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CHEM PACK PTY LTD

ABN 62 060 283 089

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2019**

CHEM PACK PTY LTD
ABN 62 060 283 089
GENERAL PURPOSE FINANCIAL REPORT

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CHEM PACK PTY LTD
ABN 62 060 283 089
DIRECTORS' REPORT

Your directors present their report on the company for the financial year ended 30 June 2019.

Directors

The names of directors in office at any time during or since the end of the year are:

Sheamus Clemon Sushames
Anne Jeanette Sushames
Robert William Sushames
Mark Paul Sushames
David Idda

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$1,971,244.
(2018: \$3,321,233)

Significant Changes in the State of Affairs

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

Principal Activities

The principal activities of the consolidated group during the financial year were that of the formulation and packaging of chemical products, such as pesticides, fertilisers and industrial products, for agricultural, home garden and commercial use.

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

Events Subsequent to the End of the Reporting Period

There are no reportable subsequent events between balance date and the date of this financial report.

Likely Developments and Expected Results of Operations

2019 was a difficult year for the Agricultural Industry with drought conditions covering much of Australia. Chem Pack was not immune.

Although turnover remained strong, (3% increase over 2018), gross profit percentages were hit hard by customers fighting to win every dollar in sales then pushing suppliers for lower and lower prices. (12% lower than 2018). Expenses also grew by 5% resulting in a profit before tax 42% lower than the previous year.

Two notable expense increases were Bank fees and interest charges (an increase of \$70K) due to the reintroduction of a Trade Loan and our insurance costs (an increase of \$60K). This was predicted last year due to large claims on Accensi (our major competitor).

However not all was doom and gloom. The company paid a dividend to shareholders of \$3million in July 2018 and although no dividend payment is planned during the 2020 FY, it is anticipated that a Dividend will be declared for distribution early in 2021 FY.

We also entered the 3rd party warehousing and distribution market. This market has a low cost base for us resulting in significant gross profits. It is hoped that this will continue to grow during the 2020FY.

Another interesting item was the instillation of our "juicer" during the year. The juicer is in fact a vacuum distillation plant. By utilising the laws of physics wherein liquids boil at lower temperatures under vacuum, we are able to distill our waste stream, collect the water for reuse in the plant, and dramatically concentrate our waste resulting in considerable cost cuts.

2020 is looking to be interesting with several projects in the pipeline. These include possible acquisitions and mergers together with new plant and markets.

A realistic budget has been set and as of the end of the 1st quarter we are currently ahead of budget in both turnover and profit.

The Board recognises and appreciates the hard work of both the Management Team and all staff. We thank the General Manager and congratulate him and all the staff on the results given the difficulty of the conditions they were working under.

Environmental Regulation

The company's operations are regulated by significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

Dividends of \$3,000,000 on ordinary shares were paid in the financial year (2018: \$Nil).

Options

No options over issued shares or interests in the company or a controlled entities were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares or interests in the company or a controlled entities have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

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

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



Sheamus Clemon Sushames

Director



Robert William Sushames

Dated this

30th day of January 2020



Collins & Co

CERTIFIED PRACTISING ACCOUNTANTS

ABN 15 893 818 045

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Footscray VIC 3011
Australia

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TOWARDS A VISION SHARED

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CHEM PACK PTY LTD
ABN: 62 060 283 089**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2019 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.

Name of Firm: Collins & Co

Name of Auditor: Frederik R.L. Eksteen

Date: 31 January 2020

**Address: 127 Paisley Street
Footscray VIC 3011**

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CHEM PACK PTY LTD
ABN 62 060 283 089
CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
REVENUE	2	59,308,034	57,565,405
EXPENSES			
Cost of sales	3	47,686,297	44,150,898
Other direct manufacturing expenses	3	804,523	797,198
Interest expense	3	21,429	17,359
Depreciation and amortisation expenses	3	482,961	395,907
Employee benefits	3	4,908,183	4,716,950
Rent of premises	3	1,041,912	1,025,334
Other expenses	3	1,546,666	1,717,142
Profit before income tax		2,816,063	4,744,617
Income tax expense		844,819	1,423,384
Profit attributable to entity		<u><u>1,971,244</u></u>	<u><u>3,321,233</u></u>

CHEM PACK PTY LTD
ABN 62 060 283 089
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Profit attributable to entity	1,971,244	3,321,233
Other comprehensive income after income tax	-	-
Net loss on impairment of goodwill	-	-
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax	<u><u>1,971,244</u></u>	<u><u>3,321,233</u></u>
Total comprehensive income attributable to entity	<u><u>1,971,244</u></u>	<u><u>3,321,233</u></u>

CHEM PACK PTY LTD
ABN 62 060 283 089
CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 JUNE 2019

	Note	2019 \$	2018 \$
CURRENT ASSETS			
Cash and cash equivalents	6	3,019,476	6,405,054
Trade and other receivables	7	9,981,503	7,374,245
Inventories	8	6,631,124	7,163,544
Other current assets	9	462,925	372,754
Income tax payable	20	685,528	359,944
TOTAL CURRENT ASSETS		20,780,556	21,675,541
NON CURRENT ASSETS			
Property, plant and equipment	11	2,767,590	2,695,662
Intangibles	12	176,467	177,685
Deferred tax asset	20	276,492	258,484
TOTAL NON-CURRENT ASSETS		3,220,549	3,131,831
TOTAL ASSETS		24,001,105	24,807,372
CURRENT LIABILITIES			
Trade and other payables	13	5,367,946	5,246,944
Borrowings	14	122,402	153,481
Short-term provisions	15	836,226	710,266
Income tax payable	20	-	-
TOTAL CURRENT LIABILITIES		6,326,574	6,110,691
NON-CURRENT LIABILITIES			
Borrowings	14	257,731	234,646
Long-term provisions	15	85,415	101,894
TOTAL NON-CURRENT LIABILITIES		343,146	336,540
TOTAL LIABILITIES		6,669,720	6,447,231
NET ASSETS		17,331,385	18,360,141
EQUITY			
Share capital	16	100	100
Retained earnings		17,766,285	18,795,041
Capital loss reserves		(435,000)	(435,000)
TOTAL EQUITY		17,331,385	18,360,141

The balance sheet is to be read in conjunction with the audit report and the notes to the financial statements.

CHEM PACK PTY LTD
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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Ordinary share capital \$	Retained earnings \$	Capital Loss reserve \$	Total \$
Balance as at 1 July 2017	100	15,473,808	(435,000)	15,038,908
Profit attributable to entity	-	3,321,233	-	3,321,233
Total other comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	-	-	-
Balance as at 30 June 2018	100	18,795,041	(435,000)	18,360,141
Balance as at 1 July 2018	100	18,795,041	(435,000)	18,360,141
Profit attributable to entity	-	1,971,244	-	1,971,244
Total other comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	(3,000,000)	-	(3,000,000)
Balance as at 30 June 2019	100	17,766,285	(435,000)	17,331,385

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CHEM PACK PTY LTD
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CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 \$	2018 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		56,709,025	57,917,595
Payments to suppliers and employees		(55,315,757)	(53,361,520)
Interest received		7,336	15,311
Finance costs		(21,429)	(17,359)
Income tax (paid)/refunded		(1,188,411)	(2,299,168)
Net cash generated from/(used in) operating activities	19	190,764	2,254,859
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		99,546	26,934
Payment for purchase of property, plant and equipment		(667,894)	(1,498,348)
Advance from/(repayment of) related party loans		-	-
Net cash (used in)/provided by investing activities		(568,348)	(1,471,414)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		128,695	168,387
Repayment of borrowings		(136,689)	(103,598)
Dividends paid		(3,000,000)	-
Net cash used in financing activities		(3,007,994)	64,789
Net increase/(decrease) in cash held		(3,385,578)	848,234
Cash and cash equivalents at beginning of financial year		6,405,054	5,556,820
Cash and cash equivalents at end of financial year	6	3,019,476	6,405,054

The cash flow statement is to be read in conjunction with the audit report and the notes to the financial statements.

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 1. Statement of Significant Accounting Policies

Basis of preparation

Chem Pack Pty Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

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.

Note 1. Statement of Significant Accounting Policies (*continued*)

a. Income Tax (*continued*)

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 can 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.

b. Inventories

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

c. Construction Contracts and Work In Progress

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

d. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at cost less subsequent depreciation for buildings.

Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note 1. Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate		
Leasehold Improvements	2.00%	Office equipment	20.00%
Furniture and fittings	12.50%	Motor vehicles	20.00%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Leases

Lease or hire purchase of fixed assets, under which the company assumes substantially all of the risks and benefits of ownership, but not the legal ownership, are classified as finance leases (this includes hire purchase contracts).

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments (hiring instalments), including any guaranteed residual values. Leased assets are depreciated on a prime cost basis (straight line) over their estimated useful lives where it is likely the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense (hire purchase charges) for the period.

Other leases are classified as operating leases. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

f. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Note 1. Statement of Significant Accounting Policies (*continued*)

f. Financial Instruments (*continued*)

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through the profit & 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, or where they are derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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, which will be classified as non-current assets.

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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Note 1. Statement of Significant Accounting Policies (*continued*)

f. Financial Instruments (*continued*)

Available-for-sale Financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in equity of other entities where there is neither fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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 the end of each reporting period, the entity 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 comprehensive income.

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 expired. The difference between the carrying value of the financial liability, which is 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.

g. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and 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, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Note 1. Statement of Significant Accounting Policies (*continued*)

g. Impairment of Assets (*continued*)

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the company's functional and presentation currency. There has been no change in the functional and presentation currency of the company.

Transactions 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 statement of comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

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

i. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation contributions are made by the company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

Note 1. Statement of Significant Accounting Policies (*continued*)

j. Provisions

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

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

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

l. Revenue

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

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

m. Trade & Other Payables

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

n. Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

o. 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows excluded from the receipts from customers or the payments to suppliers.

Note 1. Statement of Significant Accounting Policies (*continued*)

p. Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

q. Critical Accounting Estimates and Judgements

The direction evaluate 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 company.

Key Estimates - Impairment (General)

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.

Key Judgements - Provision for Impairment of Receivables

The directors made no provision for doubtful debts due to their expectation that the slow paying debtors will eventually pay or are covered by the debtor insurance.

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	\$	\$
Note 2. Revenue and Other Income		
Sales revenue:		
- Sale of goods	59,316,283	57,480,673
	<u>59,316,283</u>	<u>57,480,673</u>
Other revenue		
- Interest received	7,336	15,311
- Sundry income	-	77,324
- Gain/(loss) on disposal of property, plant and equipment	(15,585)	(7,903)
	<u>(8,249)</u>	<u>84,732</u>
Total revenue	<u>59,308,034</u>	<u>57,565,405</u>
Note 3. Profit before Income Tax		
Expenses		
Cost of sales	47,686,297	44,150,898
Interest expense	21,429	17,359
Depreciation and amortisation expenses	482,961	395,907
Other direct manufacturing expenses	804,523	797,198
Employee benefits	4,908,183	4,716,950
Rent of premises	1,041,912	1,025,334
Other expenses includes:		
- Bad debts	-	-
- Other expenses	1,546,666	1,717,145
	<u>1,546,666</u>	<u>1,717,145</u>
Note 4. Income Tax Expense		
Current tax	<u>844,819</u>	<u>1,423,384</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Income taxation at 30%	844,819	1,423,384
Tax effect of:		
Add: fines and penalties	-	-
Income tax expense	<u>844,819</u>	<u>1,423,384</u>
Note 5. Cash and Cash Equivalents		
Cash at bank	3,019,327	6,404,880
Cash on hand	149	174
	<u>3,019,476</u>	<u>6,405,054</u>
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	3,019,476	6,405,054
	<u>3,019,476</u>	<u>6,405,054</u>
Note 6. Trade and Other Receivables		
Trade receivables	9,397,058	7,135,459
Provision for doubtful debts	-	-
	<u>9,397,058</u>	<u>7,135,459</u>
Other receivables	584,445	238,786
	<u>584,445</u>	<u>238,786</u>
	<u>9,981,503</u>	<u>7,374,245</u>

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 7. Inventories		
Packaging materials	557,494	452,161
Raw materials	3,529,903	4,414,512
Finished goods	2,543,727	2,296,871
	<u>6,631,124</u>	<u>7,163,544</u>
Note 8. Other Current Assets		
Loans to employees	28,459	38,959
Prepayments	434,466	333,795
	<u>462,925</u>	<u>372,754</u>
Note 9. Property, Plant and Equipment		
Plant and Equipment		
At cost	4,187,509	3,704,339
Accumulated depreciation	(2,043,118)	(1,668,454)
	<u>2,144,391</u>	<u>2,035,885</u>
Motor Vehicles		
At cost	737,420	800,182
Accumulated depreciation	(193,386)	(225,329)
	<u>544,034</u>	<u>574,853</u>
Office Furniture and Fittings		
At cost	147,454	158,002
Accumulated depreciation	(108,806)	(108,994)
	<u>38,648</u>	<u>49,008</u>
Leasehold Improvements		
At cost	44,763	39,101
Accumulated depreciation	(4,246)	(3,185)
	<u>40,517</u>	<u>35,916</u>
Total Property, Plant and Equipment	<u>2,767,590</u>	<u>2,695,662</u>

(a) Movement in Carrying Amounts

	Plant & Equipment	Motor Vehicles	Office Furniture & Fittings	Leasehold Improvements	Total
Movement in the carrying amounts for each class of property, plant and equipment:					
Carrying amount at beginning of year	1,142,432	363,791	44,514	27,971	1,578,708
Additions	1,233,424	237,000	19,151	8,773	1,498,348
Disposals	(40,337)	(23,312)	(803)	-	(64,452)
Transfers	-	77,324	-	-	77,324
Depreciation expense	(299,634)	(79,950)	(13,854)	(828)	(394,266)
Carrying amount at 30 June 2018	<u>2,035,885</u>	<u>574,853</u>	<u>49,008</u>	<u>35,916</u>	<u>2,695,662</u>
Carrying amount at beginning of year	2,035,885	574,853	49,008	35,916	2,695,662
Additions	483,170	175,726	3,336	5,662	667,894
Disposals	-	(115,130)	-	-	(115,130)
Transfers	-	-	-	-	-
Depreciation expense	(374,664)	(91,415)	(13,696)	(1,061)	(480,836)
Carrying amount at 30 June 2019	<u>2,144,391</u>	<u>544,034</u>	<u>38,648</u>	<u>40,517</u>	<u>2,767,590</u>

CHEM PACK PTY LTD
 ABN 62 060 283 089
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 10. Intangible Assets		
Goodwill	172,892	172,892
Borrowing expenses	2,615	3,833
Formation expenses	960	960
	176,467	177,685
Note 11. Trade and Other Payables		
Current - Unsecured		
Trade creditors	5,141,632	4,776,778
Sundry creditors and accruals	75,428	124,539
GST payable	37,258	244,307
GST adjustment	(9,659)	(23,452)
PAYG withholding payable	61,754	60,627
Provision for payroll tax	11,945	14,690
Provision for superannuation	49,588	49,455
Provision for annual leave	509,688	479,862
Provision for long service leave	326,538	230,404
	6,204,172	5,957,210
Non-Current - Unsecured		
Provision for long service leave	85,415	101,894
	6,289,587	6,059,104
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total current	6,204,172	5,957,210
- Total non-current	85,415	101,894
	6,289,587	6,059,104
Less: provision for annual leave	(509,688)	(479,862)
Less: provision for superannuation	(49,588)	(49,455)
Less: provision for long service leave	(326,538)	(230,404)
Less: provision for long service leave	(85,415)	(101,894)
	5,318,358	5,197,489
Note 12. Borrowings		
Current - Secured		
Lease liabilities and equipment mortgage loans	122,402	153,481
	122,402	153,481
Non-Current - secured		
Lease liabilities and equipment mortgage loans	257,731	234,646
	257,731	234,646
(a) Total current and non-current secured and unsecured borrowings:		
Lease liabilities and equipment mortgage loans	380,133	388,127
	380,133	388,127
(b) The carrying amounts of non-current assets pledged as security are:		
Motor vehicles and plant and equipment	2,688,425	2,610,738
	2,688,425	2,610,738

Security provided

The Group agreed to assign all of their rights, titles and interests in, the motor vehicles and plant and equipment subject to the mortgage loans to the financiers by way of equitable mortgage as security for the payment of all secured moneys.

The leases are secured by the underlying leased assets.

Chem Pack Pty Ltd has Finance Facilities of \$100,000 with ANZ Bank, which consists of Credit Card and Overdraft facilities and a Trade Finance Loan Facility of \$2,500,000. These facilities are subject to annual review.

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 12. Borrowings (continued)		
Security provided (continued)		
Security for all Facilities is as follows (unless otherwise specified):		
a) Corporate Guarantee and Indemnity from Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195 in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 unlimited as to amount.		
Supported by General Security Agreement given by Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195 over all present and after-acquired property;		
b) Individual Guarantee and Indemnity from Sheamus Clemon Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$2,600,000.00;		
c) Individual Guarantee and Indemnity from Anne Jeanette Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$2,600,000.00;		
d) Individual Guarantee and Indemnity from Robert William Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$2,600,000.00 - To be taken;		
e) General Security Agreement given by Chem Pack Pty Ltd A.C.N. 060 283 089 over all present and after-acquired property;		
f) General Security Agreement given by Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195 over all present and after-acquired property.		

Note 13. Provisions

Current	509,688	479,862
Non-current	411,953	332,298
	921,641	812,160

Provision for Employee Benefits

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1.

Note 14. Issued Capital

Fully paid ordinary shares	100	100
----------------------------	-----	-----

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

CHEM PACK PTY LTD
 ABN 62 060 283 089
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

	2019 \$	2018 \$
Note 15. Capital and Leasing Commitments		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable - Minimum Lease Payments		
- no later than 12 months	1,085,836	1,072,778
- between 12 months and 5 years	2,332,215	2,770,950
- greater than 5 years	-	227,237
	3,418,051	4,070,965
(b) Finance Lease Commitments		
Payable - Minimum Lease Payments		
- no later than 12 months	135,005	103,341
- between 12 months and 5 years	280,959	251,130
	415,964	354,471
Less future finance charges	(35,831)	(31,133)
	380,133	323,338
The motor vehicle and plant & equipment lease commitments are non-cancellable finance leases contracted for with a four or five year term.		
The lease commitments are secured by the underlying motor vehicles.		
Note 16. Cash Flow Information		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	1,971,244	3,321,233
<u>Non-cash flows in profit</u>		
Depreciation and amortisation expenses	482,961	395,907
Unrealised foreign exchange (gains)/losses	(60,515)	125,441
(Profit)/loss on disposal of property, plant & equipment	15,585	7,903
<u>Changes in assets and liabilities</u>		
(Increase)/decrease in trade and other receivables	(2,607,258)	359,598
(Increase)/decrease in inventories	532,420	(1,952,175)
(Increase)/decrease in prepayments and loans to employees	(90,171)	53,482
Increase/(decrease) in trade and other payables	180,609	623,615
Increase/(decrease) in income tax payable	(325,584)	(816,213)
(Increase)/decrease in deferred tax assets	(18,008)	(59,571)
Increase/(decrease) in provisions	109,481	195,639
Cash flow from operations	190,764	2,254,859
Note 17. Tax Assets and Liabilities		
(a) Assets		
Non-current		
Deferred tax assets	276,492	258,484
(b) Liabilities		
Current		
Income tax payable/ (Refundable)	(685,528)	(359,944)
Deferred tax liabilities	-	-
	(685,528)	(359,944)

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 20. Financial Risk Management

a. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, bank loans and leases.

The Group does not have any derivative instruments at 30 June 2019.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2019	2018
		\$	\$
Financial Assets			
Cash and cash equivalents	6	3,019,476	6,405,054
Loans and receivables	7	584,445	238,786
		<u>3,603,921</u>	<u>6,643,840</u>
Financial Liabilities			
Trade and other payables	13	5,318,358	5,197,489
Borrowings	14	380,133	388,127
		<u>5,698,491</u>	<u>5,585,616</u>

Note 21. Holding Company Details

The registered office of the holding company is:

120 Fulton Drive
DERRIMUT VIC 3030

The principal place of business of the holding company is:

120 Fulton Drive
DERRIMUT VIC 3030

CHEM PACK PTY LTD
ABN 62 060 283 089
DIRECTORS' DECLARATION

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 21, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2019 and of the performance for the year ended on that date of the consolidated group;
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director



Sheamus Clemon Sushames

Dated this

day of January 2020

CHEM PACK PTY LTD
ABN: 62 060 283 089

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Chem Pack Pty Ltd (the company), which comprises the balance sheet as at 30 June 2019, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the members of the Board.

In my opinion, the 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 June 2019 and of its performance for the year ended; and
- ii. complying with Australian Accounting Standards as per Note 1 and the Corporations Act 2001.

Basis for Opinion

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

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

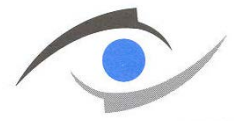
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors for the Financial Report

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

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

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Auditor's Responsibilities for the Audit of the Financial Report

My 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 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 the financial report.

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Name of Auditor: Frederik R.L. Eksteen

Address: Collins & Co
127 Paisley Street
Footscray VIC 3011

Date: 31 January 2020

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CHEM PACK PTY LTD

ABN 62 060 283 089

**GENERAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2020**

CHEM PACK PTY LTD
ABN 62 060 283 089
GENERAL PURPOSE FINANCIAL REPORT

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**CHEM PACK PTY LTD
ABN 62 060 283 089
DIRECTORS' REPORT**

Your directors present their report on the company for the financial year ended 30 June 2020.

Directors

The names of directors in office at any time during or since the end of the year are:

Sheamus Clemon Sushames (Chairman)
Anne Jeanette Sushames
Robert William Sushames (General Manager)
Mark Paul Sushames
David Idda

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

Review of Operations

The profit of the company for the financial year after providing for income tax amounted to \$3,285,934.
(2019: \$1,971,244)

Significant Changes in the State of Affairs

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

Principal Activities

The principal activities of the company during the financial year were that of the formulation and packaging of chemical products, such as pesticides, fertilisers and industrial products, for agricultural, home garden and commercial use. The company also gained a position in 3rd party warehousing and deliveries

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

Likely Developments and Expected Results of Operations

The 2020 Financial Year was a year of two halves. The first 6 months saw the continuation of the drought that covered most of Australia during 2019 Financial Year.

However, drought breaking rains during December and January saw an explosion of growth for Chem Pack. Record sales were set over several months resulting in a jump in turnover of 32% and an increase in profit before tax of 65% compared to 2019.

Chem Pack is an approved essential service and consequently was very fortunate during this Corona virus to continue working to full capacity. No staff have tested positive to date though several staff had concerns and were tested. A regular temperature check, separation of staff between sites and changed arrangements for morning tea and lunch breaks were some of the initiatives that greatly reduced staff contact with each other, and the chance of the virus spreading should one of our employees contract it.

The company took full advantage of the instant asset depreciation offered by the Federal Government with a large investment in plant and equipment. It is expected that the company will begin to reap the benefits of this investment in the 2nd half of the 2021 Financial Year. This investment is reflected in the very high Plant and Equipment depreciation shown. Further strong investment is expected during 2021 Financial Year.

The company expanded its leased premises holdings in Dec 2020 following our successful entry into the 3rd party warehousing and distribution market. This additional property is adjacent to our existing properties and will allow us to expand our phenoxy herbicide business. It also allowed us to expand our solar power generation to a very large 400kW.

The Ag sector is looking like having a very good year provided ways can be found to allow contractors cross border access. Shearers are in strong demand as are workers in the Horticultural markets. This is reflected in our current order book that is at record highs.

One issue of great concern that has risen this year has been our inability to get insurance covering our formulation of Glyphosate. We have had to advise our customers that we can no longer provide Product Liability Insurance on this product which is of course the largest selling herbicide in the world. The insurance market is extremely wary given the massive payouts awarded by courts in the State of California. It remains to be seen how this will pan out in the Australian market.

The Board recognises and appreciates the hard work of both the Management Team and all staff. We thank the General Manager and congratulate him and all the staff on the results given the difficulty of the conditions they have been working under. We all look forward to a vaccine becoming available and life returning to a "new normal".

Matters subsequent to the end of the financial year

A matter has continued to evolve since 30 June 2020 that has significantly affected, or may significantly affect:

- (a) the entity's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the entity's state of affairs in future financial years.

The COVID-19 pandemic may induce changes in the state of affairs of the Company during the financial period ended 30 June 2021. The Board of Directors will take all necessary measures to preserve capital and shepherd the Company through this uncertain period. As at the date of signing this report, no negative changes due to the pandemic have affected the Company.

Environmental Regulation

The company's operations are regulated by significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

No dividends on ordinary shares were paid in the current financial year (2019: \$3,000,000).

Options

No options over issued shares or interests in the company or a controlled entities were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares or interests in the company or a controlled entities have been issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

Proceedings on Behalf of Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

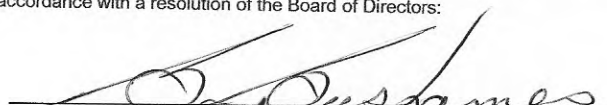
The company was not a party to any such proceedings during the year

Auditor's Independence Declaration

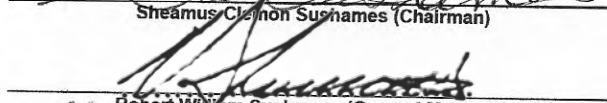
A copy of the auditor's independence declaration as required under s 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director


Sheamus Clemon Sushames (Chairman)

Director


Robert William Sushames (General Manager)

Dated this

17th day of September 2020



Collins & Co Audit Pty Ltd

127 Paisley Street
Footscray VIC 3011
Australia

Phone (03) 9680 1000
Fax (03) 9689 6605

www.collinsco.com.au

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CHEM PACK PTY LTD
ABN: 62 060 283 089**

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2020 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

Name of Auditor: Frederik R.L. Eksteen CA

Address: Collins & Co Audit Pty Ltd
127 Paisley Street
Footscray VIC 3011

Dated: 18 September 2020

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CHEM PACK PTY LTD
ABN 62 060 283 089
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
REVENUE	2	78,573,832	59,308,034
EXPENSES			
Cost of sales	3	62,581,103	47,686,297
Other direct manufacturing expenses	3	1,144,331	804,523
Interest expense	3	16,286	21,429
Depreciation and amortisation expenses	3	827,332	482,961
Employee benefits	3	5,944,606	4,908,183
Rent of premises	3	1,228,318	1,041,912
Other expenses	3	<u>2,137,518</u>	<u>1,546,666</u>
Profit before income tax		4,694,338	2,816,063
Income tax expense		1,408,404	844,819
Profit attributable to entity		<u><u>3,285,934</u></u>	<u><u>1,971,244</u></u>

CHEM PACK PTY LTD
ABN 62 060 283 089
STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
Profit attributable to entity	3,285,934	1,971,244
Other comprehensive income after income tax	-	-
Net loss on impairment of goodwill	-	-
Other comprehensive income for the year, net of tax	<u>-</u>	<u>-</u>
Total comprehensive income for the year, net of tax	<u><u>3,285,934</u></u>	<u><u>1,971,244</u></u>
Total comprehensive income attributable to entity	<u><u>3,285,934</u></u>	<u><u>1,971,244</u></u>

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CHEM PACK PTY LTD
ABN 62 060 283 089
STATEMENT OF FINANCIAL POSITION 30 JUNE 2020

	Note	2020 \$	2019 \$
CURRENT ASSETS			
Cash and cash equivalents	6	4,340,972	3,019,476
Trade and other receivables	7	13,682,686	9,981,503
Inventories	8	8,424,100	6,631,124
Other current assets	9	567,333	462,925
Income tax payable	20	(74,478)	685,528
TOTAL CURRENT ASSETS		26,940,613	20,780,556
NON CURRENT ASSETS			
Property, plant and equipment	11	3,097,194	2,767,590
Intangibles	12	175,843	176,467
Deferred tax asset	20	356,683	276,492
TOTAL NON-CURRENT ASSETS		3,629,720	3,220,549
TOTAL ASSETS		30,570,333	24,001,105
CURRENT LIABILITIES			
Trade and other payables	13	8,483,071	5,367,946
Borrowings	14	97,287	122,402
Short-term provisions	15	1,057,762	836,226
Income tax payable	20	-	-
TOTAL CURRENT LIABILITIES		9,638,120	6,326,574
NON-CURRENT LIABILITIES			
Borrowings	14	247,473	257,731
Long-term provisions	15	67,421	85,415
TOTAL NON-CURRENT LIABILITIES		314,894	343,146
TOTAL LIABILITIES		9,953,014	6,669,720
NET ASSETS		20,617,319	17,331,385
EQUITY			
Share capital	16	100	100
Retained earnings		21,052,219	17,766,285
Capital loss reserves		(435,000)	(435,000)
TOTAL EQUITY		20,617,319	17,331,385

The balance sheet is to be read in conjunction with the audit report and the notes to the financial statements.

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CHEM PACK PTY LTD
 ABN 62 060 283 089
 STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Ordinary share capital \$	Retained earnings \$	Capital Loss reserve \$	Total \$
Balance as at 1 July 2018	100	18,795,041	(435,000)	18,360,141
Profit attributable to entity	-	1,971,244	-	1,971,244
Total other comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	(3,000,000)	-	(3,000,000)
Balance as at 30 June 2019	100	17,766,285	(435,000)	17,331,385
Balance as at 1 July 2019	100	17,766,285	(435,000)	17,331,385
Profit attributable to entity	-	3,285,934	-	3,285,934
Total other comprehensive income for the year	-	-	-	-
Dividends provided for or paid	-	-	-	-
Balance as at 30 June 2020	100	21,052,219	(435,000)	20,617,319

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CHEM PACK PTY LTD
 ABN 62 060 283 089
 STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$	2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		74,886,227	56,709,025
Payments to suppliers and employees		(71,614,989)	(55,315,757)
Interest received		5,357	7,336
Finance costs		(16,286)	(21,429)
Income tax (paid)/refunded		(728,589)	(1,188,411)
Net cash generated from/(used in) operating activities	19	<u>2,531,720</u>	<u>190,764</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		63,420	99,546
Payment for purchase of property, plant and equipment		(1,238,271)	(667,894)
Advance from/(repayment of) related party loans		-	-
Net cash (used in)/provided by investing activities		<u>(1,174,851)</u>	<u>(568,348)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		55,000	128,695
Repayment of borrowings		(90,373)	(136,689)
Dividends paid		-	(3,000,000)
Net cash used in financing activities		<u>(35,373)</u>	<u>(3,007,994)</u>
Net increase/(decrease) in cash held		1,321,496	(3,385,578)
Cash and cash equivalents at beginning of financial year		3,019,476	6,405,054
Cash and cash equivalents at end of financial year	6	<u><u>4,340,972</u></u>	<u><u>3,019,476</u></u>

The cash flow statement is to be read in conjunction with the audit report and the notes to the financial statements.

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Note 1. Statement of Significant Accounting Policies

Basis of preparation

Chem Pack Pty Ltd applies Australian Accounting Standards - Reduced Disclosure Requirements as set out in AASB 1053: Application of Tiers of Australian Accounting Standards and AASB 2010-2: Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements of the Australian Accounting Standards Board (AASB) and the *Corporations Act* 2001. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

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 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.

Note 1. Statement of Significant Accounting Policies (continued)

a. Income Tax (continued)

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 can 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.

b. Inventories

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

c. Construction Contracts and Work In Progress

Construction work in progress is measured at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised at the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

d. Property, Plant and Equipment

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

Property

Freehold land and buildings are shown at cost less subsequent depreciation for buildings.

Plant and Equipment

Plant and Equipment are measured on the cost basis less depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Note 1. Statement of Significant Accounting Policies (continued)

d. Property, Plant and Equipment (continued)

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 company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised leased assets, excluding freehold land, is depreciated on a straight-line basis over their useful lives to the company commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Class of Fixed Asset	Depreciation Rate		
Leasehold Improvements	2.00%	Office equipment	20.00%
Furniture and fittings	12.50%	Motor vehicles	20.00%

The asset's residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period. Asset classes carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

e. Leases

Lease or hire purchase of fixed assets, under which the company assumes substantially all of the risks and benefits of ownership, but not the legal ownership, are classified as finance leases (this includes hire purchase contracts).

Finance leases are capitalised, recording an asset and a liability equal to the present value of the minimum lease payments (hiring instalments), including any guaranteed residual values. Leased assets are depreciated on a prime cost basis (straight line) over their estimated useful lives where it is likely the company will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense (hire purchase charges) for the period.

Other leases are classified as operating leases. Minimum lease payments made under operating leases are charged as an expense in equal instalments over the accounting periods covered by the lease term.

f. Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Note 1. Statement of Significant Accounting Policies (continued)

f. Financial Instruments (continued)

Classification and Subsequent Measurement

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as (i) the amount at which the financial asset or financial liability is measured at initial recognition (ii) less principal repayments (iii) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and (iv) less any reduction for impairment.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Financial assets at fair value through the profit & 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, or where they are derivatives not held for hedging purposes, or when they are 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. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

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, which will be classified as non-current assets.

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 entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after the end of reporting period. If during the period the company sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments would be tainted and reclassified as available-for-sale.

Note 1. Statement of Significant Accounting Policies (continued)

f. Financial Instruments (continued)

Available-for-sale Financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in equity of other entities where there is neither fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after the end of the reporting period.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

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 the end of each reporting period, the entity 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 comprehensive income.

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 expired. The difference between the carrying value of the financial liability, which is 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.

g. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information, including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and 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, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Note 1. Statement of Significant Accounting Policies (continued)

g. Impairment of Assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash generating unit to which the asset belongs.

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

h. Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of the company is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Australian dollars which is the company's functional and presentation currency. There has been no change in the functional and presentation currency of the company.

Transactions 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 statement of comprehensive income, except where deferred in other comprehensive income as a qualifying cash flow or net investment hedge.

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

i. Employee Benefits

Short term benefits

The provisions for employee entitlements to wages, salaries, annual and paid maternity leave represent obligations resulting from employees' services provided up to reporting date, calculated at undiscounted amounts based on wage and salary rates, including related on-costs, which the company expects to pay at the end of each reporting period.

Long term benefits

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to reporting date.

Superannuation contributions are made by the company to approved superannuation funds for all employees. The costs are charged as employee expenses as they are incurred. The company has no legal obligation to cover any shortfall in the superannuation funds' obligations to provide benefits to employees on retirement.

Note 1. Statement of Significant Accounting Policies (continued)

j. Provisions

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

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

k. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short term borrowings in current liabilities in the statement of financial position.

l. Revenue

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

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

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

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

m. Trade & Other Payables

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

n. Borrowing Costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

o. 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.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

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

Cash flows are presented on a net basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows excluded from the receipts from customers or the payments to suppliers.

Note 1. Statement of Significant Accounting Policies (continued)

p. Comparative Figures

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

When an entity applies an accounting policy retrospectively, makes a retrospective restatement or reclassifies items in its financial statements, a statement of financial position as at the beginning of the earliest comparative period must be disclosed.

q. Critical Accounting Estimates and Judgements

The direction evaluate 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 company.

Key Estimates - Impairment (General)

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.

Key Judgements - Provision for Impairment of Receivables

The directors made no provision for doubtful debts due to their expectation that the slow paying debtors will eventually pay or are covered by the debtor insurance.

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CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Note 2. Revenue and Other Income		
Sales revenue:		
- Sale of goods	78,587,410	59,316,283
	<u>78,587,410</u>	<u>59,316,283</u>
Other revenue		
- Interest received	5,357	7,336
- Sundry income	-	-
- Gain/(loss) on disposal of property, plant and equipment	(18,935)	(15,585)
	<u>(13,578)</u>	<u>(8,249)</u>
Total revenue	<u>78,573,832</u>	<u>59,308,034</u>
Note 3. Profit before Income Tax		
Expenses		
Cost of sales	62,581,103	47,686,297
Interest expense	16,286	21,429
Depreciation and amortisation expenses	827,332	482,961
Other direct manufacturing expenses	1,144,331	804,523
Employee benefits	5,944,606	4,908,183
Rent of premises	1,228,318	1,041,912
Other expenses includes:		
- Other expenses	2,137,518	1,546,666
	<u>2,137,518</u>	<u>1,546,666</u>
Note 4. Income Tax Expense		
Current tax	<u>1,408,404</u>	<u>844,819</u>
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Income taxation at 30%	1,408,301	844,819
Tax effect of:		
Add: fines and penalties	103	-
Income tax expense	<u>1,408,404</u>	<u>844,819</u>
Note 5. Cash and Cash Equivalents		
Cash at bank	4,340,727	3,019,327
Cash on hand	245	149
	<u>4,340,972</u>	<u>3,019,476</u>
<u>Reconciliation of cash</u>		
Cash at the end of the financial year as shown in the cash flow statement is reconciled to items in the balance sheet as follows:		
Cash and cash equivalents	<u>4,340,972</u>	<u>3,019,476</u>
	<u>4,340,972</u>	<u>3,019,476</u>
Note 6. Trade and Other Receivables		
Trade receivables	12,318,555	9,397,058
Provision for doubtful debts	-	-
	<u>12,318,555</u>	<u>9,397,058</u>
Other receivables	1,364,131	584,445
	<u>1,364,131</u>	<u>584,445</u>
	<u>13,682,686</u>	<u>9,981,503</u>

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
Note 7. Inventories		
Packaging materials	833,519	557,494
Raw materials	4,798,753	3,529,903
Finished goods	2,791,828	2,543,727
	<u>8,424,100</u>	<u>6,631,124</u>
Note 8. Other Current Assets		
Loans to employees	17,459	28,459
Prepayments	549,874	434,466
	<u>567,333</u>	<u>462,925</u>
Note 9. Property, Plant and Equipment		
Plant and Equipment		
At cost	4,959,624	4,187,509
Accumulated depreciation	(2,665,971)	(2,043,118)
	<u>2,293,653</u>	<u>2,144,391</u>
Motor Vehicles		
At cost	791,929	737,420
Accumulated depreciation	(272,535)	(193,386)
	<u>519,394</u>	<u>544,034</u>
Office Furniture and Fittings		
At cost	143,673	147,454
Accumulated depreciation	(116,609)	(108,806)
	<u>27,064</u>	<u>38,648</u>
Leasehold Improvements		
At cost	263,025	44,763
Accumulated depreciation	(5,942)	(4,246)
	<u>257,083</u>	<u>40,517</u>
Total Property, Plant and Equipment	<u>3,097,194</u>	<u>2,767,590</u>

(a) Movement in Carrying Amounts

	Plant & Equipment	Motor Vehicles	Office Furniture & Fittings	Leasehold Improvements	Total
Movement in the carrying amounts for each class of property, plant and equipment:					
Carrying amount at beginning of year	2,035,885	574,853	49,008	35,916	2,695,662
Additions	483,170	175,726	3,336	5,662	667,894
Disposals	-	(115,130)	-	-	(115,130)
Depreciation expense	(374,664)	(91,415)	(13,696)	(1,061)	(480,836)
Carrying amount at 30 June 2019	<u>2,144,391</u>	<u>544,034</u>	<u>38,648</u>	<u>40,517</u>	<u>2,767,590</u>
Carrying amount at beginning of year	2,144,391	544,034	38,648	40,517	2,767,590
Additions	925,208	89,449	5,350	218,264	1,238,271
Disposals	(63,274)	(17,292)	(1,789)	-	(82,355)
Depreciation expense	(712,672)	(96,797)	(15,145)	(1,698)	(826,312)
Carrying amount at 30 June 2020	<u>2,293,653</u>	<u>519,394</u>	<u>27,064</u>	<u>257,083</u>	<u>3,097,194</u>

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Note 10. Intangible Assets		
Goodwill	172,892	172,892
Borrowing expenses	1,991	2,615
Formation expenses	960	960
	<u>175,843</u>	<u>176,467</u>
Note 11. Trade and Other Payables		
Current - Unsecured		
Trade creditors	7,377,193	5,141,632
Sundry creditors and accruals	49,409	75,428
GST payable	910,522	37,258
GST adjustment	(345)	(9,659)
PAYG withholding payable	82,532	61,754
Provision for payroll tax	-	11,945
Provision for superannuation	63,760	49,588
Provision for annual leave	560,421	509,688
Provision for long service leave	497,341	326,538
	<u>9,540,833</u>	<u>6,204,172</u>
Non-Current - Unsecured		
Provision for long service leave	67,421	85,415
	<u>9,608,254</u>	<u>6,289,587</u>
Financial liabilities at amortised cost classified as trade and other payables		
Trade and other payables		
- Total current	9,540,833	6,204,172
- Total non-current	67,421	85,415
	<u>9,608,254</u>	<u>6,289,587</u>
Less: provision for annual leave	(560,421)	(509,688)
Less: provision for superannuation	(63,760)	(49,588)
Less: provision for long service leave	(497,341)	(326,538)
Less: provision for long service leave	(67,421)	(85,415)
	<u>8,419,311</u>	<u>5,318,358</u>
Note 12. Borrowings		
Current - Secured		
Lease liabilities and equipment mortgage loans	97,287	122,402
	<u>97,287</u>	<u>122,402</u>
Non-Current - secured		
Lease liabilities and equipment mortgage loans	247,473	257,731
	<u>247,473</u>	<u>257,731</u>
(a) Total current and non-current secured and unsecured borrowings:		
Lease liabilities and equipment mortgage loans	344,760	380,133
	<u>344,760</u>	<u>380,133</u>
(b) The carrying amounts of non-current assets pledged as security are:		
Motor vehicles and plant and equipment	<u>2,813,047</u>	<u>2,688,425</u>

Security provided

The Group agreed to assign all of their rights, titles and interests in, the motor vehicles and plant and equipment subject to the mortgage loans to the financiers by way of equitable mortgage as security for the payment of all secured moneys.

The leases are secured by the underlying leased assets.

Chem Pack Pty Ltd has the following Finance Facilities with ANZ Bank: (a) Commercial Card Facility of \$100,000, (b) Asset Finance Facility of \$500,000, (c) Electronic Payaway Facility of \$200,000, (d) Trade Finance Loan Facility of \$2,500,000 and (e) ANZ Tailored Commercial Facility of \$3,500,000.

These facilities are subject to annual review.

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	\$	\$
Note 12. Borrowings (continued)		
Security provided (continued)		
Security for all Facilities is as follows (unless otherwise specified):		
a) Corporate Guarantee and Indemnity from Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195 and Chem Pack Pty Ltd A.C.N. 060 283 089 in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 unlimited as to amount.		
b) Individual Guarantee and Indemnity from Sheamus Clemon Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$6,800,000.00;		
c) Individual Guarantee and Indemnity from Anne Jeanette Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$6,800,000.00;		
d) Individual Guarantee and Indemnity from Robert William Sushames in favour of ANZ in respect of the obligations of Chem Pack Pty Ltd A.C.N. 060 283 089 limited to \$6,800,000.00;		
e) General Security Agreement given by Chem Pack Pty Ltd A.C.N. 060 283 089 over all present and after-acquired property;		
f) General Security Agreement given by Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195 over all present and after-acquired property.		
g) First Registered Mortgage over the property at Unit 2, 80-100 Fulton Drive, Derrimut, provided by Spalding Holdings Pty Ltd A.C.N. 010 155 852 in its own capacity and as trustee for the Sushames Family Trust No. 2 A.B.N. 31 755 294 195		
Note 13. Provisions		
Current	1,057,762	836,226
Non-current	67,421	85,415
	1,125,183	921,641
Provision for Employee Benefits		
Provision for employee benefits represents amounts accrued for annual leave and long service leave.		
The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience the Group does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the Group does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.		
The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.		
In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data. The measurement and recognition criteria for employee benefits have been discussed in Note 1.		
Note 14. Issued Capital		
Fully paid ordinary shares	100	100
Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.		
At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.		

CHEM PACK PTY LTD
 ABN 62 060 283 089
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

	2020 \$	2019 \$
Note 15. Capital and Leasing Commitments		
(a) Operating Lease Commitments		
Non-cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable - Minimum Lease Payments		
- no later than 12 months	1,502,649	1,085,836
- between 12 months and 5 years	3,755,571	2,332,215
- greater than 5 years	-	-
	<u>5,258,220</u>	<u>3,418,051</u>
(b) Finance Lease Commitments		
Payable - Minimum Lease Payments		
- no later than 12 months	110,359	135,005
- between 12 months and 5 years	263,953	245,586
	<u>374,312</u>	<u>380,591</u>
Less future finance charges	(29,552)	(35,831)
	<u>344,760</u>	<u>344,760</u>
The motor vehicle and plant & equipment lease commitments are non-cancellable finance leases contracted for with a four or five year term.		
The lease commitments are secured by the underlying motor vehicles.		
Note 16. Cash Flow Information		
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	3,285,934	1,971,244
<u>Non-cash flows in profit</u>		
Depreciation and amortisation expenses	827,332	482,961
Unrealised foreign exchange (gains)/losses	-	(60,515)
(Profit)/loss on disposal of property, plant & equipment	18,935	15,585
<u>Changes in assets and liabilities</u>		
(Increase)/decrease in trade and other receivables	(3,701,183)	(2,607,258)
(Increase)/decrease in inventories	(1,792,976)	532,420
(Increase)/decrease in prepayments and loans to employees	(104,408)	(90,171)
Increase/(decrease) in trade and other payables	3,114,729	180,609
Increase/(decrease) in income tax payable	760,006	(325,584)
(Increase)/decrease in deferred tax assets	(80,191)	(18,008)
Increase/(decrease) in provisions	203,542	109,481
Cash flow from operations	<u>2,531,720</u>	<u>190,764</u>
Note 17. Tax Assets and Liabilities		
(a) Assets		
Non-current		
Deferred tax assets	356,683	276,492
(b) Liabilities		
Current		
Income tax payable/ (Refundable)	74,478	(685,528)
Deferred tax liabilities	-	-
	<u>74,478</u>	<u>(685,528)</u>

CHEM PACK PTY LTD
ABN 62 060 283 089
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 20. Financial Risk Management

a. Financial Risk Management

The Group's financial instruments consist mainly of deposits with banks, local money market instruments, short-term and long-term investments, accounts receivable and payable, loans to and from subsidiaries, bills, bank loans and leases.

The Group does not have any derivative instruments at 30 June 2020.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows:

	Note	2020	2019
		\$	\$
Financial Assets			
Cash and cash equivalents	6	4,340,972	3,019,476
Loans and receivables	7	1,364,131	584,445
		5,705,103	3,603,921
Financial Liabilities			
Trade and other payables	13	8,419,311	5,318,358
Borrowings	14	344,760	380,133
		8,764,071	5,698,491

Note 21. Holding Company Details

The registered office of the holding company is:

120 Fulton Drive
DERRIMUT VIC 3030

The principal place of business of the holding company is:

120 Fulton Drive
DERRIMUT VIC 3030

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**CHEM PACK PTY LTD
ABN 62 060 283 089
DIRECTORS' DECLARATION**

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 4 to 21, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Australian Accounting Standards- Reduced Disclosure Requirements; and
 - (b) give a true and fair view of the financial position as at 30 June 2020 and of the performance for the year ended on that date of the consolidated group;
2. 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.

This declaration is made in accordance with a resolution of the Board of Directors.

Director


Sheamus Clemon Sushames (Chairman)

Dated this

17^A. day of September 2020



CHEM PACK PTY LTD
ABN: 62 060 283 089
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

Opinion

I have audited the accompanying financial report of Chem Pack Pty Ltd (the company), which comprises the balance sheet as at 30 June 2020, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the statement by the members of the Board.

In my opinion, the 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 June 2020 and of its performance for the year ended; and
- ii. complying with Australian Accounting Standards as per Note 1 and the Corporations Act 2001.

Basis for Opinion

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

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

My 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 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 the financial report.



Collins & Co Audit Pty Ltd

127 Paisley Street
Footscray VIC 3011
Australia

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the responsible entities.
- Conclude on the appropriateness of the responsible entities use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the registered entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that I identify during my audit.

Name of Auditor: Frederik R.L. Eksteen CA

Address: Collins & Co Audit Pty Ltd
127 Paisley Street
Footscray VIC 3011

Date: 18 September 2020

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CHEM PACK PTY LTD

ABN: 62 060 283 089

**Financial Report For The Half-Year Ended
31 December 2020**

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CHEM PACK PTY LTD

ABN: 62 060 283 089

Financial Report For The Half-Year Ended 31 December 2020

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CHEM PACK PTY LTD
ABN: 62 060 283 089
DIRECTORS' REPORT

Your directors present their report on the Company for the half-year ended 31 December 2020.

Directors

The names of the directors in office at any time during the whole of the financial half-year and up to the date of this report, unless otherwise stated are:

Sheamus Clemon Sushames (Chairman)
Anne Jeanette Sushames
Robert William Sushames (General Manager)
Mark Paul Sushames
David Idda

Review of Operations

The profit for the Company for the six month period after providing for income tax amount to \$2,684,308. (Six month ending 31 December 2019: \$1,590,020).

The first half of FY2021 has been extraordinary year for Chem Pack. The markets in which we operate in Australia have endured excellent conditions following a devastating previous period of bushfires and drought. Agriculture has sprung into action on recovery of drought conditions across the eastern seaboard, home and garden markets have seen a spike in retail sales following house bound lock downs due to COVID and supply chain constraints have kept competition disruptions to a minimum.

Earnings performance for H1 exceeded expectations with massive increases, more than 50%, against the same period last year.

The expansion of Suspension Concentrate formulation facility is now being realised with ongoing customer commitments within the fungicide and insecticide portfolios.

Further investment in infrastructure and capacity for EC Herbicides was undertaken during H1 which will fulfill and maintain supply of all commitments for pre and post emergent summer and autumn requirements during H2.

Our continuation to diversify our port-folio of products and strengthen formulation capabilities has been key to the success of capturing customer spend and delivering improved gross margins to the business.

The ABARES (Australian Bureau of Agricultural and Resource Economics and Sciences) forecast a Winter Crop production in Australia to increase by 76% this year. This will continue to surge demand for Crop Protection chemicals and Fertilisers during H2 FY2021.

No government assistance in the form of Jobkeeper or other subsidy programs were utilised during the pandemic.

Last but not least by any stretch is the acquisition of Chem Pack by the DGL Group in December. This strategic takeover opens many doors for new growth and development of Chem Pack. Integration within the Warehousing and Logistics business as well as access to building and land facilities in WA, NSW and QLD has created opportunities to further expand our manufacturing footprint.

We are extremely proud of our results and strongly commend the people within Chem Pack to deliver this outstanding result.

Significant Changes in the State of Affairs

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

Principal Activities

The principal activities of the Company during the financial period were that of the formulation and packaging of chemical products, such as pesticides, fertilisers and industrial products, for agricultural, home garden and commercial use. The Company also gained a position in 3rd party warehousing and deliveries.

Events Subsequent to the End of the Reporting Period

On 11 March 2020, the World Health Organisation ("WHO") declared the Coronavirus disease 2019 ("COVID-19") a pandemic. The pandemic adversely affected the global economy, including an increase in unemployment, decrease in consumer demand, interruptions in supply chains, and tight liquidity and credit conditions. Consequently, governments around the world announced monetary and fiscal stimulus packages to minimise the adverse economic impact.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has been financially positive for the Company up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Likely Developments and Expected Results of Operations

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

CHEM PACK PTY LTD
ABN: 62 060 283 089
DIRECTORS' REPORT

Environmental Regulation

The Company's operations are regulated by significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends

Dividends paid or declared since the start of the financial year are as follows:

- a) A fully franked dividend of \$8,700,000 was paid/declared during the the financial period.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:



Director

Mr Simon Henry

Dated this

11 March 2021



Collins & Co Audit Pty Ltd

127 Paisley Street
Footscray VIC 3011
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**AUDITOR'S INDEPENDENCE DECLARATION
UNDER S 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF
CHEM PACK PTY LTD
ABN: 62 060 283 089**

I declare that to the best of my knowledge and belief, during the half year ended 31 December 2020 there has been:

- I. No contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- II. No contraventions of any applicable code of professional conduct in relation to the review.

Name of Auditor: Frederik R.L. Eksteen CA

Address: Collins & Co Audit Pty Ltd
127 Paisley Street
Footscray VIC 3011

Dated: 11 March 2021

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CHEM PACK PTY LTD
ABN: 62 060 283 089
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Note	31 December 2020 \$	31 December 2019 \$
Sales revenue	2	41,980,767	26,501,892
Cost of sales		<u>(32,237,195)</u>	<u>(20,647,495)</u>
		9,743,572	5,854,397
Other income	2	60,206	21,914
Administration and general expenses		(871,441)	(479,379)
Employee benefits expense		(4,038,097)	(2,918,620)
Depreciation and amortisation expense		(832,116)	(245,940)
Occupancy expense		(98,208)	(591,484)
Finance costs		<u>(128,312)</u>	<u>(50,868)</u>
Profit before income tax		3,835,604	1,590,020
Tax (expense) income		(1,151,296)	-
Profit for the year		<u>2,684,308</u>	<u>1,590,020</u>
Total comprehensive income for the year		<u>2,684,308</u>	<u>1,590,020</u>

The accompanying notes form part of these financial statements.

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CHEM PACK PTY LTD
ABN: 62 060 283 089
STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	31 December 2020	30 June 2020
Note	\$	\$
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	2,090,273	4,340,972
Trade and other receivables	12,535,799	13,682,687
Inventories	6,233,490	8,424,100
Other current assets	180,046	549,874
Other financial assets	-	17,459
TOTAL CURRENT ASSETS	<u>21,039,608</u>	<u>27,015,092</u>
NON-CURRENT ASSETS		
Property, plant and equipment	5 4,473,965	3,097,194
Deferred tax assets	460,936	390,210
Right-of-use assets	4,969,693	5,664,799
Intangible assets	173,852	175,843
TOTAL NON-CURRENT ASSETS	<u>10,078,446</u>	<u>9,328,046</u>
TOTAL ASSETS	<u>31,118,054</u>	<u>36,343,138</u>
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	8,846,502	8,483,070
Borrowings	6 1,414,498	1,384,064
Current tax liabilities	516,863	74,478
Deferred tax liabilities	525,510	-
Provisions	1,220,497	1,057,762
TOTAL CURRENT LIABILITIES	<u>12,523,870</u>	<u>10,999,374</u>
NON-CURRENT LIABILITIES		
Borrowings	6 3,993,756	4,737,254
Provisions	77,031	67,421
TOTAL NON-CURRENT LIABILITIES	<u>4,070,787</u>	<u>4,804,675</u>
TOTAL LIABILITIES	<u>16,594,657</u>	<u>15,804,049</u>
NET ASSETS	<u>14,523,397</u>	<u>20,539,089</u>
EQUITY		
Issued capital	100	100
Reserves	(435,000)	(435,000)
Retained earnings	14,958,297	20,973,989
TOTAL EQUITY	<u>14,523,397</u>	<u>20,539,089</u>

The accompanying notes form part of these financial statements.

CHEM PACK PTY LTD
ABN: 62 060 283 089
STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	Ordinary share capital \$	Retained Earnings \$	Capital Loss reserve \$	Total \$
Balance at 1 July 2019	100	17,766,285	(435,000)	17,331,385
Comprehensive income				
Profit for the half-year		1,590,020		1,590,020
Other comprehensive income for the year				-
Total comprehensive income for the year attributable to owners of the entity	-	1,590,020	-	1,590,020
Transactions with owners, in their capacity as owners, and other transfers				
Dividends paid or provided for		-		-
Total transactions with owners and other transfers	-	-	-	-
Balance at 31 December 2019	100	19,356,305	(435,000)	18,921,405
Balance at 1 July 2020	100	20,973,989	(435,000)	20,539,089
Comprehensive income				
Profit for the half-year		2,684,308		2,684,308
Other comprehensive income for the year				-
Total comprehensive income for the year attributable to owners of the entity	-	2,684,308	-	2,684,308
Transactions with owners, in their capacity as owners, and other transfers				
Dividends paid or provided for	-	(8,700,000)		(8,700,000)
Total transactions with owners and other transfers	-	(8,700,000)	-	(8,700,000)
Balance at 31 December 2020	100	14,958,297	(435,000)	14,523,397

The accompanying notes form part of these financial statements.

CHEM PACK PTY LTD

ABN: 62 060 283 089

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

	31 December 2020 \$	31 December 2019 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	42,779,291	28,986,734
Payments to suppliers and employees	(33,824,005)	(27,562,421)
Interest received	761	3,838
Finance cost	(16,028)	(50,868)
Income tax (paid)/refunded	(140,461)	318,820
Net cash provided by operating activities	<u>8,799,558</u>	<u>1,696,103</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	130,781	-
Purchase of property, plant and equipment	(1,675,146)	(148,272)
Purchase of investments	-	-
Net cash (used in)/provided by investing activities	<u>(1,544,365)</u>	<u>(148,272)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings - other	17,459	5,596
Repayment of borrowings - other	(81,962)	(43,418)
Repayment of lease liabilities	(741,389)	-
Dividends paid	(8,700,000)	-
Net cash provided by/(used in) financing activities	<u>(9,505,892)</u>	<u>(37,822)</u>
Net increase/(decrease) in cash held	(2,250,699)	1,510,009
Cash and cash equivalents at beginning of financial year	<u>4,340,972</u>	<u>3,019,477</u>
Cash and cash equivalents at end of financial year	<u><u>2,090,273</u></u>	<u><u>4,529,486</u></u>

The accompanying notes form part of these financial statements.

CHEM PACK PTY LTD

ABN: 62 060 283 089

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

These financial statements and notes represent Chem Pack Pty Ltd. Chem Pack Pty Ltd is a Company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 11 March 2021 by the directors of the company.

The registered address of the Company is 120 Fulton Drive, Derrimut VIC 3030.

Note 1 Summary of Significant Accounting Policies**Statement of compliance**

These general purpose financial statements for the interim half-year reporting period 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 134 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2020.

Basis of Preparation

The financial statements, except for cash flow information, 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. The amounts presented in the financial statements have been rounded to the nearest dollar.

Note 2 Revenue and Other Income

The Company has recognised the following amounts relating to revenue in the statement of profit or loss.

	31 December 2020 \$	31 December 2019 \$
Continued operations		
Revenue from contracts with customers	41,980,767	26,501,892
Other sources of revenue	-	-
Total Sales revenue	<u>41,980,767</u>	<u>26,501,892</u>
Other income		
Interest received	761	3,838
Foreign currency gain/(loss)	96,036	18,076
Gain/(loss) on sale of fixed asset	(36,591)	-
Total Sales revenue	<u>60,206</u>	<u>21,914</u>
(a) Revenue disaggregation		
The Company has disaggregated revenue into various categories in the following table:		
— sale of chemical products	41,980,767	26,501,892
	<u>41,980,767</u>	<u>26,501,892</u>

Timing of income recognition of products and services transferred to customers is at a point of time.

Note 3 Profit before Income Tax

Profit before income tax from continuing operations includes the following specific expenses:

	31 December 2020 \$	31 December 2019 \$
(a) Expenses		
Cost of sales	32,237,195	20,647,495
Employee benefits expense:	4,038,097	2,918,620
Depreciation and amortisation	832,116	245,940

Note 4 Operating Segments

The directors have considered the requirements of AASB 8: Operating Segments and the internal reports that are reviewed by the chief operating decision maker (the Directors) in allocating resources and have concluded at this time that there are no separately identifiable segments. The Group operates solely to provide chemical products in a single geographical location being in Australia.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 5 Property, Plant and Equipment

	31 December 2020 \$	30 June 2020 \$
PLANT AND EQUIPMENT		
Plant and equipment:		
At cost	6,504,388	4,959,624
Accumulated depreciation	<u>(2,613,286)</u>	<u>(2,665,971)</u>
	<u>3,891,102</u>	<u>2,293,653</u>
Motor Vehicle		
At cost	624,765	791,929
Accumulated depreciation	<u>(343,652)</u>	<u>(272,535)</u>
	<u>281,113</u>	<u>519,394</u>
Office Furniture and Fittings		
At cost	151,208	143,673
Accumulated depreciation	<u>(114,654)</u>	<u>(116,609)</u>
	<u>36,554</u>	<u>27,064</u>
Leasehold Improvements		
At cost	274,570	263,025
Accumulated depreciation	<u>(9,374)</u>	<u>(5,942)</u>
	<u>265,196</u>	<u>257,083</u>
Total plant and equipment	<u><u>4,473,965</u></u>	<u><u>3,097,194</u></u>

(a) Movements in carrying amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant & Equipment \$	Motor Vehicles \$	Office Furniture & Fittings \$	Leasehold Improvements \$	Total \$
Balance at 1 July 2019	2,144,391	544,034	38,648	40,517	2,767,590
Additions	925,208	89,449	5,350	218,264	1,238,271
Disposals	(63,274)	(17,292)	(1,789)	-	(82,355)
Depreciation expense	(712,672)	(96,797)	(15,145)	(1,698)	(826,312)
Carrying amount at 30 June 2020	<u>2,293,653</u>	<u>519,394</u>	<u>27,064</u>	<u>257,083</u>	<u>3,097,194</u>
Balance at 1 July 2020	2,293,653	519,394	27,064	257,083	3,097,194
Additions	1,612,279	43,787	7,535	11,545	1,675,146
Disposals	(22,378)	(108,466)	-	-	(130,844)
Depreciation expense	(284,521)	(40,972)	(4,474)	(3,432)	(333,399)
Impact of change in depreciation methods	292,069	(132,630)	6,429	-	165,868
Carrying amount at 31 December 2020	<u><u>3,891,102</u></u>	<u><u>281,113</u></u>	<u><u>36,554</u></u>	<u><u>265,196</u></u>	<u><u>4,473,965</u></u>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2020

Note 6 Borrowings

	31 December 2020 \$	30 June 2020 \$
CURRENT		
Lease liability - hire purchase and equipment mortgage loans	86,014	97,287
Lease liability - lease premises	<u>1,328,484</u>	<u>1,286,777</u>
Total current borrowings	<u>1,414,498</u>	<u>1,384,064</u>
NON-CURRENT		
Lease liability - hire purchase and equipment mortgage loans	176,781	247,473
Lease liability - lease premises	<u>3,816,975</u>	<u>4,489,781</u>
Total non-current borrowings	<u>3,993,756</u>	<u>4,737,254</u>
Total borrowings	<u>5,408,254</u>	<u>6,121,318</u>
(a) Total current and non-current secured liabilities:		
Bank loan secured	86,014	97,287
Lease liability secured	<u>3,816,975</u>	<u>4,489,781</u>
	<u>3,902,989</u>	<u>4,587,068</u>

Note 7 Fair Value Measurements

The Company measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- financial assets at fair value through other comprehensive income; and
- freehold land and buildings.

The company does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) *Fair value hierarchy*

AASB 13 requires the disclosure of fair value information by level of the fair value hierarchy, which categorises fair value measurements into one of three possible levels based on the lowest level that an input that is significant to the measurement can be categorised into as follows:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Company selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Company are consistent with one or more of the following valuation approaches:

- Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.
- Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.
- Cost approach: valuation techniques that reflect the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the company gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

CHEM PACK PTY LTD
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DIRECTORS' DECLARATION

In the directors' opinion:

1. the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. the attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
3. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.



Director

Mr Simon Henry

Dated this

11 March 2021

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CHEM PACK PTY LTD
ABN: 62 060 283 089

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS

Report on the Financial Report

I have reviewed the accompanying half year financial report of Chem Pack Pty Ltd which comprises the balance sheet as at 31 December 2020, and the income statement, statement of changes in equity and cash flow statement for the period ended on that date, a statement of accounting policies, other selected explanatory notes, and the declaration of those charged with governance.

Director's Responsibility for the Financial Report

The Directors of the Company are responsible for the preparation and fair presentation of the half year financial report in accordance with the applicable financial reporting framework and for such internal control as the directors determine is necessary to enable the preparation and fair presentation of the [period] financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express a conclusion on the half year financial report based on my review. I conducted my review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to my attention that causes me to believe that the financial report is not presented fairly, in all material respects, in accordance with the applicable financial reporting framework. As the auditor of the Company, ASRE 2410 requires that I comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Independence

In conducting my review, we followed applicable independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001.

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Conclusion

Based on my review, which is not an audit, I have not become aware of any matter that makes me believe that the half year financial report of Chem Pack Pty Ltd is not in accordance with:

- a. the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the company's financial position as at 31 December 2020 and of its performance for the half year ended on that date; and
 - ii. complying with Australian Accounting Standards.
- b. other mandatory professional reporting requirements in Australia.

Name of Auditor: Frederik R.L. Eksteen CA

Address: Collins & Co Audit Pty Ltd
127 Paisley Street
Footscray VIC 3011

Date: 11 March 2021

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