COOK'S BODY WORKS PTY LTD
A.B.N. 42 005 070 084

DIRECTORS REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2017

In accordance with a resolution of the Directors dated 12 December 2017 the Directors of the Company have pleasure in reporting on the Company for the financial year ended 30 September 2017 and the state of affairs as at 30 September 2017.

The Directors of the Company in office at the date of this report are:

Richard Rees	Delwyn Garland Rees	Thomas Rees

PRINCIPAL ACTIVITIES:
The principal activity of Cook's Body Works Pty Ltd during the year remained unchanged with the company continuing to trade as a commercial vehicle body manufacturer.

DIVIDENDS:
No dividends were paid or recommended since the end of the previous financial year.

REVIEW OF OPERATIONS:
Cook's Body Works Pty Ltd has experienced increased demand over the last 12 months for its products which has contributed to management's efforts to return the business to profitability.

Cook's management have worked on expansion of the customer base and product offering to improve sale and margin performance of the business.

REVIEW OF FINANCIAL POSITION
The directors refer readers to the financial statements including, statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity and statement of cash flows, in relation to the company's financial position and comparison.

OPERATING RESULTS:
The net loss, after crediting income tax of $55,985 (2016 crediting income tax $190,556) amounted to $16,637 (2016 net loss of $192,882).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS:
There have been no significant changes in the state of affairs of the company during the financial year.

EVENTS SUBSEQUENT TO BALANCE DATE:
No other matters or circumstances, except as detailed above, have arisen since the end of the financial year which significantly affected or may significantly affect the operation of the company and the results of these operations or the state of affairs of the company in financial years subsequent to the financial year ended 30 September 2017.

FUTURE DEVELOPMENTS:
No information has been included on the likely developments of the Company as the directors are of the opinion that to include such comments would be unreasonably prejudicial to the interests of the Company.

ENVIRONMENTAL ISSUES:
The Company is not subject to significant environmental regulation in respect of its activities.

PROCEEDINGS ON BEHALF OF THE COMPANY
No person has applied for leave of Court to begin proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

AUDITOR'S INDEPENDENCE DECLARATION
The auditor's independence declaration for the year ended 30 September 2017 is included on page 6 of the Financial Report.

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial year, the holding company paid a premium of $16,352 in respect of a contract insuring the directors of the company (as named above) and all executive officers of the company and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent of the policy limits with a current $7,500,000 in aggregate for all claims per twelve months.

The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

OPTIONS

No options over shares or interest in the company have been taken up during the period, or are outstanding at the end of the period.

REMUNERATION REPORT

The Board policy for determination of the nature and amount of remuneration for directors and senior executives is based on the yearly Chairman and Managing Director's assessment of individual's performance and the general overall performance of the company.

It is the stated policy that depending on this assessment, the level of remuneration may be increased or decreased after a review from its previous level.

The criteria on which individual performance is assessed are:-

- technical knowledge and skills in light of current levels for the applicable occupation or profession
- application by the individual of their knowledge and skills to their tasks
- the ability and success in imparting their knowledge, skills and work ethic to personnel assigned to them
- the ability to complete assignments successfully and in the allocated time
- the ability to assist the company and or subsidiary achieve profitable short, medium and long term performance and growth by delivering customers with quality, competitively priced and innovative products and services.

The table below sets out the remuneration paid during the year to Directors and executives from all Companies in the Group with a breakdown into salaries/ bonuses, superannuation and non-monetary benefits.

No equity component of remuneration is provided but board policy is to encourage directors and executives to purchase shares in the Holding Company on the stock exchange with the objective of long term investment.

		Short Term Benefits				Post-Employment Benefits			
Name	Office	Salary/Bonus		Non-Monetary Benefits		Superannuation		Total	
		2017 ($)	2016 ($)	2017 ($)	2016 ($)	2017 ($)	2016 ($)	2017 ($)	2016 ($)
D.G. Rees	Director	70,000	70,000	-	-	6,650	6,650	76,650	76,650
R. Rees[1]	Director	265,000	269,000	40,000	40,000	30,606	17,575	335,606	326,575
T. Rees [2]	Director	170,000	58,065	-	-	27,809	5,516	197,809	63,581
Total		505,000	397,065	40,000	40,000	65,065	29,741	610,065	466,806

[1] R. Rees' salary for 2017 includes bonuses totalling $80,000 (2016: $84,000).
[2] T. Rees' salary for 2017 includes bonuses totalling $30,000 (2016: $40,000).

The above table represents the remuneration received from all companies in the group.

Signed in accordance with a resolution of the Directors made pursuant to S.298 (2) of the Corporations Act 2001.
On behalf of the Directors

RICHARD REES
Moorabbin, 12 December 2017

DELWYN GARLAND REES

Nexia Australia

Independent Auditor's Report to the Members of Cook's Body Works Pty Ltd

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Cook's Body Works Pty Ltd (the Company), which comprises the statement of financial position as at 30 September 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 to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

i) giving a true and fair view of the Company's financial position as at 30 September 2017 and of its financial performance for the year then ended; and

ii) complying with Australian Accounting Standards and *the Corporations Regulations 2001.*

Basis for opinion

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

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that the Company incurred a net loss of $16,637 during the year ended 30 September 2017 and, as of that date, the Company's current liabilities exceeded its total assets by $4,743,344. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Directors' responsibility for the financial report

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

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

Auditor's responsibility for the audit of the financial report

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

A further description of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Richard S. Cen
Director

Dated this 12th day of December 2017

COOK'S BODY WORKS PTY LTD
A.B.N. 42 005 070 084

DIRECTORS' DECLARATION

The directors declare that:

a) The attached financial statements and notes (pages 7 to 23) thereto comply with Australian accounting standards;

b) The attached financial statements and notes thereto give a true and fair view of the financial position and performance of the company;

c) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*; and

d) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed, in accordance with a resolution of the directors made pursuant to s.295(5) of the *Corporations Act 2001*.

On behalf of the Directors

Mr. R. Rees
Director

Mr. D. G. Rees
Director

Moorabbin,
12 December 2017

Nexia Australia

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Cook's Body Works Pty Ltd

I declare that, to the best of my knowledge and belief, during the year ended 30 September 2017, there have been:

(i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

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

Nexia

Nexia Melbourne Audit Pty Ltd
Melbourne

Richard S. Cen
Director

Dated this 12th day of December 2017

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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 SEPTEMBER 2017

	NOTE	2017 $	2016 $
Revenues	2	3,025,037	2,538,489
Expenses	3	(3,005,003)	(2,829,155)
Finance costs	3	(92,656)	(92,772)
Profit/(loss) before income tax expense		(72,622)	(383,438)
Income tax (expense)/revenue	4	55,985	190,556
Profit/(loss) after income tax expense		(16,637)	(192,882)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Net gain/(loss) on available for sale financial assets		(7,326)	(1,842)
Other comprehensive income/(loss)		(7,326)	(1,842)
Total comprehensive Income/(loss)		(23,963)	(194,724)

Notes to and forming part of the accounts are set out on pages 11 to 23.

COOK'S BODY WORKS PTY LTD
A.B.N. 42 005 070 084

STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

	NOTE	2017 $	2016 $
CURRENT ASSETS			
Cash assets	22	807,272	918,638
Receivables	5	487,091	283,047
Inventories	6	241,777	243,385
Other current assets	10	29,764	34,681
Income tax receivable	5	55,101	167,286
TOTAL CURRENT ASSETS		1,621,005	1,647,037
NON-CURRENT ASSETS			
Property, plant and equipment	7	240,717	26,307
Financial assets	8	21,360	31,702
Deferred tax assets	9	63,271	70,793
TOTAL NON-CURRENT ASSETS		325,348	128,802
TOTAL ASSETS		1,946,353	1,775,839
CURRENT LIABILITIES			
Payables	11	6,145,090	5,941,309
Provisions	12	219,259	210,671
TOTAL CURRENT LIABILITIES		6,364,349	6,151,980
NON-CURRENT LIABILITIES			
Payables	13	400,000	400,000
Provisions	21	-	12,655
Deferred tax liabilities	14	7,238	12,475
TOTAL NON-CURRENT LIABILITIES		407,238	425,130
TOTAL LIABILITIES		6,771,587	6,577,110
NET LIABILITIES		(4,825,234)	(4,801,271)
EQUITY			
Issued capital	15	290,000	290,000
Reserves		(2,495)	4,831
Retained earnings/(losses)		(5,112,739)	(5,096,102)
TOTAL EQUITY		(4,825,234)	(4,801,271)

Notes to and forming part of the accounts are set out on pages 11 to 23.

COOK'S BODY WORKS PTY LTD
A.B.N. 42 005 070 084

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 SEPTEMBER 2017

	Issued Capital	Reserves*	Retained Earnings/ (Losses)	Total Equity
Balance at October 1, 2015	290,000	6,673	(4,903,220)	(4,606,547)
Net profit/(loss) for the period	-	-	(192,882)	(192,882)
Other comprehensive income/(loss)	-	(1,842)	-	(1,842)
Balance at September 30, 2016	290,000	4,831	(5,096,102)	(4,801,271)
Net profit/(loss) for the period	-	-	(16,637)	(16,637)
Other comprehensive income/(loss)	-	(7,326)	-	(7,326)
Balance at September 30, 2017	290,000	(2,495)	(5,112,739)	(4,825,234)

* 'Reserves' refers to a financial assets reserve, which includes all of the unrealised gains over cost on our available for sale financial assets, net of capital gains tax.

Notes to and forming part of the accounts are set out on pages 11 to 23.

COOK'S BODY WORKS PTY LTD
A.B.N. 42 005 070 084

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 SEPTEMBER 2017

	NOTE	2017 $	2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		2,805,414	2,601,868
Payment to suppliers and employees		(2,442,110)	(2,312,394)
Interest received		13,682	12,805
Interest paid		-	-
Dividend received		1,897	1,897
Net cash provided by/(used in) operating activities	22(ii)	378,883	304,176
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(90,249)	(11,303)
Cash paid for investments		-	-
Net cash provided by/(used in) investing activities		(90,249)	(11,303)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from/(Repayment of) borrowings		(400,000)	-
Net cash provided by/(used in) financing activities		(400,000)	-
Net increase/(decrease) in cash held		(111,366)	292,873
Cash at beginning of financial year		918,638	625,765
Cash at end of financial year	22(i)	807,272	918,638

Notes to and forming part of the accounts are set out on pages 11 to 23.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

Note 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report prepared to satisfy the financial report preparation requirements of the *Corporations Act 2001*.

Cook's Body Works Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial report has been prepared for a for-profit entity, with the Australian Dollar as presentation currency and amounts rounded to the nearest whole dollar.

Basis of Preparation

The financial report is a general purpose financial report, which has been prepared in accordance with Australian Accounting Standards, including Australian accounting interpretations, other authoritative pronouncements of the Australian Accounting Standards Board & *The Corporations Act 2001.*

The financial report of Cook's Body Works Pty Ltd complies with Australian Accounting Standards. Material accounting policies adopted in the preparation of these statements are stated below and were consistently applied unless otherwise stated.

The financial statements were authorised for issue on 12 December 2017 by the directors of the company.

Reporting Basis and Conventions

The financial report has been prepared on an accrual basis and is based on historical costs modified by the revaluation of selected non-current assets, and financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Accounting Policies

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

(A) Significant Accounting Policies

Accounting policies are selected and applied in a manner which helps ensure that the resultant financial information satisfies the concepts of relevance and reliability, thereby, ensuring that the substance of the underlying transactions and other events is reported. The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

In addition to the accounting policies prescribed by applicable Accounting Standards, the following significant accounting policies have been adopted in the preparation and presentation of the financial report.

(B) Property, Plant and Equipment

Depreciation has been charged in the accounts using either the straight line or reducing balance method on all classes of depreciable assets so as to write off their book value over the estimated useful life of the asset. The following estimated useful lives are used in the calculation of depreciation. Plant and equipment 4 – 8 years.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

(C) Inventories

The Company has:

(i) Valued stocks at the lower of cost and net realisable value.

(ii) Calculated costs by including all variable manufacturing cost, and an appropriate portion of fixed manufacturing cost, but excluding selling, distribution and administration expenses, and

(iii) Assigned cost to inventory quantities on hand at balance date on a first in first out basis.

(D) Research and Development Expenditure

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(E) Employee Entitlements

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and are capable of being measured reliably.

Provisions made in respect of annual leave and long service leave, expected to be settled within 12 months and after 12 months are measured at their nominal values plus related on costs.

(F) Comparative Figures

Where required by Accounting Standards comparative figures have been adjusted with changes in presentation for the current financial year.

(G) Receivables

Trade receivables and other receivables are recorded at amounts due less any provision for doubtful debts.

(H) Recoverable Amount of Non-Current Assets

Non-current assets are written down to recoverable amount where the carrying value of any non-current assets exceed recoverable amount. In determining the recoverable amount of non-current assets, the expected net cash flows have been discounted to their present value.

(I) Accounts Payable

Trade payables and other accounts payable are recognised when the company becomes obliged to make future payments resulting from the purchase of goods and services.

(J) Provision for Warranties

Provision is made in respect of the company's estimated liability on products under warranty at balance date.

(K) Revenue

Revenue from the sale of goods is recognised upon delivery and invoicing of goods to customers. Interest & dividend revenue is recognised when accrued and at ex-dividend date respectively.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

(L) Income Tax

The company adopts the liability method of tax-effect accounting whereby the income tax expense is based on the profit from ordinary activities adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. 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 is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Cook's Body Works Pty Ltd, which is a wholly-owned Australian subsidiary company, is a member of an income tax consolidated group under the tax consolidation regime. Cook's Body Works Pty Ltd recognises its own current and deferred tax liabilities, except for any deferred tax liabilities resulting from unused tax losses and tax credits, which are immediately assumed by the parent entity. The current tax liability of the entity is then subsequently assumed by the parent entity. The group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from October 1, 2003. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(M) Critical Accounting Estimates and Judgments

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

Key estimates - Impairment
The company assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

(N) Going Concern

Notwithstanding the company's deficiency in net assets and working capital and an operating loss of $16,637 after tax for the year ended 30 September 2017, the financial report has been prepared on the going concern basis. This basis has been adopted as Sietel Limited, being the ultimate holding company of the company, confirmed to the company that:

1. The amount owing by the company to Sietel Limited of $6,319,094 as at 30 September 2017 shall not be called upon within the current period to the detriment of all other unsecured creditors.
2. If necessary, funds or additional bank security will be provided to the company or its debt financier to ensure that it can meet its current trading obligations that have, or will be incurred.

(O) Financial Instruments

Recognition and Initial 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 transaction 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.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows 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 either discharged, cancelled or expire. 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.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

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

(ii) 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 using the effective interest rate method.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost using the effective interest rate method.

(iv) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

(v) Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Fair value

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.

Impairment

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 $	2016 $
Note 2. Revenue		
Operating:		
Sales Revenue	3,008,528	2,522,737
Dividends		
-Other Corporations	1,897	1,897
Interest Received	13,682	12,805
Other revenue	930	1,050
Total revenue	3,025,037	2,538,489
Note 3. Expenses		
(a) Operating profit before income tax has been determined after:		
Cost of goods sold	1,700,888	1,575,674
Overheads	1,106,116	1,043,301
Administration expenses	169,224	137,191
Selling expenses	28,775	72,989
Finance expenses	92,656	92,772
Total expense	3,097,659	2,921,927
Depreciation of:		
- Plant and equipment	22,484	15,838
(b) Net transfers to (from) provisions for:		
- Employee entitlements	(4,067)	(14,138)
(c) Significant revenues and expenses		
- Research and Development costs	195,814	323,200
Note 4. Income Tax Expense		
(a) The prima facie tax on operating profit is reconciled to the income tax expense (benefit) in the accounts as follows.		
Operating profit/(loss) before income tax	(72,622)	(383,438)
Prima facie income tax expense/(revenue) applicable to operating profit/(loss) at 27.5% (2016 30%)	(19,971)	(115,031)
Add/Deduct tax effect of:		
Permanent differences		
Research and development expenditure	(34,268)	(48,480)
Legal expenses	-	-
Tax offsets/rebates	(589)	(569)
Reclassification of brought forward timing differences and overprovision for tax	(1,157)	(26,476)
Income tax expense/(revenue) per accounts	(55,985)	(190,556)
The applicable weighted avg effective tax rates	0%	0%

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2017

	2017 $	2016 $
Note 5. Current Receivables		
Trade receivables	522,091	314,032
Provision for doubtful debts	(35,000)	(35,000)
Other receivables	-	4,015
	487,091	283,047
Trade Receivables Summary*		
Amounts due	59,173	164,698
Amounts not yet due	462,918	149,334
	522,091	314,032
*Please note that not all customers are offered the same credit terms Credit terms range from 0 to 60 days.		
Current income tax receivable	55,101	167,286
	55,101	167,286
Note 6. Inventories		
Raw material	59,113	130,282
Work in progress	169,345	92,966
Finished goods	13,319	20,137
	241,777	243,385
Note 7. Plant and Equipment		
Plant and machinery at cost	546,693	515,760
Less: Accumulated depreciation	(514,128)	(507,263)
	32,565	8,497
Furniture and fittings	36,729	36,729
Less: Accumulated depreciation	(36,374)	(36,243)
	355	486
Office machines and equipment	134,522	113,799
Less: Accumulated depreciation	(111,864)	(104,396)
	22,658	9,403
Motor Vehicles	293,704	108,468
Less: Accumulated depreciation	(108,565)	(100,547)
	185,139	7,921
TOTAL PLANT AND EQUIPMENT	240,717	26,307

Note 7. Plant and Equipment (cont.)

Movements in the carrying amounts for plant and equipment between the beginning and the end of the current financial year.

	Plant & Machinery ($)	Furniture & Fittings ($)	Office Mach & Equip ($)	Motor Vehicles ($)	Total ($)
Balance at 1 October 2016	8,497	486	9,403	7,921	26,307
Additions	30,934	-	20,724	185,236	236,894
Disposals	-	-	-	-	-
Depreciation expense	(6,866)	(131)	(7,469)	(8,018)	(22,484)
Balance at 30 September 2017	32,565	355	22,658	185,139	240,717

Movements in the carrying amounts for plant and equipment between the beginning and the end of the previous financial year.

	Plant & Machinery ($)	Furniture & Fittings ($)	Office Mach & Equip ($)	Motor Vehicles ($)	Total ($)
Balance at 1 October 2015	13,490	808	13,734	6,912	34,944
Additions	-	-	2,118	5,084	7,202
Disposals	-	-	-	-	-
Depreciation expense	(4,993)	(322)	(6,449)	(4,075)	(15,839)
Balance at 30 September 2016	8,497	486	9,403	7,921	26,307

	2017 $	2016 $
Note 8. Non-Current Financial Assets		
Shares:		
In company under common control	1	1
In other listed companies	21,359	31,701
	21,360	31,702
Note 9. Non-Current Deferred Tax Assets		
Deferred tax assets	63,271	70,793
	63,271	70,793
Note 10. Other Current Assets		
Prepayments	29,764	34,681
	29,764	34,681
Note 11. Current Payables		
Unsecured		
Trade creditors	82,161	103,510
Sundry creditors	143,835	74,305
Secured		
Amounts payable to Chief Entity (i)	5,919,094	5,763,494
	6,145,090	5,941,309

(i) The loan from Sietel Ltd is secured by a registered debenture over all the assets and undertakings of the company.

Note 12. Current Provisions

	Annual Leave	Long Service Leave	Directors' Fees	Provision for Warranty	Total
	($)	($)	($)	($)	($)
Opening Balance at 1 Oct 2016	66,002	79,669	-	65,000	210,671
Additional provisions	84,047	25,266	-	-	109,313
Amounts used	(91,778)	(6,234)	-	-	(98,012)
Amounts paid out on resignation	(2,713)	-	-	-	(2,713)
Amounts transferred out	-	-	-	-	-
Balance at 30 September 2017	55,558	98,701	-	65,000	219,259

	2016 $	2017 $
Note 13. Non-Current Payables		
Amount payable to Chief Entity (i)	400,000	400,000
(i) The loan from Sietel Ltd is secured by a registered debenture over all the assets and undertakings of the company.		
Note 14. Non-Current Deferred Tax Liabilities		
Deferred tax liabilities	7,238	12,475
	7,238	12,475
Note 15. Issued Capital		
Issued capital 150,000 (2015 – 150,000) ordinary shares fully paid	290,000	290,000

Ordinary Shareholders are entitled to one vote per share.

Note 16. Remuneration of Key Management Personnel

Income received or due and receivable by all directors of the Company from the Companies in the Group $610,065 (2016 $466,806).

The number of Directors whose income from Companies in the Group was within the following bands.

	2017	2016
$ 0 - $ 269,999	2	2
$ 270,000 - $ 449,999	1	1
$ 450,000 - $ 499,999		
$1,600,000 - $ 1,699,999		

Retirement and Superannuation payments paid on retirement from office or to prescribed superannuation funds for provision of retirement benefits of Directors of the Company: $65,065 (2016 $29,741).

The names of the Directors who held office during the financial year were:

Richard Rees

Delwyn Garland Rees

Thomas Rees

	2017 $	2016 $
Note 17. Auditors Remuneration		
Amounts received or due and receivable by the company's auditors for:		
- Audit and review	16,562	15,925
- Other services	-	-

Note 18. Related Party Transactions

(a) Mr R. Rees and Mr D.G. Rees are directors of the company. Both are also directors of the chief entity, Sietel Limited.

(b) The following are the directors who held office during the year.
Richard Rees Delwyn Garland Rees Thomas Rees

(c) The ultimate chief entity is Sietel Limited which owns 100% of Cook's Body Works Pty Ltd. Sietel Limited, has made a secured loan of $6,319,094 (2016 - $6,163,494) to the company in lieu of a bank bill facility with no set period of repayment, subject to no default.

(d) Chief Entity transactions:
- Management fees paid to Chief Entity $95,000 (2016 - $65,833.36).
- Interest paid to Chief Entity $90,000 (2016 - $90,000)
- Rent for premises paid to Chief Entity $273,000 (2016 - $273,000)
- Lease rentals for plant paid to Chief Entity $36,000 (2016 - $36,000)

(e) Sietel Ltd has provided the same undertakings in relation to the Company's $50,000 overdraft facility.

(f) Audit fees for this year were paid by the Chief Entity.

Note 19. Ultimate Chief Entity
The company is ultimately controlled by Sietel Limited which is incorporated in Australia.

Note 20. Segment Reporting
The company operated predominantly in Australia in the Manufacturing industry.

Note 21. Non-Current Provisions

	Annual Leave ($)	Long Service Leave ($)	Directors' Fees ($)	Provision for Warranty ($)	Total ($)
Opening Balance at 1 Oct 2016	-	12,655	-	-	12,655
Additional provisions	-	480	-	-	480
Amounts used	-	-	-	-	-
Amounts paid out on resignation	-	-	-	-	-
Amounts transferred out	-	(13,135)	-	-	(13,135)
Balance at 30 September 2017	-	-	-	-	-

Note 22. Notes To The Statement of Cash Flows

(i) Reconciliation of cash

for the purpose of the statement of cash flows cash includes:

1. Cash on hand and in at call deposits with banks or financial institutions.
2. Investments in money market instruments with less than 14 days to maturity.

	2017 $	2016 $
Cash at the end of year is shown in the balance sheet as:		
Cash on hand	807,272	918,638
Bank overdrafts	-	-
	807,272	918,638

(ii) Reconciliation of cash flows from operations with operating profit after income tax.		
Operating profit (loss) after income tax	(16,637)	(192,882)
Non-cash flows in operating profit		
- Depreciation	22,484	15,838
- (Profit)/Loss on sale of Plant and Equipment	-	-
- (Increase)/Decrease in other assets	4,917	-
- (Increase)/Decrease in trade debtors and other assets	(204,044)	77,241
- (Increase)/Decrease in inventories	1,608	30,984
- (Increase)/Decrease in employee provisions	-	-
- Increase/(Decrease) in trade creditors and other financial liabilities	457,136	438,914
- Increase/(Decrease) in provisions	(4,068)	(14,138)
- (Increase)/Decrease in deferred tax assets	7,521	2,953
- (Increase)/Decrease in tax receivable	112,185	(54,986)
- Increase/(Decrease) in deferred tax liabilities	(2,219)	252
	378,883	304,176

Note 23. Capital and leasing commitments

	2017 $	2016 $
Lease commitment to chief entity		
- Due within one year	-	-
- Due within one year but not later than five years	-	-
- Due after five years	-	-
Total	-	-
Capital expenditure commitment	Nil	Nil

Note 24. Financial Instruments

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

The Company's financial instruments consist mainly of deposits with banks, local money market instruments, available for sale financial assets, and accounts receivable and payable.

(b) Interest Rate Risk

The following details the company's exposure to interest rate risk as at the reporting date.

	2017 Average Interest Rate %	2017 Total $	2016 Average Interest Rate %	2016 Total $
Financial Assets				
Cash	1.48	807,272	1.49	918,638

The company has performed sensitivity analysis relating to its exposure to interest rate risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

At 30 September 2017, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows for interest revenue.

	2017 $	**2016** $
Change in profit		
- Increase in interest rate by 1%	8,110	8,122
- Decrease in interest rate by 1%	(8,018)	(8,059)
Change in equity		
- Increase in interest rate by 1%	8,110	8,122
- Decrease in interest rate by 1%	(8,018)	(8,059)

(c) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. The company measures credit risk on a fair value basis.

(d) Net Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements represents their respective net fair values, determined in accordance with the accounting policies disclosed in note 1 to the accounts.

Note 25 Company Details

The registered office of the company is:
140-144 Cochranes Road, Moorabbin VIC 3189

The principal place of business is:
140-144 Cochranes Road, Moorabbin VIC 3189

Note 26 New Accounting Standards for Application in Future Periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Company. The Company has decided not to early adopt any of the new and amended pronouncements. The Company's assessment of the new and amended pronouncements that are relevant to the Company but applicable in future reporting periods is set out below:

AASB 9: Financial Instruments and associated Amending Standards (applicable for annual reporting periods commencing on or after 1 January 2018).

AASB 9 includes requirements for the classification and measurement of financial assets and incorporates amendments to the accounting for financial liabilities and hedge accounting rules to remove the quantitative hedge effectiveness tests and have been replaced with a business model test.

AASB 9 improves and simplifies the approach for classification and measurement of financial assets compared with the requirements of AASB 139 as follows:

a) Financial assets that are debt instruments will be classified based on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.
b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument
c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases
d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:
    i) The change attributable to changes in credit risk are presented in other comprehensive income (OCI)
    ii) The remaining change is presented in profit or loss.

AASB 2012-6 also modifies the relief from restating prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances. Consequential amendments were made to other standards as a result of AASB 9 by AASB 2014-7 and AASB 2014-8. The mandatory application date of AASB 9 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2014-1.

Although the directors anticipate that the adoption of AASB 9 may have an impact on the Company's financial instruments, including hedging activity, it is impracticable at this stage to provide a reasonable estimate of such impact.

Note 27 New Accounting Standards for Application in Future Periods (Continued)

AASB 15: Revenue from Contracts with Customers (applicable to annual reporting periods commencing on or after 1 January 2018).

AASB 15 replaces AASB 118 Revenue, AASB 111 Construction Contracts and four Interpretations issued by the AASB and amends the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

The Standard requires an entity to recognise revenue on a basis that depicts the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that principle, an entity shall apply all of the following steps:

a) identify the contract with a customer;
b) identify the separate performance obligations in the contract;
c) determine the transaction price;
d) allocate the transaction price to the separate performance obligations in the contract; and
e) recognise revenue when (or as) the entity satisfies a performance obligation.

Consequential amendments to other Standards are made by AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15. The mandatory application date of AASB 15 has been deferred to annual reporting periods beginning on or after 1 January 2018 by AASB 2015-8

Although the directors anticipate that the adoption of AASB 15 may have an impact on the Company's financial statements, it is impracticable at this stage to provide a reasonable estimate of such impact.