b>Net cash from investing activities</b>		<b>1,000</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings			-
Repayment of borrowings		(2,500)	-
<b>Net cash used in financing activities</b>		<b>(2,500)</b>	<b>-</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>3,276</b>	<b>(466)</b>
Cash and cash equivalents at beginning of period		(785)	(319)
<b>Cash and cash equivalents at end of period</b>	<b>7a, 12</b>	<b>2,491<sup>1</sup></b>	<b>(785)</b>

The accompanying notes form part of these financial statements

---

<sup>1</sup> The funds are for the use of the receivers and managers of the Group (Refer to Note 7a).

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

These consolidated financial statements cover A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited) ("the Company") and its controlled entities as a consolidated entity (also referred to as "the Group"). The Company is a company limited by shares, incorporated and domiciled in Australia. The Group is a for-profit entity.

This financial report was issued by the Directors on 6 November 2017.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/91, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Instrument to the nearest thousand dollars

**a) Basis of preparation of the financial report**

**Statement of compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001 where possible (refer to Note 1(b)). These financial statements of the Group also comply with the International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB") where possible (refer to Note 1(b)).

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

**b) Incomplete records**

To prepare this financial report, the Directors who were not in office during the periods presented in this report have reconstructed the financial records of the Group using data provided by the Receivers and extracted from the Group's accounting system for the year. However, there may be information that the Directors have not been able to obtain, the impact of which may or may not be material on the accounts. These financial statements do not contain all the required information or disclosures in relation to transactions undertaken by the Company as this information is unascertainable due to the external administration and receivership process of the Company.

Consequently, and although the Directors have prepared this financial report to the best of their knowledge based on the information that is available to them, they are of the opinion that it is not possible to state that this financial report has been prepared in accordance with Australian Accounting Standards including Australian interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001, nor is it possible to state this financial report gives a true and fair view of the Group's financial position as at 30 June 2017.

**c) Going concern**

The DOCA provides for, inter alia, the recapitalisation of the Company and (subject to regulatory approval) re-quotation of its securities on the ASX.

A summary of the material terms of the "Recapitalisation Proposal" in relation to the Company is set out below. The following summary is not a substitute for the terms of the DOCA and the Recapitalisation Proposal, which forms Schedule 1 to the DOCA. Capitalised terms not defined below have the meanings given to them in the DOCA or Recapitalisation Proposal.



**c) Going concern (continued)**

The material terms of the DOCA:

- a) The Company will consolidate its existing shares on a one (1) for (30) basis.
- b) The Syndicate (or nominees of the Syndicate) will provide \$440,000 cash towards the creditors of the Company (Creditor Payment). A total of \$30,000 to be paid as a deposit, upon execution of the varied DOCA and the balance to be made available following receipt of creditor and shareholder approval of the recapitalisation proposal.
- c) The Creditor Payment will be loaned into the Company, following shareholder approval and shall be repaid from the below capital raisings (which will be subject to the receipt of shareholder approval). It is proposed that the capital raisings will be as follows:
  - (i) Up to 250,000,000 shares at not less than \$0.02 to raise \$5,000,000;
  - (ii) Up to 75,000,000 shares and 50,000,000 options to acquire shares with an exercise price of not less than \$0.02 each with an expiry of 4 years from the date of issue, for the acquisition of an asset to re-instate the Company's shares to trading on the ASX; and
  - (iii) Up to 75,000,000 Lead Manager Options to acquire shares with an exercise price of not less than \$0.02 each with an expiry date of 4 years from the date of issue.

The proposed capital structure and reconstruction (including consolidation, share/option issues and share/option prices) may be varied at the Syndicate's sole discretion, subject to both ASX and shareholder approval.

- d) The proposed capital structure and reconstruction (including consolidation, share/option issues and share/option prices) may be varied at the Syndicate's sole discretion, subject to both ASX and shareholder approval.
- e) All secured creditors must release any security over the Company and its assets contemporaneously with the effectuation of the DOCA.
- f) The Creditor Payment is made on the basis that following shareholder approval, release of securities, and payment of the Creditor Payment, the DOCA will terminate.
- g) All subsidiaries of the Company that are dormant and not required by the Syndicate are to be deregistered, at no cost to the Company or the Syndicate.
- h) At completion of the capital raising, the Company's cash position, net of liabilities, is greater than \$4m.

For these reasons, the Directors consider the Group to be a going concern. Notwithstanding the material uncertainties of future events inherent in the above, the Directors consider it is appropriate to prepare financial information on a going concern basis and hence no adjustments have been made to the financial information relating to the recoverability and classification of the asset carrying amounts or the amounts and classifications of liabilities that might be necessary if the entity does not continue as a going concern.

**d) Principles of Consolidation**

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2017. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

**d) Principles of Consolidation (continued)**

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary
- De-recognises the carrying amount of any non-controlling interests
- De-recognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investments retained
- Recognises any surplus or deficit in profit and loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities

**e) Revenue**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowance and amounts collected on behalf of third parties. The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and specifics of each arrangement. Revenue is recognised for the major business activities as follows:

*Service revenue*

Revenue from services is recognised in the accounting period in which the services are rendered.

*Interest income*

Interest income is recognised as it accrues, taking into account the effective yield on the financial asset.

*Dividends*

Dividends are recognised as revenue when the rights to receive payment are established. This applies even if they are paid out of pre-acquisition profits. However, the investment may need to be tested for impairment as a consequence.

**f) 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 (ATO).

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

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.

**g) Income Tax**

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at reporting date. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted or substantively enacted at reporting date. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference cannot be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

**h) Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits available on demand with banks with original maturity of three months or less.

**i) Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measures at amortised costs, less provision for impairment. Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of impairment allowance is difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effective of discounting is material.

The amount of the impairment loss is recognised in profit and loss within general and administration expense. When a trade receivable for which an impairment allowance had been recognised becomes uncollectable in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against general and administration expenses in the statement of comprehensive income.

**j) Inventories**

*Raw material and consumables*

Raw materials and consumables are stated at the lower of costs and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs necessary to make the sale.

*Work in progress*

Work in progress comprises of unbilled labour and materials incurred to date less progress billings.

*Stock obsolescence*

All inventory items are reviewed on a regular basis during the year and a provision raised for products where a sale is not likely to occur.

**k) 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 transactions costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments 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.

**Classification and subsequent measurement**

*Fair value* is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

**k) Financial Instruments (continued)**

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

**(i) 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 subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

**(ii) Financial assets at fair value through profit and 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.

**(iii) Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost. Gains or losses are recognised in profit and loss through the amortisation process and when the financial liability is derecognised.

**Derivative instruments**

The Group does not trade or hold derivatives.

**Financial guarantees**

The Group has bank guarantees for contract performance.

**Impairment**

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event') has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

**Derecognition**

Financial assets are derecognised where the contractual rights to receipt of cash flow expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset.

Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

**l) Impairment of non-financial assets**

At the end of each reporting period, the Directors assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits.

If any such indication exists, an impairment test is carried out on the asset by comparing the asset's recoverable amount, being the higher of its fair value less costs to sell and its value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

**m) Property, plant and equipment**

Property, plant and equipment are stated at historical costs less depreciation. Historical costs include expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the items can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the period in which there are incurred.

Depreciation is calculated using the diminishing value method to allocate their cost, net of their residual values, over their estimated useful lives of, in the case of property improvements and certain lease plant and equipment, the shorted lease term as follows:

Property improvements	10 to 25 years
Plant and equipment	5 to 20 years
Vehicles	5 to 15 years
Furniture, fittings and equipment	5 years
Low value pooled assets	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

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 carrying amount. These are included in the income statement.

**n) Trade and other payables**

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

**o) Borrowings**

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised costs. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit and loss over the period of the borrowing using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

**p) Provisions**

Provisions are recognised when the Group 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 the amounts required to settle the obligation at the end of the reporting period.

**q) Employee Benefits**

*Short-term obligations*

Liabilities for wages, salaries and annual leave, including non-monetary benefits expected to be settled within 12 months after the end of the period in which the employees render the related services are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. Short-term employee benefit obligations are presented as payables.

*Other long-term employee benefit obligations*

The liability for long service leave is not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. It is therefore recognised in the provision for employee benefits and measure as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and period of service. Expected future payments are discounted using market yields at the ended of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflow.

The obligations are presented as current liabilities if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

*Termination benefits*

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination at the earliest of the following dates; (a) when the group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring what is within the scope of AASB137 and involved the payments of termination benefits. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

*Profit sharing and bonus plans*

The Group recognised a liability and an expense for bonuses and profit-sharing case on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision when contractually obliged or when it is past practice that has created a constructing obligation.

**r) Comparative figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**s) Foreign currency transactions and balances**

**Functional and presentation currency**

The functional currency of each entity within the Group is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

**Transaction and balances**

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the underlying gain or loss is recognized in other comprehensive Income; otherwise the exchange difference is recognised in profit or loss.

**t) Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

**u) Critical Accounting estimates and judgements**

The Directors evaluates estimates and judgements 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 Group.

**Key Estimates and judgements**

**Impairment - General**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions are recognised in the period in which the estimate is revised if it affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.



**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**  
ABN 68 009 161 522  
**ANNUAL REPORT 30 JUNE 2017**

**v) Adoption of new and revised accounting standards**

Australian accounting standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Company for the year ended 30 June 2017. Relevant Standards and Interpretations are outlined in the table below.

New/revised pronouncement	Explanation of amendments	Application Date of Standard	Application Date of Group
AASB 9	AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement.	1 January 2018	1 July 2018
Financial Instruments	<p>Except for certain trade receivables, an entity initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.</p> <p>Debt instruments are subsequently measured at fair value through profit or loss (FVTPL), amortised cost, or fair value through other comprehensive income (FVOCI), on the basis of their contractual cash flows and the business model under which the debt instruments are held.</p> <p>There is a fair value option (FVO) that allows financial assets on initial recognition to be designated as FVTPL if that eliminates or significantly reduces an accounting mismatch.</p> <p>Equity instruments are generally measured at FVTPL. However, entities have an irrevocable option on an instrument-by-instrument basis to present changes in the fair value of non-trading instruments in other comprehensive income (OCI) without subsequent reclassification to profit or loss.</p> <p>For financial liabilities designated as FVTPL using the FVO, the amount of change in the fair value of such financial liabilities that is attributable to changes in credit risk must be presented in OCI. The remainder of the change in fair value is presented in profit or loss, unless presentation in OCI of the fair value change in respect of the liability's credit risk would create or enlarge an accounting mismatch in profit or loss.</p> <p>All other AASB 139 classification and measurement requirements for financial liabilities have been carried forward into AASB9, including the embedded derivative separation rules and the criteria for using the FVO.</p> <p>The incurred credit loss model in AASB 139 has been replaced with an expected credit loss model in AASB 9.</p> <p>The requirements for hedge accounting have been amended to more closely align hedge accounting with risk management, establish a more principle-based approach to hedge accounting and address inconsistencies in the hedge accounting model in AASB 139.</p> <p><b>Impact on A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited)</b></p> <p>The company have assessed that there is no expected material impact of the above standard.</p>		

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

<b>New/revised pronouncement</b>	<b>Explanation of amendments</b>	<b>Application Date of Standard</b>	<b>Application Date of Group</b>
AASB 15  Revenue from Contracts with Customers	<p>AASB 15 replaces all existing revenue requirements in Australian Accounting Standards (AASB 111 Construction Contracts, AASB 118 Revenue, AASB Interpretation 13 Customer Loyalty Programmes, AASB Interpretation 15 Agreements for the Construction of Real Estate, AASB Interpretation 18 Transfers of Assets from Customers and AASB Interpretation 131 Revenue – Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers, unless the contracts are in the scope of other standards, such as AASB117 (or AASB 16 Leases, once applied).</p> <p>The core principle of AASB 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with the core principle by applying the following steps:</p> <ul style="list-style-type: none"> <li>▶ Step 1: Identify the contract(s) with a customer</li> <li>▶ Step 2: Identify the performance obligations in the contract</li> <li>▶ Step 3: Determine the transaction price</li> <li>▶ Step 4: Allocate the transaction price to the performance obligations in the contract</li> <li>▶ Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation</li> </ul> <p><b>Impact on A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited)</b></p> <p>The company have assessed that there is no expected material impact of the above standard.</p>	1 January 2018	1 July 2018
AASB 2016-5  Amendments to Australian Accounting Standards – Classification and Measurement of Share-based payment transactions	<p>This Standard amends AASB 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:</p> <ul style="list-style-type: none"> <li>▶ The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments</li> <li>▶ Share-based payment transactions with a net settlement feature for withholding tax obligations</li> <li>▶ A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.</li> </ul> <p><b>Impact on A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited)</b></p> <p>The company have assessed that there is no expected material impact of the above standard.</p>	1 January 2018	1 July 2018
<b>New/revised pronouncement</b>	<b>Explanation of amendments</b>	<b>Application Date of Standard</b>	<b>Application Date of Group</b>

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

AASB 16 Leases	<p>AASB16 requires lessees to account for all leases under a single on balance sheet model in a similar way to finance leases under AASB 117 Leases. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset).</p> <p>Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.</p> <p>Lessees will be required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the right-of-use asset.</p> <p>Lessor accounting is substantially unchanged from today's accounting under AASB117. Lessors will continue to classify all leases using the same classification principle as in AASB 117 and distinguish between two types of leases: operating and finance leases</p> <p><b>Impact on A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited)</b></p> <p>The company have assessed that there is no expected material impact of the above standard.</p>	1 January 2019	1 July 2019
-------------------	--	----------------	-------------

The Company has decided not to early adopt any of the new and amended pronouncements. The impact of the above standards is yet to be determined unless noted otherwise above.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

	Note	30 June 2017	30 June 2016
		\$'000	\$'000
<b>NOTE 2: PROFIT FROM ORDINARY ACTIVITIES</b>			
<b>Revenue from continuing operations</b>			
Sales revenue		*	63,734
<b>Total revenue from operating activities</b>		<b>12,231</b>	<b>63,734</b>
Other income		5,936	225
<b>Expenses</b>			
<i>Depreciation</i>			
Motor vehicles		*	*
Plant and equipment		*	*
Leasehold improvement		*	*
Office furniture and equipment		*	*
Low value pool		*	*
<b>Total depreciation</b>		<b>304</b>	<b>2,163</b>
<i>Amortisation</i>			
Intangible assets		*	3
<b>Total amortisation</b>		<b>*</b>	<b>3</b>
<i>Impairment</i>			
Impairment of property, plant and equipment		*	*
Impairment of intangibles		*	*
<b>Total impairment</b>		<b>*</b>	<b>*</b>
General and administration expense		765	7,639
Vehicle and equipment costs		1,026	2,972
Finance costs		457	1,039
Employee benefits		999	5,609
Rental expense		681	2,019
Loss on disposal of assets		532	32
<b>Total</b>		<b>4,460</b>	<b>19,310</b>

- \* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
<b>NOTE 3: INCOME TAX</b>		<b>\$'000</b>	<b>\$'000</b>
(a) Income tax expense			
Current tax		*	*
Deferred tax		*	*
(b) The prima facie tax payable on loss from ordinary activities before income tax is reconciled to the income tax expense as follows:			
Prima facie tax on operating loss at 30% (2016: 30%)		1,897	(1,422)
Add / (Less)			
Tax effect of:			
Entertainment		*	*
Fines		*	*
Legal fees		*	*
Deferred tax asset not brought to account		*	*
De-recognition of deferred tax balances		*	*
Current year revenue losses nor recognised as DTA		*	*
Income tax attributable to operating loss		*	*

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**Carry forward losses**

Potential future income tax benefits attributable to tax losses carried forward have not been brought to account at 30 June 2017, because the Directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

**Deferred tax**

Disclosure of each type of temporary difference as at 30 June 2017 and the amount of any unrecognised deductible temporary differences or unused tax losses has not been included as the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017****NOTE 4: KEY MANAGEMENT PERSONNEL COMPENSATION**

Refer to the Remuneration Report contained in the Directors' Report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2017.

The totals of remuneration paid to KMP during the year are as follows:

	30 June 2017	30 June 2016
	\$'000	\$'000
Short-term employee benefits	*	*
Post-employment benefits	*	*
Equity Settled	*	*
Other payments	*	*
Total KMP Compensation	*	*

- \* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**Loans to Key Management Personnel**

To the best of the Directors' knowledge, they are not aware of any loans to Key Management Personnel during the financial year.

**Other KMP Transactions**

To the best of the Directors' knowledge, they are not aware of other transactions with Key Management Personnel.

**NOTE 5: AUDITOR'S REMUNERATION**

	30 June 2017	30 June 2016
	\$'000	\$'000
Remuneration of the auditor of the Group for:		
- auditing or reviewing the financial reports (a)	23,000	*
- other services	-	*
	<b>23,000</b>	<b>*</b>

- (a) Relates to fees payable to RSM Australia Partners for audit and review of periods ended 31 December 2015, 30 June 2016, 31 December 2016 and 30 June 2017.

- \* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**NOTE 6: LOSS PER SHARE**

	30 June 2017	30 June 2016
	\$'000	\$'000
<b>Earnings per share (in cents)</b>	2.50	(1.87)
Profit (Loss) used in calculation of basic EPS	6,324	(4,740)
Weighted average number of ordinary shares outstanding during the year used in calculation of basic loss per share	252,915,402	252,915,402

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 7 a: CASH AND CASH EQUIVALENTS**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Administrators and receivers bank accounts (a)		2,491	-
Total cash and cash equivalent		2,491	-

- (a) The total amount in cash and cash equivalents relates to the balance in the administrators and receivers bank accounts. At 30 June 2017 a total of \$2.48 million was collected by the receiver, relating to the balances during the period of receivership of a subsidiary of the Group.

**NOTE 7 b: CASH FLOW INFORMATION**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Loss after income tax		6,324	(4,740)
<b>Non-cash flows in loss after income tax</b>			
Depreciation and amortisation expense		304	2,166
Gain on disposal of non-current assets		532	-
Assets/ (liabilities) written off		(12,953)	-
Other adjustments		(273)	-
<b>Changes in assets and liabilities</b>			
- (Increase)/decrease in trade debtors		11,652	(3,283)
- (Increase)/decrease in inventories		1,468	177
- (Increase)/decrease in other		-	48
- Increase/(decrease) in trade creditors		(20,377)	4,884
- Increase/(decrease) in provisions		18,099	282
Cash flow used in operations		4,776	(466)

**Credit Standby Facilities**

The Group has an overdraft facility with Macquarie Bank.

**Non-Cash investing and financing activities**

There were nil non-cash investing and financing activities for the year.

**NOTE 8: TRADE AND OTHER RECEIVABLES**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>			
Trade receivables	(a)	-	11,107
Provision for impairment of trade receivables	(c)	-	(118)
Total trade receivables		-	10,989
Other receivables	(b)	-	663
Total other receivables		-	663
<b>Total trade and other receivables</b>		<b>-</b>	<b>11,652</b>

(a) Trade receivables are on normal commercial arrangement and are paid 60 days after verification by the purchaser.

(b) Other receivables are non-interest bearing and have payment terms between 30 and 60 days.

(c) An allowance has been made for all balances in trade and other receivables.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 9: INVENTORIES**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Raw materials and stores – at costs		-	960
Less: provision for obsolescence		-	(90)
		-	870
Work in progress – at costs		-	598
<b>Total inventories</b>		<b>-</b>	<b>1,468</b>

**NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Pooled assets			
Cost or fair value		-	*
Accumulated depreciation		-	*
Net book value		-	30
Motor vehicles			
Cost or fair value		-	*
Accumulated depreciation		-	*
Net book value		-	2,081
Leasehold improvements			
Cost or fair value		-	*
Provision for impairment		-	*
Accumulated depreciation		-	*
Net book value		-	297
Plant and equipment			
Cost or fair value		-	*
Provision for impairment		-	*
Accumulated depreciation		-	*
Net book value		-	5,310
Furniture and fixtures			
Cost or fair value		-	*
Provision for impairment		-	*
Accumulated depreciation		-	*
Net book value		-	160
Work in Progress		-	123
<b>Total net book value</b>		<b>-</b>	<b>8,001</b>



**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017****NOTE 10: PROPERTY, PLANT AND EQUIPMENT**

- \* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**NOTE 11: TRADE AND OTHER PAYABLES**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>CURRENT</b>			
Trade payables		*	7,674
Other payables		*	23,506
		<u>11,063</u>	<u>31,180</u>

**(a) Fair value**

Due to short term nature of these payables, their carrying value is assumed to approximate their fair value.

**NOTE 12: BORROWINGS**

	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>			
Bank overdraft		*	785
Bank loans		*	22,668
Hire purchase liabilities		*	2,555
<b>Total current borrowings</b>		<u><b>22,758</b></u>	<u><b>26,008</b></u>
<b>Non-current</b>			
Hire purchase liabilities <sup>1</sup>		-	-
<b>Total non-current borrowings</b>		<u>-</u>	<u>-</u>

**(a) Secured liabilities**

The total secured liabilities are as follows:

Overdraft facility	*	785
Bank loans	*	22,668
Hire purchase liabilities	*	2,555
<b>Total secured liabilities</b>		<u><b>22,758</b></u>

**(b) Assets pledged as security**

The bank loan and overdraft facility is secured by security cover all of the Group's property that it has at any time, sufficient right, interests or powers to grant security interests.

Macquarie as the Group's financier, has taken options over 15 million issued shares and a commercial property. These assets are provided by a private company under the control of former key management personnel of the group.

<sup>1</sup> Non-current hire and purchase liabilities have been transferred to current.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

<b>NOTE 12: BORROWINGS</b>	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>

The carrying amounts of assets pledged as security for additional current and non-current borrowings are:

**Current**

Trade and other receivables	*	11,652
Inventories	*	1,468
<b>Total current assets pledged as security</b>	<b>*</b>	<b>13,120</b>

**Non-current**

Property, plant and equipment	*	8,001
<b>Total non-current assets pledged as security</b>	<b>*</b>	<b>8,001</b>

<b>Total assets pledged as security</b>	<b>*</b>	<b>21,121</b>
---	----------	---------------

<b>NOTE 13: PROVISIONS</b>	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>

**Current**

Provision for annual leave	*	1,120
Provision for long service leave	*	73
<b>Total current</b>	<b>*</b>	<b>1,193</b>

**Non-current**

Long service leave	*	250
<b>Total non-current</b>	<b>*</b>	<b>250</b>

<b>NOTE 14: ISSUED CAPITAL</b>	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>

**(a) Issued Capital:**

Ordinary shares fully paid	18,383	18,383
----------------------------	--------	--------

**(b) Movement in ordinary share capital of the Company during the period was as follows:**

	<b>Number</b>	<b>\$'000</b>
Opening balance at 1 July 2016	252,915,402	18,383
<b>Closing balance at 30 June 2017</b>	<b>252,915,402</b>	<b>18,383</b>

Ordinary shareholders are entitled to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. Every ordinary shareholder present at a meeting in person or by proxy is entitled to one vote on a show of hands or by poll. Shares have no par value.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

<b>NOTE 15: RESERVES</b>	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>
Transactions with non-controlling interests		-	502
<b>Total reserves</b>		-	<b>502</b>

**NOTE 16: OPERATING SEGMENTS**

**Segment Information**

**Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

A.C.N 009 161 522 Limited and its controlled entities operate in one business segment, being Mining Services, in Australia. The various products and services all relate to the same economic characteristics and are sold to a common set of customers. Based on the operation of a single segment and geography, separate segment numbers have not been provided as the financial statements represent one segment.

**NOTE 17: FINANCIAL INSTRUMENTS**

The Group was placed into voluntary administration and receivership by the Groups main lender Macquarie Bank on 11 February 2016. As detailed in Note 1 (b), to prepare the financial report, the Directors have utilised the information provided by the Receivers and Managers to reconstruct the financial records of the Group. Accordingly, the Directors have not been able to make the required disclosures as this information is unascertainable due to the receivership and administration process.

As a result of this, the preparers of this report have determined that the inclusion of the disclosures related to the previous directors' financial risk management policy inclusive of the prior year comparatives could be misleading to readers of this Annual Report.

<b>NOTE 18: RELATED PARTY TRANSACTIONS</b>	<b>Note</b>	<b>30 June 2017</b>	<b>30 June 2016</b>
		<b>\$'000</b>	<b>\$'000</b>

**(a) Parent entities**

The ultimate parent entity is A.C.N 009 161 522 Limited

**(b) Subsidiaries**

Interest in subsidiaries are note in Note 20

**(c) Key management personnel compensation**

Short-term employee benefits	*	*
Post-employment benefits	*	*
	<b>*</b>	<b>*</b>

**(d) Transactions with other related parties**

The following transactions occurred with related parties:

Sale of good and services to related parties	*	*
Hire of property, plant and equipment from related parties	*	*

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017**

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 18: RELATED PARTY TRANSACTIONS (continued)**

Note	30 June 2017	30 June 2016
	\$'000	\$'000

**(d) Transactions with other related parties**

Superannuation contributions on behalf of employees

*	*
---	---

Remuneration paid to directors of the ultimate Australian parent entity

*	*
---	---

**(e) Outstanding balances arising from sales/purchase of goods and service**

The following balances are outstanding at the reporting date in relation to transactions with related parties:

Current receivable

*	*
---	---

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**NOTE 19: PARENT ENTITY DISCLOSURES**

**(a) Financial Position of A.C.N 009 161 522 Limited**

Note	30 June 2017	30 June 2016
	\$'000	\$'000

**ASSETS**

Current assets

*	*
---	---

Non-current assets

*	*
---	---

Total assets

*	*
---	---

**LIABILITIES**

Current liabilities

*	*
---	---

Total liabilities

*	*
---	---

**NET ASSETS/ (LIABILITIES)**

*	*
---	---

**SHAREHOLDERS' DEFICIT**

Issued capital

*	*
---	---

Accumulated Losses

*	*
---	---

**SHAREHOLDERS' DEFICIT**

*	*
---	---

**(b) Financial Performance of A.C.N 009 161 522 Limited**

Loss for the year

*	*
---	---

Other comprehensive income

*	*
---	---

**Total comprehensive loss**

*	*
---	---

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017****NOTE 19: PARENT ENTITY DISCLOSURES (continued)****(c) Guarantees entered into by A.C.N 009 161 522 Limited for the debts of its subsidiary**

There are no known guarantees entered into by A.C.N 009 161 522 Limited for the debts of its subsidiary as at 30 June 2017 (2016: Nil).

**(d) Contingent liabilities of A.C.N 009 161 522 Limited**

There were no known contingent liabilities as at 30 June 2017 (2016: Nil).

**(e) Commitments by A.C.N 009 161 522 Limited**

There were no known commitments as at 30 June 2017 (2016: Nil).

**NOTE 20: CONTROLLED ENTITIES CONSOLIDATED****A.C.N 009 161 522 Limited**

Controlled entities	Country of Incorporation	Percentage Owned	
		2017	2016
SubZero Holdings Pty Limited	Australia	100%	100%
DPS Newco Pty Ltd	Australia	100%	100%
Line Boring Unit Trust	Australia	100%	100%
Mining Services Unit Trust	Australia	100%	100%
Bro Built Unit Trust	Australia	100%	100%
SF Auto Australia Pty Limited	Australia	100%	100%
Harness Masters Wising Systems (NSW) Pty Limited	Australia	100%	100%
DMST Pty Limited	Australia	100%	100%
Hydraulic Isolator & Safety Technology Pty Limited	Australia	100%	100%
SubZero Labour Services Pty Ltd	Australia	100%	100%
SubZero Mechanical Support Pty Ltd	Australia	50%	50%
Milford Hills Pty Ltd	Australia	50%	50%

**NOTE 21: OPERATING LEASE COMMITMENTS**

**30 June 2017**      **30 June 2016**  
**\$'000**                      **\$'000**

**(a) Non-cancellable operating leases**

The Group leases various office equipment and workshops under non-cancellable operating leases expiring within one to fifteen years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the lease are renegotiated. The minimum lease repayments in relation to the non-cancellable operating leases are payables as follows:

No longer than 1 year	*	*
Longer than 1 year and not longer than 5 years	*	*
Longer than 5 years	*	*
Total commitment for non-cancellable leases	<u>*</u>	<u>*</u>

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**A.C.N 009 161 522 LIMITED (Formerly known as Subzero Group Limited)**

ABN 68 009 161 522

**ANNUAL REPORT 30 JUNE 2017****CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017****NOTE 21: OPERATING LEASE COMMITMENTS (continued)****30 June 2017****30 June 2016****\$'000****\$'000****(b) Hire purchase liabilities**

The Group acquired various items of plant and equipment and motor vehicles under hire purchase expiring one to five years. The commitments in relation to hire purchase are payable as follow:

Within one year	*	*
Later than one year but not later than five years	*	*
Minimum lease payments	*	*
Future finance charges	*	*
Total lease liabilities	*	*
Representing lease liabilities		
Current	*	*
Non-current	*	*
Total commitment for hire purchase liabilities	*	*

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**NOTE 22: CONTINGENT LIABILITIES****30 June 2017****30 June 2016****\$'000****\$'000**

The Group's contingent liabilities were as follows:

**(a) Guarantees and letter of credit**

Bank guarantees for contract performance	*	*
Total estimated contingent liabilities	*	*

\* The Group was placed into voluntary administration and receivership on 11 February 2016. As a result of this and as detailed in Note 1 (b), the Directors do not have access to sufficient information to enable this level of disclosure to be made.

**CONSOLIDATED NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2017**

**NOTE 23: EVENTS SUBSEQUENT TO REPORTING DATE**

On 8 August 2017, the Company announced the following resolutions to be presented at the General Meeting to be held on the 8 September 2017. The following resolutions are subject to each of the other recapitalisation resolutions being passed:

- The Company will consolidate its existing shares on a one (1) for (30) basis.
- The Company to undertake a placement of up to 47,000,000 shares (on a post-consolidation basis) at an issue price of \$0.02 to sophisticated or professional investors who are clients of Otsana to raise up to \$940,000 (before costs).
- The Company to undertake a placement of 50,000,000 Options (on a post-consolidation basis) to Otsana as a consideration for lead manager services provided.
- The Company's Directors Ms Kyla Garic, Mr Nicholas Young and Mr Michael Davy be re-elected as Director's of the Company.
- Approval of change of auditor from PricewaterhouseCoopers (PWC) to RSM Australia Partners due to the Company's Recapitalisation the Deed Administrators have deemed it more suitable to have the Company's auditor located in Perth.
- Replacement of the Company's existing constitution and adopt a new constitution which is of the type required for a listed public company limited by shares.

On 12 September 2017, it was announced that all resolutions presented at the General Meeting were approved by the shareholders.

On 21 September 2017, it was announced that the consolidation of capital was completed, resulting in the reduction of issued number of shares from 252,915,402 to 8,430,796.

On 24 October 2017, it was announced that all the conditions of the DOCA had been satisfied with the DOCA being effectuated on this date. A Syndicate of investors led by Otsana Capital loaned funds into the Company to effectuate the DOCA. The Company's registered and principal place of business also changed to 108 Outram Street, West Perth WA 6005.

**DIRECTOR'S DECLARATION**

1. In the opinion of the Directors;
  - (a) As set out in Note 1(b), although the Directors have prepared the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, to the best of their knowledge based on the information made available to them, they are of the opinion that it **is not possible** to state that the financial statements, notes thereto, and the remuneration disclosures contained in the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:
    - (i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its performance for the financial year ended on that date;
    - (ii) Complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
    - (iii) Complying with International Financial Reporting Standards.
2. Subject to the matters highlighted in Note 1 (c), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The declaration required to be made in accordance with Section 295A of the Corporation Act 2001 for the financial year ended 30 June 2017 has been unable to be made due the reasons set out in Note 1(b).

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by



**Michael Davy**

**Non-Executive Director**

Dated 6 November 2017



**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100  
F +61 (0) 8 9261 9111

[www.rsm.com.au](http://www.rsm.com.au)

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
A.C.N 009 161 522 LIMITED (FORMERLY KNOWN AS SUBZERO GROUP LIMITED)**

**Disclaimer of Opinion**

We were engaged to audit the financial report of A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited) (the Company) and its controlled entities (the Group), which comprises the statement of financial position as at 30 June 2017, 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 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

We do not express an opinion on the accompanying financial report of the Group. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on this financial report.

**Basis for Disclaimer of Opinion**

A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited) was placed into voluntary administration and receivership on 11 February 2016. Due to these circumstances, the directors were unable to obtain all the necessary books and records pertaining to the Group.

Accordingly, we were unable to determine whether adjustments might have been necessary in respect of the financial position as at 30 June 2017 and financial performance, including cash flows, for the year then ended. Whilst we have not become aware of any matter that makes us believe that the amounts recorded in the statement of financial position as at 30 June 2017 are materially misstated, the impact of opening balances on financial performance and cash flows for the year ended 30 June 2017 prevents us from expressing an opinion on the financial report as a whole.

**Responsibilities of Management and Those Charged with Governance for the Financial Report**

Management is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and for such internal control as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, management is responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Group.

**THE POWER OF BEING UNDERSTOOD**  
**AUDIT | TAX | CONSULTING**

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

### **Auditor's Responsibilities for the Audit of the Financial Report**

Our responsibility is to conduct an audit of the financial report in accordance with Australian Auditing Standards and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial report.

We are independent of the Group in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (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.

### **Report on Remuneration Report**

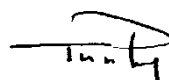
We were engaged to audit the Remuneration Report included within the directors' report for the year ended 30 June 2017. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

#### *Disclaimer of Opinion*

Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we were unable to, and do not express an opinion as to whether the Remuneration Report of A.C.N 009 161 522 Limited (Formerly known as Subzero Group Limited) for the year ended 30 June 2017 complies with section 300A of the *Corporations Act 2001*.



RSM AUSTRALIA PARTNERS



TUTU PHONG  
Partner

Perth, WA  
Dated: 6 November 2017