MADER

Annual Report

FINANCIAL YEAR 2020

MADER GROUP LIMITED
ABN 51 159 340 397

Our Vision

Mader Group will continue to grow and build its reputation as a world class provider of heavy equipment maintenance to mining and civil companies.

With a business model built on passion, knowledge, and commitment to the industry, every decision is made with clients, employees and shareholders in mind.

We are dedicated to exceeding the expectations of our clients, providing a great workplace to our people and superior returns for our investors.

Our Values

Backed by a 1,400+ strong team of dynamic and skilled individuals, our rapid growth is a testament to our core values. Central to all of our operations and decision-making, our core values drive us to achieve project objectives with outstanding customer service.

SAFETY

We make it our priority to ensure we do everything in our power to keep ourselves and those around us safe.

ONE TEAM

We are stronger together. Comradery echoes loudly throughout our business. We learn together, we succeed together, we grow together.

INNOVATE

We think differently, we think bigger, we encourage new ideas and continuously adapt to industry evolution and change.

PERFORM

Driven to succeed, we are mechanically minded and solution focused. We take pride in our unique blend of passion, experience and industry know-how.

FAMILY/FUN

Our culture is the foundation of our business. We continue to cultivate a nurturing, transparent and mutually respectful workplace.

INTEGRITY

We hold ourselves to the highest standards, constantly keeping ourselves and each other accountable.

Corporate Directory

Directors

Jim Walker	Non-Executive Chairman
Luke Mader	Executive Director
Patrick Conway	Executive Director and Chief Executive Officer
Craig Burton	Non-Executive Director
Justin Nuich	Non-Executive Director

Company Secretary

Shannon Coates

Registered Office And Principal Place Of Business

Suite A1, Hkew Alpha Building
2 George Wiencke Drive
Perth Airport WA 6105

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Lawyers

GTP Legal
68 Aberdeen Street
Northbridge WA 6003

Bankers

National Australia Bank Limited
Level 13, 100 St Georges Terrace
Perth WA 6000

Auditors

BDO Audit (WA) Pty Ltd
Level 1, 38 Station Street
Subiaco WA 6008

Stock Exchange Listing

Mader Groups' shares are listed on the
Australian Securities Exchange (ASX)
ASX Code: MAD

Company Website

www.madergroup.com.au


MECHANICALLY
MINDED

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MADER
DAN
ARNALEA
MADER
FIXED PLANT

About the Mader Group

Mader Group Limited (Mader Group) is a leading, global equipment maintenance provider, powered by mechanically minded specialists. The diversified group are dedicated to helping clients achieve machine availability and productivity targets through optimal fleet and plant performance.

The Mader Group is solution-driven, providing strategically tailored contract labour for maintenance of heavy mobile equipment in the resources industry. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services. With over 1,400 staff, the Mader Group has the ability to rapidly deploy its highly skilled workforce to clients both within Australia and overseas.

Headquartered in Perth (WA), the Group houses regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), Ulaanbaatar (Mongolia), Solwezi (Zambia) and Denver (USA) as part of a geographical diversification strategy that ensures easy access to local support for its valued customers. The Mader Group also has a workshop in Perth (WA), which supports offsite repairs and component rebuild projects within Western Australia. The workshop also offers a national component exchange program and specialised tool hire.

Over its 15 years of operation, the Mader Group has grown and adapted to deliver a wide range of maintenance services and gained experience servicing customers in 17 countries spanning 4 continents. The Group's strong reputation and leading position in the maintenance services sector can be attributed to a proven track record of delivering top quality workmanship in a professional and timely manner.

The key drivers behind Mader Group's success include:

- the strength of its people and culture;
- a proven business model which has been rolled out in multiple geographic regions and various commodities;
- strong organic growth with no external equity capital required; and
- a large remaining addressable market.

Looking ahead at growth in global markets and an expanding domestic demand, our future has never looked brighter.

1,400+ STAFF

Operating worldwide

Global Reach

The Mader Group provides premium support to mining and civil clients throughout Australia, Asia, Africa and the Americas.

Locations

Australia

WESTERN AUSTRALIA

Pilbara
Kimberley
Goldfields
Mid West
South West
Perth

VICTORIA

Bendigo

NORTHERN TERRITORY

Tanami Region
Gulf of Carpentaria

NEW SOUTH WALES

Hunter Valley
Gunnedah Basin
Southern NSW
Central and Far West
Riverina

QUEENSLAND

Brisbane
Bowen Basin
Surat Basin
Far North Queensland

USA

Nevada
Wyoming
Arizona
Tennessee
Florida
Texas

Africa

Mauritania
Senegal
Cote d'Ivoire
Democratic Republic of the Congo
Zambia

Asia

Mongolia
Laos
Philippines
Papua New Guinea
India

South America

Chile


Australia
Global

Chairman's Report

Dear Shareholders,

Welcome to Mader Group's Annual Report for the financial year ended 30 June 2020 (FY2020).

Jim Walker
Non-Executive Chairman

Following a successful initial public offering on the Australian Securities Exchange in October 2019, we are pleased to present a year of results that reflect continuing momentum on a strong growing business.

Servicing a global network of 200+ mining and civil companies across more than 350 sites, Mader Group continues to capitalise on its leading position as the largest independent maintenance provider for heavy mobile equipment in Australia.

Through the provision of exceptional service to its clients, the Company continues to grow its wide and diverse client base, broadening skillsets alongside fellow industry leaders and supporting some of the world's largest mining companies.

Steady growth during FY2020 through renewed contracts with longstanding customers and the securement of new work scope with key mining companies, places Mader in an exciting position for increased market penetration going forward.

Mader Group is proud to report the achievement of a series of significant milestones, accomplished during unprecedented times with the COVID-19 global pandemic. Despite the challenges presented by COVID-19, the Company has continued to grow and maintained a strong culture of comradery and top tier performance.

As the Company celebrates 15 years in operation, we are proud of our continuing track record of sustained organic growth and operational performance in FY2020.

Resilience During A Global Pandemic

Whilst always a top priority, this year more than ever, the safety of our people has been a critical focus area for the business. The evolving nature of the COVID-19 global pandemic required the Board and management team to strategise on how best to limit the spread of COVID-19 and protect the health and safety of its workforce. This resulted in the unanimous decision to withdraw the Company's expatriate workforce from operations in Africa and Asia; operations which have since re-commenced in a limited capacity.

During this period, the mining industry has been impacted by some extra costs due to travel restrictions, closed borders and isolation regulations however Mader Group has persisted in growing its revenue base and maintaining stable operations. To date, there have been no confirmed cases of COVID-19 among Mader Group employees.

A Strong Balance Sheet

Over the financial year, Mader Group was able to leverage its balance sheet responsibly to deliver high performing results. Earnings increased to $33.0 million, representing a 30% increase from $25.5 million EBITDA in FY2019.

The Company provided over 2.7 million hours of maintenance labour services to over 200 customers and achieved a reduction in net debt to $18.5 million at 30 June 2020, down 14% from $21.2 million at the close of FY2019. Sales revenue grew from $228.6 million in FY2019 to $273.5 million in FY2020.

The relatively low capital intensity of the business has enabled Mader Group to pay dividends to its shareholders whilst achieving sustainable growth. The Directors were pleased to pay dividends totalling $4.3 million to shareholders in FY2020, including $1.3 million to shareholders pre IPO and an interim dividend of $3 million to shareholders following the ASX listing. As disclosed in Mader Group's Prospectus dated 16 August 2019, the Company proposed an interim and final dividend for FY2020, each to the value of 1.5 cents per share fully franked. The final dividend of $3 million was declared and paid post the end of the FY2020.

15 Years' Strong

In 15 years of mining services excellence, Mader Group has grown and adapted to deliver a wide range of maintenance services, including the successful roll out of a series of related and complementary solutions to its cornerstone service offering of mechanical maintenance for heavy mobile equipment.

A well established and leading position in the maintenance services sector has enabled Mader Group to gain experience operating in 17 countries spanning 4 continents and maintain its unique and longstanding competitive position in the market.

Leadership and Board

Led by Mader Group's CEO Patrick Conway, the Company is headed by a robust executive team and experienced Board. The leadership team includes former tradespeople who know the industry well and have overseen the business through a variety of growth phases and markets. They are complemented by senior executives experienced in business and financial management.

We welcome Mr Paul Hegarty to the leadership team. Appointed Chief Financial Officer (CFO) in September 2020, he brings a wealth of experience to the Group and we look forward to his input in what we envision will be a high performing year. We thank Ms Lili Lim for her significant contribution during her time as CFO and during the IPO process. Ms Lim will remain within the business, leveraging her broad company knowledge and leadership skills to pursue her passion in operational finance.

Culture and People

We operate a blue sky business model with stretch targets and numbers that speak volumes. The focus of our people, our culture and reputation has earnt us a loyal and dedicated team, with our workforce near tripling in size since FY2017. We close this financial year collectively housing almost 1,400 highly skilled employees globally.

Despite the challenges presented by COVID-19, the principles of mateship and comradery remain deeply engrained in our culture and daily operations. The current global pandemic serves to highlight the resilience of our people as we have banded together to thrive in the face change.

During the financial year, Mader Group was recognised for its transparent, flexible and inclusive workplace environment cultivated through years of investment in its culture. The Company has been recently selected as a finalist for the Australian HR Awards 2020, Employer of Choice (>1000 Employees) category - a testament to its unique and people-centric business model.

A differentiated culture allows Mader Group to lead the market as a trailblazer in the industry, crafting purpose driven careers and innovative employee benefits to keep our people happy and engaged.

Corporate Social Mission

We strive to empower communities, improve social dynamics and lessen inequality through community participation and the sponsorship of a variety of regional events and sporting associations. At Mader Group, we believe that community involvement helps employees to foster a sense of purpose and belonging that is critical to maintaining a fulfilled, engaged and productive workforce.

In the past financial year, Mader Group further established its relationship with Tom Price Senior High School in Western Australia and Singleton Heights Public School in New South Wales, and raised funds for the Harry Perkins Institute of Medical Research through the MACA Cancer 200: Ride for Research challenge. The Company also participated in a series of 'Home for Dinner' volunteer events, cooking meals for the families of sick kids through Ronald McDonald House Charities.

Looking Ahead

The metrics of the broader industry indicate rising mining production, machine hours and usage within Mader Group's key regions of operation. Closing the year with a strong balance sheet, Mader Group is well positioned to continue its growth trajectory. The Company delivers flexible, fit for purpose and cost effective maintenance solutions to its customers and forecasts high demand for its services in the year ahead, particularly from iron-ore and gold mining customers in Western Australia and in the USA, which continues to ramp up.

The successful roll out of a Trade Upgrade Program in the past financial year, allows Mader Group to partner with fellow industry leaders to upskill experienced tradespeople for entry into the mining sector. This scalable training program qualified light vehicle and road transport mechanics to become heavy duty diesel mechanics through an apprenticeship. The program serves to increase the availability of skilled labour in the medium to long term, to support our growth.

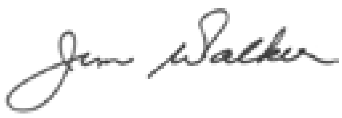
Closing statement

As the Chairman of Mader Group and on behalf of my fellow Directors, I welcome you to read our FY2020 Annual Report, each page of which reflects a well-run business with sustainable growth prospects and high earnings potential.

I would like to extend our thanks and appreciation to the leadership team, employees, shareholders, clients and suppliers for their overwhelming support during the initial public offer process and throughout the year just gone.

Lastly, I commend our workforce and industry peers for their determination and efforts during such challenging times. Together we have achieved an outstanding performance despite navigating what has been an unchartered and fast changing landscape. I look forward to seeing what we can achieve in the financial year ahead.

Yours faithfully



Jim Walker
Non-Executive Chairman


MADER
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Highlights

"Steady growth during FY2020 through renewed contracts with longstanding customers and the securement of new work scope with key mining companies, places Mader in an exciting position for increased market penetration going forward."

Jim Walker, Non-Executive Chairman

2020

Employer of Choice Finalist
Australian HR Awards
(Winner TBA Q2 FY2021)

over 2.7m hours

Maintenance labour services delivered to over 200 customers

1,400+

Employees Operating Worldwide

15 years strong

Longstanding experience and mining excellence

0

Confirmed cases of COVID-19 among Mader Group employees

$273.5 m
FY2020 sales revenue

19.6%
FY2020 revenue growth

$33.0 m
FY2020 EBITDA

29.8%
FY2020 earnings growth

$18.1 m
FY2020 (adjusted) NPAT

18.9%
FY2020 (adjusted) NPAT growth

8.75c
Basic and diluted earnings per share FY2020

Strong balance sheet with significant ***financial flexibility***

Directors' Report

The Directors submit their report with the financial report on the consolidated entity (referred to hereafter as "Mader Group") consisting of Mader Group Limited (the "Company") and the entities it controlled at the end of, or during, the year ended 30 June 2020.

Directors

The following persons were directors of the Company at any time during or since the end of the financial year and up to the date of this report. Directors were in office for this period unless otherwise stated.

Mr Jim Walker
Non-Executive Chairman

Mr Luke Mader
Executive Director

Mr Patrick Conway
Executive Director and Chief Executive Officer

Mr Craig Burton
Non-Executive Director

Mr Justin Nuich
Non-Executive Director

Principal Activities

The principal activities of Mader Group during the financial year were the provision of specialised contract labour for maintenance of heavy mobile equipment in the resources sector in Australia and internationally. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, maintenance workshops, training of maintenance teams, and a range of other ancillary services.

Financial overview

The Group has delivered a year of growth with increases recorded for the financial year ended 30 June 2020 (FY2020) across revenue and net profit.

Currency: A$ '000	FY2020	FY2019	Change
Profitability:			
Revenue	273,547	228,645	19.6%
EBITDA	33,026	25,454	29.8%
EBITDA %	12.1%	11.1%	
EBIT	26,425	21,628	22.2%
EBIT %	9.7%	9.5%	
Net profit after tax	17,504	14,900	17.5%
Cashflow:			
Operating cashflow	20,401	9,958	104.9%
Adjusted Profitability:			
Statutory net profit after tax	17,504	14,900	17.5%
Public company costs[1]	-	(228)	
One-off offer costs[2]	856	908	
Impact of accounting standard AASB 16	(65)	(267)	
Impact of income tax[3]	(237)	(124)	
Adjusted net profit after tax	18,058	15,189	19.2%
Adjusted net profit margin	6.6%	6.6%	

1 Public company costs include the directors' estimate of incremental annual costs that the Mader Group has incurred as a publicly listed company:

- These incremental costs include share registry fees, Executive Director, Non-Executive Director remuneration, Directors' and Officers' insurance premiums, additional audit and legal fees, listing fees, investor relations costs as well as annual general meeting and annual report costs;
- For FY2019, 0.29 million ($0.21 million tax effected) Public Company costs were incurred. Therefore, as a normalisation adjustment to make FY2019 comparable with FY2020, $0.23 million ($0.16 million tax effected) has been included as an adjustment;
- For FY2020, the net profit already includes Public Company Costs, therefore no adjustment is required to FY2019 net profit.

2 One-off Offer costs related to the Initial Public Offering of Mader Group Limited In October 2019 of $0.86 million ($0.60 million tax effected).

3 Income tax effect -An adjustment has been made to reflect the tax impact of the adjustments based on the Australian statutory corporate tax rate of 30%.

Operating and financial review

Mader Group's operating and financial results reflect strong revenue and sustainable growth. The Group closed the year with total revenue of $273.5 million, up 19.6% from $228.6 million. Earnings growth was driven by growth in two of the three reporting segments, Australia (23.1%) and USA (1,242.6%). The Group saw a 52.7% reduction in the other segment, principally a result of a temporary pause in international operations (non-USA) due to COVID-19 impacts.

Operations in Australia and USA experienced increased demand from new and existing customers, particularly from customers operating in strong commodity markets. Market sentiment finished the year softer in QLD due to coal price movements however demand for services in the region remained steady.

Over the period, Mader Group renewed contracts with several key customers, including BHP and was appointed a preferred maintenance supplier for Roy Hill. Mader Group was also selected to support John Holland on Fortescue Metals Group's Eliwana Integrated Railway Project.

The Group secured and delivered new workscopes across Australia, USA, Chile, Philippines and Papua New Guinea and serviced existing customers in Mongolia, Laos, India and Central/West Africa prior to the onset of COVID-19. At the close of the financial year the Group implemented a strategy to return limited service to customers in Africa and Asia with small teams currently mobilised in Papua New Guinea and Laos.

Accordingly, earnings before interest, tax, depreciation and amortisation (EBITDA) in FY2020 improved to $33.0 million from $25.5 million representing a 29.8% yearon-year increase. In FY19, Group EBITDA was 36.83% year-on-year increase.

Group earnings before interest and tax (EBIT) improved to $26.4 million from $21.6 million with the 22.2% year-on-year increase. Earnings growth was slightly offset by the impact of COVID-19 and the reduced relative contribution from international (non-USA) operations.

Consolidated adjusted net profit after tax (NPAT) improved to $18.1 million, representing a 19.2% increase from $15.2 million in FY2019. For a reconciliation of adjusted NPAT to reported NPAT refer to the table on page 13. Basic earnings per share (EPS) of 8.75 cents was achieved compared to 8.76 cents in FY2019, with the slight decrease attributable to the reorganisation of capital immediately prior to the IPO.

Three payments of fully franked dividends were declared to shareholders for the FY2020 period, totalling $7.3 million. $4.3 million of this was paid during the financial year with a final dividend declared post the end of the FY2020 and paid in September 2020. Dividend payments relating to the period represent a payout ratio of 33.3%.

Net operating cashflow of $20.4 million (FY2019: $10.0 million) reflected the strong operational performance with operating cash flow before interest and tax (OCFBIT) of $28.3 million representing a $15.5 million increase on FY2019.

Net capital expenditure of $12.9 million (FY2019: $15.9 million) represented a $3.0 million decrease from the previous financial year and a $3.2 million increase over the IPO Prospectus Forecast ($9.7 million) due to higher than forecast growth in the USA.

The Group concluded the year with net debt of $18.5 million at 30 June 2020, a decrease of $2.7 million as compared to FY2019. Net debt comprised total debt of $24.9 million less cash of $6.5 million.

Segment results

Currency: A$ 000	FY2020	Contribution from each segment (%)	FY2019	Contribution from each segment (%)	Change	Contribution from each segment (%)
Australia	246,908	90.3%	200,540	87.7%	46,368	103.3%
All other	12,813	4.7%	27,075	11.8%	(14,262)	(31.8%)
USA	13,826	5.0%	1,030	0.5%	12,796	28.5%
Total revenue	**273,547**		**228,645**		**44,902**	
Australia	23,336	70.7%	22,082	86.8%	1,254	16.6%
All other	2,706	8.2%	4,551	17.9%	(1,845)	(24.4%)
USA	3,059	9.3%	(401)	(1.6%)	3,460	45.7%
Unallocated	3,925	11.8%	(778)	(3.1%)	4,703	62.1%
Total EBITDA	**33,026**		**25,454**		**7,572**	
Australia	18,001	68.1%	18,478	85.4%	(477)	(9.9%)
All other	2,648	10.0%	4,498	20.8%	(1,850)	(38.6%)
USA	2,145	8.1%	(515)	(2.4%)	2,660	55.5%
Unallocated	3,631	13.8%	(833)	(3.9%)	4,464	93.0%
Total EBIT	**26,425**		**21,628**		**4,797**	
Net financing costs	(1,513)		(1,208)			
Income tax expense	(7,407)		(5,520)			
Net profit after tax	**17,504**		**14,900**			

Revenue

Revenue increased by $44.9 million compared to the prior corresponding year driven by:

- 23.5% growth in annual revenue during the year due to steady demand for mobile plant maintenance in the Pilbara, Goldfields and South West regions of Western Australia. Ancillary and complementary services achieved year on year revenue growth of 41% in Western Australia;
- 30.5% growth in annual revenue from operations in Queensland and New South Wales. Revenue base includes higher than anticipated growth in New South Wales of 107% attributed to continued expansion into the Hunter Valley and diversification into Central West New South Wales;
- 4.2% growth in annual revenue from operations in the Central Region, comprising steady revenue growth of 16% in the Northern Territory and a slight decline in revenue in South Australia;
- Revenue declined by 52.7% for Mader International in FY2020, principally as a result of a pause in our international operations (non-USA) due to COVID19 impacts; and
- Higher than forecast growth of 1,242% in annual revenue from operations in the USA with average quarterly revenue growth of 60%. Revenue growth is primarily attributed to the delivery of services in strong commodity markets of copper, gold and zinc.

Earnings before interest, tax, depreciation and amortisation

The Group's EBITDA of $33.0 million for the year was an increase over the prior year by $7.6 million.

- Australia achieved an EBITDA of $23.3 million for FY2020 which represents an increase of $1.3 million over the prior year. The higher EBITDA resulted from increased revenue from all areas of operation excluding South Australia which saw a slight decline in revenue due to workforce rationalisation at Olympic Dam.
- USA achieved an EBITDA of $3.1 million for FY2020 which represents higher than forecast growth than at the time of IPO. EBITDA increased by $3.5 million, representing a 862.4% over its inaugural year of operation.
- All other achieved an EBITDA of $2.8 million for FY2020 which represents a decrease of $1.8 million over the prior year. The lower EBITDA resulted from of a pause in our international operations (non-USA) due to COVID-19 and reduced relative contribution from countries within the segment.

Depreciation and amortisation

Depreciation charges of $6.6 million were recorded for the year in relation to the Group's plant and equipment. This was $2.7 million higher than the charge in the previous year. The increase was mainly driven by an increase in the Group's operating fleet. Increases in revenue are correlated with increased depreciation charges but not entirely proportional due to a reduction in the contribution of the All Other segment which is capital light.

Net financing costs

The Group paid interest expenses of $1.5 million associated with the Group's working capital and asset financing facilities. This compared to a $1.2 million interest expense in the previous financial year.

Tax

An income tax expense of $7.4 million was recorded for the year, representing an effective tax rate for the year of 29.7% which was in line with expectations.

Cashflow

Key movements in cashflow compared to the prior period are as follows:

- Net cashflow from operations was $20.4 million compared to $10.0 million in the prior year. The $10.4 million increase can be attributed to:
  - Mader operations generated $28.3 million in operating cashflow before interest and tax for the year compared to $12.7 million in the prior year. Both years produced lesser operating cashflow before interest and tax than EBITDA due to increased trade receivables and improved trading terms. Operating cashflow before interest and tax is a non-IFRS measure and is calculated by excluding interest and tax payments from cash flows from operations as presented in the Statement of Cash Flows;
  - Cash flows associated with financing for the year were a net cash outflow of $4.1 million, compared to the previous year of $0.27 million; and
  - Tax payments totalling $6.4 million were made during the year, compared with $2.8 million in the prior year, due to the Group's Australian tax instalment rate being adjusted in the current financial year in line with higher prior year profit, and timing differences in international tax payments due to 31 December tax year end.
- Net investing cash outflows for the year decreased to $12.9 million compared to $15.4 million in the previous year and comprised:
  - $14.0 million for capital expenditure compared to $16.7 million the previous year; and
  - $1.1 million from the sale of plant and equipment, compared to $0.7 million the previous year.
- Net cash inflow or provided by financing activities for the year included:
  - $4.3 million paid in dividends as compared to $9.2 million the previous year; and
  - $1.4 million, being the net drawdown on the asset finance facility for capital purchases, less any repayment of the facility during the year (compared to net inflow of $8.2 million last year).

Financial position

The financial position of the Group increased as compared with the previous year, with Net Assets of $48.1 million (2019: $34.2 million). At 30 June 2020 Current Assets exceeded Current Liabilities by $25.5 million (30 June 2019: $16.0 million).

Net debt and financing facilities

- The Group ended the year with Net Debt of $18.5 million, a decrease of $2.7 million over the $21.2 million balance at the prior year end. Net Debt at 30 June 2020 comprised cash of $6.5 million less the total debt $24.9 million.
- The Group's finance facilities available at 30 June 2020 comprised:
  - invoice finance facilities totalling $22.0 million (drawn: $5.6 million);
  - asset finance facilities totalling $19.0 million (drawn: $18.4 million);
  - short term finance facilities totalling $0.9 million (drawn $0.9 million); and
  - bank guarantee facilities totalling $0.3 million (drawn: $0.3 million).
- The Group was in compliance with each of the financial covenants at the date of the Director's Report.

Other Balance Sheet items / movements

Other key balance sheet movements during the year included:

- Trade and other receivables was $55.0 million at 30 June 2020, an increase of $0.5 million from the prior year's closing balance of $54.5 million;
- Plant and equipment at 30 June 2020 was $32.5 million compared to $26.2 million at 30 June 2019 and reflects the net of additions ($13.9 million) and disposals ($1.7 million) for the year exceeding the annual depreciation charge ($6.0 million); and
- Trade and other payables was $18.9 million at 30 June 2020, a decrease of $5.9 million from the prior year's closing balance of $24.8 million.

Business activities

Australia

The Mader Group in Australia provides specialised contract labour for the maintenance of heavy mobile and fixed plant equipment in the resources and civil industries from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls, offsite repairs and maintenance workshop, training of maintenance teams, and a range of complementary ancillary services.

Headquartered in Perth, the Australian Group have regional offices in Kalgoorlie (WA), Mackay (QLD), Hunter Valley (NSW), and opened its newest office in Adelaide (SA) in February 2020. The Mader Group's Australian operations actively supply specialist contract labour in all states and territories. The Group also has a workshop in Perth which supports offsite repairs. The workshop also houses a component rebuild program and specialised tool hire with products available to customers nationally.

- Revenue for the year was A$246.9m, as compared to A$200.5m in FY2019.

United States of America

The Mader Group substantially grew its operations in the USA during the financial year, providing specialised contract labour for the maintenance of heavy mobile equipment across five states. Its USA operations continue to scale benefits returning an average quarterly revenue growth of 60%. Supporting several major customers in the resources industry, the USA operations are active in the strong commodity markets primarily copper, gold and zinc. The services provided include maintenance labour, field support (site labour with support vehicles and tools) and shutdown teams for major overhauls.

The USA division is headquartered in Colorado, and supplied specialist contract labour during the year in, Nevada, Texas, Arizona, Tennessee and Wyoming.

- Revenue for the year was A$13.8m, as compared to A$1.0m in FY2019.
- The USA operations delivered over 73,319 hours of specialised contract labour during the year to 30 June 2020, up from 10,593 hours in its inaugural year of operation which commenced in January 2019.

Other Segments

The Mader Group international (non-USA) provides specialised contract labour for the maintenance of heavy mobile equipment in the resources industry from an in-house pool of skilled employees. The services provided include maintenance labour, field support (site labour with support vehicles and tools), shutdown teams for major overhauls and training of maintenance teams.

During the year, new workscopes were delivered in Chile, the Philippines, India and Papua New Guinea. Additionally, specialist contract labour was supplied to existing customers in Mongolia, Laos, Mauritania, Senegal, Cote d'Ivoire, Democratic Republic of the Congo and Zambia.

- Revenue for the year was A$12.8m, as compared to A$27.1m in FY2019.
- Mader International withdrew its expatriate workforce from Africa and Asia during the initial principle impact of COVID-19, largely re-mobilising them in Australia. This decision was made to protect the health and safety of its workforce. To date, there have been no confirmed cases of COVID-19 among Mader Group's employees.

Overall Group strategy, prospects and risks

Mader Group's strategic plan remains in line with expectations at the time of IPO. The Group sees a continuance of the current trends in its business and strong macro trends which position Mader Group for continued growth.

Mader Group is well placed to take advantage of organic growth opportunities and strong commodity markets as they present. The Group seeks to improve the quality of its revenue base in addressable markets through higher client and regional diversification and a dedicated focus on improved profit margins.

Whilst Mader Group has recently implemented plans to step back into international markets (non-USA), the outlook of COVID-19 in the near to mid term is expected to impact operations in Africa and Asia which will likely only make a small contribution in FY21.

The Board is confident that Mader Group's leading market position and reputation will enable the business to continue to grow through the ongoing attraction of high quality and suitably skilled people and the penetration of new and existing resource projects.

The Mader Group's revenue growth is predominantly driven by three factors:

- Increase in demand in regions where the Mader Group already operates (both existing and new customers). The Mader Group believes there remains significant revenue growth potential in all regions in which the Mader Group currently operates;
- Expansion to new addressable markets where usage of heavy mobile equipment is significant; and
- The continued scaling of a strategy to deliver ancillary services in established regions. These are complementary and value add services to the core capabilities of the Mader Group including auto electrics, light vehicle mechanics, line boring and boilermaking.

Growth in industry demand is affected by:

- The outlook and impacts of COVID-19 in the near to mid term;
- Total commodity production (more production means more machine stock);
- The average age of existing machinery stock (older machines means more maintenance); and
- The extent to which mining companies outsource maintenance workforce requirements.

The Group's specific growth strategies include:

- Replicating the business model in new areas;
- Continuing to diversify by commodity;
- Being an employer of choice;
- Continuing to maintain and develop new customer relationships; and
- Continuing to expand the range of trades supplied.

Mader Group's economic performance and future prospects are subject to a number of risks which may impact its business and which include the Group's ability to maintain its culture; maintaining quality of work and delivery; occupational health, safety and environment; potential downturn in the resources industry; loss of key personnel; management of growth; ability to win new work; the Group's large casual workforce; changes to industrial relations policy or labour laws; reliance on key customers and projects; foreign operations; increase in labour costs; increased competition; labour shortages; decline in the trend towards outsourcing maintenance activities; customer pricing risk, and capital requirements for growth.

Dividends

Dividends paid or declared to members in relation to the financial year were as follows:

	2020 000's
A fully franked dividend declared on 1 August 2019 and paid to pre-IPO shareholders on 20 September 2020	1,280
A fully franked interim dividend declared on 26 February 2020 and paid to shareholders on 17 March 2020	3,000
Sub total	**4,280**
A fully franked final dividend declared on 27 August 2020 and paid to shareholders on 17 September 2020	3,000
Total	**7,280**

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group that occurred during the financial year not otherwise disclosed in this report or the financial statements.

Likely development and expected results of operations

Likely developments in the operations of the Group in future financial years and the expected results of those operations have been included generally within the financial report.

Events subsequent to balance date

Subsequent to 30 June 2020, the Directors declared a final dividend of 1.5 cents per share, which was paid in September 2020.

The Group has executed a multi borrower facility of $62 million to replace existing finance facilities expiring on the 30 September 2020. The facility comprises of an Asset Finance Facility of $25 million and an Invoice Finance Facility of $37 million.

The impact of the COVID-19 pandemic is ongoing and while it had affected the international operations for the consolidated entity up to 30 June 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.

There have been no other matters or circumstances that have arisen after the balance sheet date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

Environmental regulation and performance

The Group holds various licences and is subject to various environmental regulations at its workshops.

The Group has not received any notification from any regulatory authority or client of any breaches of environmental regulations and to the best of its knowledge has complied with all material requirements up to the date of this report.


MADER
BEN
MADER

Information on current Directors

JIM WALKER
GAICD, FAIM

Experience and Expertise

Jim has over 45 years' experience in the resources sector and was the former Managing Director of WesTrac and a Director of Seven Group Holdings and National Hire Group. Jim was formerly the Non-Executive Chairman of Macmahon Holdings Ltd (ASX:MAH) having been a member of the Macmahon board since 2013. Jim is also Chairman of Austin Engineering Ltd (ASX:ANG), Australian Potash Ltd (ASX:APC), State Training Board, Wesley College, WA Motor Museum and Deputy Chairman of RACWA Holdings Pty Ltd. Jim has also been a past State and National President of the Australian Institute of Management.

Directorships held in other listed entities

- Australian Potash Limited from 15 August 2018 to current
- Austin Engineering Limited from 8 July 2016 to current

Former directorships held in listed companies in the last three years

- Programmed Maintenance Services Limited (19 November 2015 until 27 October 2017)
- Macmahon Holdings Limited (11 October 2013 to 27 June 2019)
- Seeing Machines Limited (19 May 2014 to 13 December 2018)

Special responsibilities

- Member of the Audit and Risk Management Committee
- Chairman of the Nomination and Remuneration Committee

Interest in shares and options

- 66,667 Ordinary Shares

LUKE MADER

Experience and Expertise

Founder of the Mader Group, Luke is trade qualified with 20 years' experience in the mining services industry. Luke has built the Mader Group to over 1,400+ employees after realising an underserviced 'niche' in the industry while working in marketing for an Original Equipment Manufacturer (OEM). Luke has forged an impressive reputation across major mining regions of Australia and now the world. Luke leads the Mader Group's strategic growth and development to foster global expansion.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 113,307,095 Ordinary Shares

PATRICK CONWAY
BBUS, CPA, GACG

Experience and Expertise

Patrick has been with the Mader Group for over 6 years and has a background in Public Practice accounting and business advisory including 4 years' experience with a West African gold development project.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 113,824 Ordinary Shares

Information on current Directors (continued)

CRAIG BURTON
BJURIS, LLB, MAICD

Experience and expertise

Craig is venture capital investor in emerging companies, projects and businesses. Craig has a track record of providing financing backing and strategic advice to successful business teams and start-up entrepreneurs.

Directorships held in other listed entities

- Cradle Resources Limited from 5 March 2019 to current
- Grand Gulf Energy Limited from 16 September 2013 to current

Former directorships held in listed companies in the last three years

- Atrum Coal Limited (1 January 2017 – 18 August 2017)
- Capital Drilling Limited (1 January 2009 - 31 August 2018)

Special responsibilities

- Member of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 39,800,000 Ordinary Shares

JUSTIN NUICH
MBA, GRAD DIP MAINTENANCE MANAGEMENT

Experience and expertise

Justin has over 20 years' experience in the mining and oil and gas industries in Australia and globally. He has held senior roles with FMG and Mineral Resources Limited (ASX: MIN) and is now Director Operations at Salt Lake Potash (ASX: SO4). Justin has extensive experience and a successful track record in maintenance management, business improvement and strategic direction of organisations.

Directorships held in other listed entities

- None

Former directorships held in listed companies in the last three years

- None

Special responsibilities

- Chairman of the Audit and Risk Management Committee
- Member of the Nomination and Remuneration Committee

Interest in shares and options

- 66,700 Ordinary Shares

Directors' meetings

The number of meetings of the Company's Board of Directors and of each Board committee held during the year ended 30 June 2020 and the number of meetings attended by each Director were as follows:

	Director's Meeting		Audit and Risk Committee		Nomination and Remuneration Committee	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
J Walker	10	10	1	1	1	1
L Mader	10	10	1	1	1	1
P Conway	10	10	1	1	1	1
C Burton	10	10	1	1	1	1
J Nuich	10	10	1	1	1	1

Company Secretary

SHANNON COATES
LLB, BA (JUR), AGIA, ACIS, GAICD

Ms Coates holds a Bachelor of Law from Murdoch University and has over 20 years' experience in corporate law and compliance. She is a Chartered Secretary and currently acts as Company Secretary to a number of ASX-listed companies.

Ms Coates is a Director of Perth-based corporate advisory firm Evolution Corporate Services, which specialises in the provision of company secretarial and corporate advisory services to ASX-listed companies.

Remuneration Report - Audited

Remuneration report overview (Audited)

The Directors of Mader Group Limited present the Remuneration Report (the Report) for the Company and its controlled entities for the year ended 30 June 2020. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the *Corporations Act 2001*. The Report details the remuneration arrangements for Mader Group's key management personnel (KMP).

- Non-Executive Directors (NEDs)
- Executive Directors and Senior Executives (collectively the Executives)

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group.

The table below outlines the KMP of the Group and their movements during the financial year:

Name	Position	Term as KMP
Non-executive directors		
Jim Walker	Non-Executive Chairman	Full financial year
Craig Burton	Non-Executive Director	Full financial year
Justin Nuich	Non-Executive Director	Full financial year
Executive directors		
Luke Mader	Executive Director	Full financial year
Patrick Conway	Executive Director /Chief Executive Officer	Full financial year
Senior executives		
John Greville	Chief Operating Officer	Full financial year
Lili Lim	Chief Financial Officer	Full financial year

Overview of executive remuneration

How we determine executive remuneration policies and structures

Four principles guide our decisions about executive remuneration at Mader Group:

- Fairness: provide a fair level of reward to all employees;
- Transparency: build a culture of achievement by transparent links between reward and performance;
- Alignment: promote mutually beneficial outcomes by aligning employee, customer and shareholder interests; and
- The Mader Group Culture: drive leadership performance and behaviours that create a culture that promotes safety, diversity and employee satisfaction.

Our executive remuneration policies and structures

We reward Executives with a level and mix of remuneration appropriate to their position, responsibilities and performance, in a way that aligns with the business strategy.

Executives receive fixed remuneration and variable remuneration consisting of short term incentive opportunities.

Executive remuneration levels are reviewed annually by the Board with reference to the remuneration guiding principles and market movements.

Make light work of heavy duty maintenance.

How remuneration is governed

The Mader Group has established a Nomination and Remuneration Committee to assist the Board in fulfilling its corporate governance responsibilities. The Committee provides advice, recommendations and assistance to the Board with respect to:

- Remuneration policies for Non-Executive Directors;
- Remuneration policies for Executive Directors;
- Remuneration policies for Executive Management;
- Equity participation;
- Human resources policies; and
- Other matters referred to the committee by the Board.

The Committee presently consists of Mr Jim Walker, Mr Craig Burton, Mr Justin Nuich, Mr Luke Mader and Mr Patrick Conway. Mr Walker acts as the Chairman of the Nomination and Remuneration Committee.

The Committee may, when it considers necessary or appropriate, obtain advice from external consultants or specialists in relation to remuneration related matters at the Company's expense. During the financial year the Company did not engage any such advisors.

Elements of Executive Remuneration

Fixed Remuneration

Fixed remuneration consists of base salary and superannuation capped at the relevant concessional contribution limit and other benefits (if deemed appropriate and may include a fully expensed mobile phone and other forms of remuneration). The opportunity to salary sacrifice benefits on a tax compliant basis is available on request. Fixed remuneration is set with reference to role, market and relevant experience, which is reviewed annually and upon promotion.

Variable Remuneration - Short-term incentives (STI)

<table>
<tr><th>Feature</th><th>Description</th></tr>
<tr><td>Maximum opportunity</td><td>Executives can earn up to 3.33% of the increase in Statutory Net Profit Before Tax for the financial year, when compared to financial year in which the Executive commenced with the Group.</td></tr>
<tr><td>Performance metrics</td><td>The STI metrics align with the Group's strategic priorities as follows:

Economic profit is a core component and aligns to growth in shareholder's wealth;
Attract and retain high quality Executives rewarding long term commitment to the Group; and
Reward capability and experience.

<table>
<tr><th>Metric</th><th>Target</th><th>Weighting</th><th>Reason for selection</th></tr>
<tr><td>Net profit before tax</td><td>No target is set.</td><td>50%</td><td>Reflects improvements in both revenue and cost control</td></tr>
<tr><td>Total recordable injury frequency rate (TRIFR)</td><td><5 incidents per million hours worked.</td><td>30%</td><td>Our people operating safely both in our and our client's environments is paramount</td></tr>
<tr><td>Retention rate</td><td>20% reduction in the turnover rate when compared to the prior reporting period.</td><td>20%</td><td>Staff retention is core to maintaining a safe, well trained workforce.</td></tr>
</table>
</td></tr>
<tr><td>Delivery of STI</td><td>Bonuses are paid in cash after the end of the financial year, once audited financial accounts have been prepared and the bonus calculations approved.</td></tr>
<tr><td>Board discretion</td><td>All bonuses are at the Board's discretion. The board will consider the participant's performance of their duties and contributions made to the Group's business to determine if a bonus will be paid.</td></tr>
</table>

Long-term incentives (LTI)

There are no specific long term incentive in place. The Board considered the current remuneration structure provides alignment to the Group's strategic direction.

The Group has an annual cash bonus scheme in place which applies to members of the executive team of the Company who are invited to participate in the scheme by the Company.

The Board will assess the participant's performance of their duties and contributions made to the Group's business to determine if a bonus will be paid. If the participant is to receive a bonus, the participant may be entitled to receive a cash bonus at the end of the financial year equal to a percentage of the Net Profit Before Tax (NPBT) of the Group made over an "initial base line". The initial base line is set by the Company and is generally linked to the NPBT of the Group for the financial year in which the participant's employment with the Company commenced. Other terms may apply to a participant's bonus regime which are specific to a participant's role.

The major features are of the bonus scheme are:

- Economic profit is a core component and aligns to growth in shareholder's wealth;
- Attract and retain high quality Executives rewarding long term commitment to the Group; and
- Reward capability and experience.

Bonuses are paid after the end of the financial year, once audited financial accounts have been prepared and bonus calculation approved.

If a participant is on an approved leave of absence of long service leave for part of a financial year, any bonus payable to them will be pro-rated based on the actual time worked by the participant in the financial year. If a participant's employment with the Company is terminated, either through dismissal or resignation, then the participant will not be entitled to future bonuses, including for the financial year in which the participant's employment was terminated.

Non-Executive Director Remuneration

Mader Group's Non-Executive Director fee policy is designed to attract and retain high calibre Directors who can discharge the roles and responsibilities required in terms of good governance, strong oversight, independence and objectivity.

Non-Executive Directors receive fees only and do not participate in any performance-related incentive awards. Non-Executive Directors' fees reflect the demands and responsibilities of the Directors. Non-Executive Directors do not currently receive any additional fees for participation in Board Committees, nor are provided with retirement benefits.

The aggregate remuneration for Non-Executive Directors have been set by the Board at an amount not to exceed $300,000 per annum.

The Company has entered into an agreement with Mr Walker in respect of his appointment as a Non-Executive Chairman of the Company.

Mr Walker is paid a fee of $110,000 per annum (exclusive of statutory superannuation) for his services as Non-Executive Director and Chairman and is also entitled to be reimbursed for all reasonable expenses incurred in performing his duties. The appointment of Mr Walker as Non-Executive Chairman is otherwise on terms that are customary for an appointment of this nature.

The Company has entered into an agreement with each of Messrs Craig Burton and Justin Nuich in respect of their appointments as a Non-Executive Directors of the Company. Each are paid a fee of $60,000 per annum (exclusive of statutory superannuation) for their services Non-Executive Directors and are each also entitled to be reimbursed for all reasonable expenses incurred in performing their duties. The appointments of Messrs Burton and Nuich as Non-Executive Directors are otherwise on terms that are customary for appointments of this nature.

Relationship between remuneration and Group performance

The Board rewards the performance of KMPs with regard to the achievement of operational and financial targets having regard to the duties, performance and contribution of the KMP during the financial year.

KMP's variable remuneration is linked directly to the financial performance of the Group and is designed to align the interests of KMPs with those of shareholders. The annual cash bonus payments to KMPs is based on a percentage of the NPBT of the Group made over a KMPs "initial base line". KMPs initial base line is set by the Board and is generally linked to the NPBT of the Group for the financial year in which the KMPs employment with the Company commenced.

Overview of Company performance

	2020	2019	2018	2017	2016
NPAT ($'m)	17.5	14.9	11.4	6.2	5.5
Basic and diluted earnings per share	8.75	8.77	6.68	3.65	3.25
Total dividends ($'m)[1]	7.28	11.1	3.0	Nil	3.7
Dividend payout ratio	41.6%	74.5%	26.3%	0.0%	67.3%
Remuneration as a percentage of NPAT (%)	9.9%	11.7%	15.2%	-	-
Share Price	0.78	-	-	-	-

1 7.28m: Includes $3.0m final dividend declared in relation to the financial year ended 30 June 2020 declared on 27 August 2020.

Executive Service Agreements

Luke Mader – Executive Director

The Company and Luke Mader have entered into an executive services agreement for his role as Executive Director.

The principle terms of the agreement are as follows:

(a) A base salary of $2,000 per day worked for the Company (exclusive of statutory superannuation).

(b) The agreement may be terminated:

  (i) By either party without cause with 6 months' written notice, or in the case of the Company, immediately with payment in lieu of notice;

  (ii) By the Company with 6 months' notice, or immediately with payment in lieu of notice if Mr Mader is unable to perform his service under the agreement for three consecutive months or a period aggregating to 6 months in a 12 month period;

  (iii) By either party with 6 months' notice if Mr Mader's role becomes redundant. If the Company terminates the employment of Mr Mader within 6 months of a Change of Control it will be deemed to be a termination by reason of redundancy. If the Company terminates for reason of redundancy it shall be obliged to pay Mr Mader for any notice period worked. In addition, it will be required to pay any redundancy amount payable under applicable laws, an amount equal to 6 months' base salary (less tax) and any accumulated entitlements;

  (iv) By the Company, at any time with written notice and without payment (other than entitlements accrued to the date of termination) as a result of any occurrence which gives the Company a right of summary dismissal at common law; and

  (v) By Mr Mader immediately, by giving notice, if the Company is in breach of a material term of its agreement with him.

The agreement otherwise contains industry-standard provisions for a senior executive of a public company that is seeking a listing on the Official list of the ASX.

Patrick Conway – Executive Director and Chief Executive Officer

Mader Contracting and Patrick Conway have entered into an employment agreement for his role as Chief Executive Officer.

The principle terms of the agreement are as follows:

(a) A base salary of $250,000 per annum (exclusive of statutory superannuation).

(b) Mr Conway is eligible to participate in the Company's bonus scheme outlined on page 31.

(c) The agreement may be terminated:

  (i) By either without cause with 6 months' written notice, or in the case of Mader Contracting, immediately with payment in lieu of notice; and

  (ii) By Mader Contracting with immediate effect if Mr Conway is guilty of serious misconduct, is convicted of a serious criminal offence or for certain breaches of the agreement (including in relation to Mr Conway's duties and protection of Mader Contracting's intellectual property).

The agreement is otherwise on industry-standard terms for an agreement of its nature.

John Greville – Chief Operating Officer

Mader Contracting and John Greville have entered into an employment agreement for Mr Greville's role as Chief Operating Officer.

The principle terms of the agreement are as follows:

(a) A base salary of $220,000 per annum (exclusive of statutory superannuation)

(b) Mr Greville is eligible to participate in the Company's bonus scheme outlined above

(c) The agreement may be terminated:

  (i) by either party without cause with 6 months' written notice, or in the case of the Mader Contracting, immediately with payment in lieu of notice; and

  (ii) by Mader Contracting with immediate effect if Mr Greville is guilty of serious misconduct or is convicted of a serious criminal offence.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

Lili Lim – Chief Financial Officer

Mader Contracting and Lili Lim have entered into an employment agreement for Ms Lim's role as Chief Financial Officer.

The principle terms of the agreement are as follows:

(a) A base salary of $170,000 per annum (exclusive of statutory superannuation)

(b) Ms Lim is eligible to participate in the Company's bonus scheme outlined above

(c) The agreement may be terminated:

  (i) by either party without cause with 6 months' written notice, or in the case of Mader Contracting, immediately with payment in lieu of notice; and

  (ii) by Mader Contracting with immediate effect if Ms Lim is guilty of serious misconduct or is convicted of a serious criminal offence.

The agreement is otherwise on industry-standard terms for an agreement of its nature.

Remuneration of Key Management Personnel

The following tables show the details of remuneration received by the Directors and key management personnel for the years ended 30 June 2020 and 30 June 2019:

		Short-term employee benefits			Post-employment			
		Salary & fees	Short Term incentives	Non-monetary	Super-annuation	Annual and long service leave	Total remun-eration	Perform-ance related
		$	$	$	$	$	$	%
Non-executive directors								
Jim Walker	2020	110,000	-	-	10,450	-	120,450	-
	2019	55,000	-	-	5,225	-	60,225	-
Craig Burton	2020	60,000	-	-	5.700	-	65,700	-
	2019	30,000	-	-	2,850	-	32,850	-
Justin Nuich	2020	60,000	-	-	-	-	60,000	-
	2019	30,000	-	-	-	-	30,000	-
Sub-total non-executive directors	**2020**	**230,000**	**-**	**-**	**16,150**	**-**	**246,150**	**-**
	2019	**115,000**	**-**	**-**	**8,075**	**-**	**123,075**	**-**
Executive directors								
Luke Mader	2020	155,000	-	-	11,071	-	166,071	-
	2019	265,000	-	18,188	11,311	-	294,499	-
Patrick Conway	2020	251,846	192,775	-	20,089	12,834	477,544	40
	2019	247,149	196,239	3,671	22,232	24,492	493,783	40
Sub-total executive directors	**2020**	**406,846**	**192,775**	**-**	**31,160**	**12,834**	**643,615**	**-**
	2019	**512,149**	**196,239**	**21,859**	**33,543**	**24,492**	**788,282**	**-**
Senior executives								
John Greville	2020	221,481	288,127	-	19,771	12,140	541,519	53
	2019	219,825	311,552	5,355	25,395	16,072	578,199	54
Lili Lim	2020	171,602	108,227	-	18,858	6,766	305,452	35
	2019	170,064	55,150	-	17,026	20,018	262,258	21
Sub-total Senior executives	**2020**	**393,082**	**396,354**	**-**	**38,629**	**18,906**	**846,971**	**-**
	2019	**389,889**	**366,702**	**5,355**	**42,421**	**36,090**	**840,457**	**-**
Total key management personnel compensation	**2020**	**1,029,929**	**589,129**	**-**	**85,939**	**31,739**	**1,736,737**	**-**
	2019	**1,017,038**	**562,941**	**27,214**	**84,039**	**60,582**	**1,751,814**	**-**

- Prior to 1 January 2019, there was no remuneration for Craig Burton for his role as Non-Executive Director. His agreement of annual remuneration of $60,000 started 1 January 2019.
- Salary & fees for FY 2019 have been re-stated as annual leave movment is included in long term benefits.

Key Management Personnel Equity Holding

The number of ordinary shares of the Company, held directly, indirectly or beneficially, in which the KMP has a relevant interest for the year ended 30 June 2020 are as follows:

	Balance 1 July 2019	Sale of Shares under IPO Prospectus Offer 30 September 2019	Granted as remuneration	On exercise of options	Other changes[1]	Balance 30 June 2020
Non-executive directors						
Jim Walker	-	-	-	-	66,667	66,667
Craig Burton	50,000,000	(12,000,000)	-	-	1,800,000	39,800,000
Justin Nuich	-	-	-	-	66,700	66,700
Non-executive directors						
Luke Mader	150,000,000	(38,000,000)	-	-	1,307,095	113,307,095
Patrick Conway	-	-	-	-	113,824	113,824
Senior executives						
John Greville	-	-	-	-	166,667	166,667
Lili Lim	-	-	-	-	-	-
Total	**200,000,000**	**(50,000,000)**	**-**	**-**	**3,520,953**	**153,520,953**

1 As part of the Company's Initial Public Offering Mader Group employees and executives were offered an opportunity to subscribe for shares in the Company at a discounted price of $0.90/share (public offer price of $1.00/share). Mr Patrick Conway and Mr John Greville subscribed for 113,824 and 166,667 shares respectively at the discounted offer price. Non-executive directors Mr Jim Walker and Mr Justin Nuich subscribed for 66,667 and 66,700 shares respectively at the discounted offer price. The discounted shares received were subject to a 12 month escrow period from the date of issue.

None of the shares above were held nominally by the Directors or any of the other key management personnel.

Loans to Key Management Personnel

There were no loans to Directors or Executives during the financial year ended 30 June 2020.

Other Transactions with Key Management Personnel

There were no other transactions with Directors or Executives during the financial year ended 30 June 2020.

Performance based remenueration awarded and forfeited during the year

The below table shows for each KMP how much of their STI cash bonus was awarded and how much was forfeighted.

	Total STI Bonus (cash)		
2020	**Total opportunity $**	**Awarded %**	**Forfeited %**
Jim Walker	-	-	-
Craig Burton	-	-	-
Justin Nuich	-	-	-
Luke Mader	-	-	-
Patrick Conway	385,551	50%	50%
John Greville	576,254	50%	50%
Lili Lim	216,454	50%	50%

Voting and comments made at the Company's 2019 annual general meeting

The Company received 99.87% votes in favour of its remuneration report for the 2019 financial year. The Company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Use of Independent remuneration consultants

The Company did not use the services of remuneration consultants during the year in determining the compensation for Directors and Executives.

End of audited remuneration report.

Shares under option

There were no unissued ordinary shares of Mader Group Limited under option at the date of this report.

Indemnication and insurance of directors and officers

(a) Indemnification and insurance of directors and officers

The Company has executed a deed of access, indemnity and insurance in favour of each Director during the financial year. The indemnity requires the Company to indemnify each Director for liability incurred by the Director as an officer of the Company subject to the restrictions prescribed in the *Corporations Act 2001*. The deed also gives each Director a right of access to Board papers and requires the Company to maintain insurance cover for the Directors.

(b) Indemnification of auditors

The Company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Company or of any related body corporate against a liability incurred as such an officer or auditor.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

The following non-audit services were provide by the Group's auditor, BDO Audit (WA) Pty Ltd. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence of auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit services provided means the auditor independence was not compromised.

Related entities of BDO Audit (WA) Pty Ltd received or are due to receive the following amounts for provision of non-audit services:

	2020	**2019**
BDO Australia	**$'000**	**$'000**
Consulting services	45	161
Tax compliance	140	74
BDO Network Firms		
Tax compliance	2	5
Non-BDO Network Firms		
Tax compliance	6	3
Other services	-	23

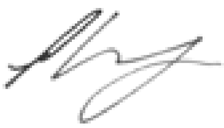
Auditors Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 38.

Rounding

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Patrick Conway
Executive Director and Chief Executive Officer

Dated this 28th day of September 2020

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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF MADER GROUP LIMITED

As lead auditor of Mader Group Limited for the year ended 30 June 2020, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Mader Group Limited and the entities it controlled during the period.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 28 September 2020


MADER
ARNALEA
MADER
FIXED PLANT

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2020

	NOTE	2020 $'000	2019 $'000
Revenue	4	273,547	228,645
Cost of sales		(218,804)	(180,721)
Gross profit		**54,743**	**47,924**
Distribution expense		(246)	(104)
Marketing expenses		(813)	(780)
Administration expenses		(27,104)	(24,727)
Other operating expenses		(532)	(825)
Operating profit		**26,048**	**21,488**
Finance costs	5	(1,735)	(1,490)
Other income	4	598	421
Profit before income tax		**24,911**	**20,419**
Income tax expense	6	(7,407)	(5,519)
Profit for the year		**17,504**	**14,900**
Other comprehensive income/(loss)			
Items that may be reclassified to profit or loss			
Foreign currency translation differences		724	(349)
Total comprehensive income for the year		**18,228**	**14,551**
Earnings per share			
Basic and diluted earnings per share (cents per share)	8	8.75	8.76

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the notes to the financial statements set out on pages 45-76.

Consolidated Statement of Financial Position

As at 30 June 2020

	NOTE	2020 $'000	2019 $'000
Current assets			
Cash and cash equivalents	10	6,456	3,049
Trade and other receivables	11	55,049	54,495
Other assets	12	1,713	1,403
Total current assets		**63,218**	**58,947**
Non-current assets			
Property, plant and equipment	13	32,542	26,247
Right of use of asset	18	2,587	-
Other assets	12	392	417
Deferred tax assets	6	2,008	1,896
Total non-current assets		**37,529**	**28,560**
Total assets		**100,747**	**87,507**
Current liabilities			
Trade and other payables	14	18,898	24,809
Lease liabilities	19	491	-
Provisions	15	1,307	715
Tax liabilities	6	3,227	2,611
Borrowings	16	13,777	14,364
Total current liabilities		**37,700**	**42,500**
Non-current liabilities			
Lease liabilities	19	2,096	-
Provisions	15	599	425
Deferred tax liabilities	6	1,097	549
Borrowings	16	11,138	9,864
Total non-current liabilities		**14,930**	**10,838**
Total liabilities		**52,630**	**53,338**
Net assets		**48,117**	**34,169**
Equity			
Issued capital	17	2	2
Reserves	20	(433)	(1,157)
Retained earnings		48,548	35,324
Total equity		**48,117**	**34,169**

The above consolidated statement of financial position should be read in conjunction with the notes to the financial statements set out on pages 45-76.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2020

	NOTE	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2019		**2**	**35,324**	**(1,157)**	**34,169**
Comprehensive income/(loss)					
Profit for the year		-	17,504	-	17,504
Other comprehensive income/ (loss) for the year		-		724	724
Total comprehensive income/ (loss)for the year		**-**	**17,504**	**724**	**18,228**
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	9	-	(4,280)	-	(4,280)
Total transactions with owners		**-**	**(4,280)**	**-**	**(4,280)**
Balance at 30 June 2020		**2**	**48,548**	**(433)**	**48,117**

	NOTE	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total $'000
Balance at 1 July 2018		**2**	**31,586**	**(808)**	**30,780**
Comprehensive income/(loss)					
Profit for the year		-	14,900	-	14,900
Other comprehensive income/ (loss) for the year		-	-	(349)	(349)
Total comprehensive income/ (loss)for the year		**-**	**14,900**	**(349)**	**14,551**
Transactions with owners, in their capacity as owners					
Dividends paid or provided for	9	-	(11,162)	-	(11,162)
Total transactions with owners		**-**	**(11,162)**	**-**	**(11,162)**
Balance at 30 June 2019		**2**	**35,324**	**(1,157)**	**34,169**

The above consolidated statement of changes of equity should be read in conjunction with the notes to the financial statements set out on pages 45-76.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2020

	NOTE	2020 $'000	2019 $'000
Cash flows from operating activities			
Receipts from customers		272,994	213,518
Payments to suppliers and employees		(244,508)	(199,285)
Interest received		(1,513)	15
Finance costs		(216)	(1,490)
Income tax paid		(6,356)	(2,800)
Net cash provided by operating activities	10	**20,401**	**9,958**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		1,108	749
Payments for plant and equipment		(13,969)	(16,660)
Payments for purchase of shares in unlisted companies		-	(416)
Proceeds from sale of shares in unlisted companies		-	900
Net cash (used in) investing activities		**(12,861)**	**(15,427)**
Cash flows from financing activities			
Dividends paid		(4,280)	(9,161)
Payment of lease liabilities		(540)	-
Proceeds from promissory note		846	-
Proceeds from (repayment of) finance mortgage borrowings (net)[1]		(1,531)	1,262
Proceeds from chattel mortgage borrowings		12,003	13,614
Repayment of chattel mortgage borrowings		(10,631)	(5,441)
Net cash provided by/(used in) financing activities		**(4,133)**	**274**
Net increase/(decrease) in cash held		**3,407**	**(5,195)**
Net foreign exchange difference		**-**	**(2)**
Cash at the beginning of the financial year		**3,049**	**8,246**
Cash at the end of the financial year	10	**6,456**	**3,049**

1 Debtors finance has been reclassified as finance mortgage borrowings in both years

The above consolidated statement of cash flows should be read in conjunction with the notes to the financial statements set out on set out on pages 45-76.

Notes to the Consolidated Financial Statements

For the Year Ended 30 June 2020

1. Corporate Information

The consolidated financial statements of Mader Group Limited (Mader Group or the Company) and its subsidiaries (collectively, the Group) for the year ended were authorised for issue in accordance with a resolution of the board of directors on 28 September 2020.

Mader Group Limited is a for profit company limited by shares incorporated in Australia.

The nature of the operations and principal activities of the Group are described in the Director's report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general purpose report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The Company is for a profit entity for financial reporting purposes under Australian Accounting Standards. These financial statements also comply with International Financial Reporting Standrads as issued by the Interenational Accounting Standards Board (IASB)

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. The financial statements and notes also comply with International Financial Reporting Standards.

The financial report has been prepared on a historical cost basis unless otherwise stated in the notes.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand ($000), except when otherwise indicated under the option available to the Company under ASIC Corporations (Rounding in Financial/Directors Reports) Instrument 2016/191.

(b) Going concern

The financial statements have been approved by the Directors on a going concern basis. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of the COVID19 pandemic on the position of the Group at 30 June 2020 and its operations in future periods.

(c) Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the full Board of Directors.

(d) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(e) Earnings per share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

2. Summary of Significant Accounting Policies (continued)

(f) Basis of consolidation

The consolidated financial statements comprises the financial statements of the Company and its subsidiaries as at 30 June 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual agreement(s) with the other vote holders of the investee
- Rights arising from other contractual agreements
- The Group's voting rights and potential voting rights

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

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expense and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity, while any resultant gain or loss is recognised in profit or loss.

(g) Income Tax

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to computer the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liabilities arises from the initial recognition of goodwill or asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax assets relating to the deductible temporary difference arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect in deductible temporary differences associated with investments in subsidiaries, associates and interest in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(h) Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/ non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting year

Or

- Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting year

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting year

Or

There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting year

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. Summary of Significant Accounting Policies (continued)

(i) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured on the cost basis.

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 asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, excluding freehold land, is depreciated on a diminishing value basis over the asset's useful life to the company commencing from the time the asset is held ready for use.

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

Class of fixed assets	Depreciation rate
Computer equipment	37.5%
Office furniture and fittings	10 – 40%
Motor vehicles	20 – 30%
Plant and equipment	10 – 30%

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

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains or losses are included in the Statement of Profit or Loss and Other Comprehensive Income. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(j) Leases

The consolidated entity has adopted AASB 16 Leases from 1 July 2019, using the modified retrospective approach and therefore has not restated comparative for the 2019 reporting period, as permitted under the specific transitional provisions in the standard.

Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Leases payments on these assets are expensed to profit or loss as incurred.

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payment less any lease incentives receivable, variable lease payments that depends on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

For the year ended 30 June 2019

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged on a straight line basis over the length of the lease.

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

(k) Financial Instruments – Financial Assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under AASB 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to operate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the assets.

Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified in three categories:

- Financial assets at amortised costs
- Financial assets at fair value through OCI with recycling of cumulative gains and losses
- Financial assets at fair value through profit or loss

Financial assets at amortised costs

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial asset in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Summary of Significant Accounting Policies (continued)

(k) Financial Instruments – Financial Assets (continued)

Financial assets at amortised costs (continued)

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecoginsed, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other current financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss included financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Financial assets designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial asset as at fair value through profit or loss.

Derecognition

A financial asset is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

The rights to receive cash flows from the asset have expired; or

The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the assets, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group recognises an allowance for expected credit losses (ECLs) for trade receivables. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime (ECLs) at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are over 90 days past due. However, in certain cases, the Group may also considers a financial assets to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

(l) Financial instruments – Financial Liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payable as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in AASB 9 are satisfied. The Group has not designated any financial liability as at fair value through profit or loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the (Effective Interest Rate) EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortisation cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

This category generally applied to interest-bearing loans and borrowings. For more information, refer to Note 16.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(m) Fair Value measurement

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

(n) Impairment of Non-Financial Assets

At each reporting date, the company reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compare to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss and Other Comprehensive Income.

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.

(o) 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 at the best estimate of the amounts required to settle the obligation at the end of the reporting year.

2. Summary of Significant Accounting Policies (continued)

(o) Provisions (continued)

Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits have been measured at nominal amounts expected to be paid when the liability is settled (excluding on-costs).

Provision for long service leave is recognised when an employee reached seven years of consecutive service.

(p) Cash and Cash Equivalents

Cash and cash equivalents includes 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 financial liabilities in current liabilities on the Statement of Financial Position.

(q) 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 Taxation Office. In these circumstances the GST is recognised as part of the costs of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST. 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 in the Statement of Cash Flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(r) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the year in which they are occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(s) Trade and Other Receivables

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (g) Financial Instruments – initial recognition and subsequent measurement.

The Group applies the simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

(t) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the company that remain unpaid at 30 June 2020. Refer to accounting policies of financial liabilities in section (l) Financial Instruments – initial recognition and subsequent measurement.

(u) Foreign Currency Translation

The Group's consolidated financial statements are presented in Australian dollars, which is also parent company's functional currency. The functional currency of the Group's main overseas operating entities are USD. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date of the transaction first qualifies for recognition.

Monetary assets and liabilities determined in foreign currencies are translated at the functional currency spot rates of exchange rate at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Group companies

On consolidation, the assets and liabilities of foreign operations are translated into Australian dollars at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of transaction. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date

(v) Revenue from contracts with customers

The Group is in the business of providing labour hire, and support and maintenance services to the mining sector. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at the amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

Services revenue

The Group derives revenue from the provision of maintenance and repair services to mining companies. Maintenance and repair services performance obligations are fulfilled over time as the group enhances assets which the customer controls, for which the Group does not have an alternative use and for which the Group has right to payment for performance to date. Revenue is recognised for each contracts based on the agreed contractual rate to which the group is entitled.

The amount billed to customers are not secured and are typically due within 60 – 90 days from an invoice date.

Warranty obligations

Mader offer warranty on workshop rebuilt components including engines and powertrain parts. Other warranties items are assessed on a case by case basis and if agreed by both parties warranty could be offered.

Refund liabilities

Mader do not currently have any specific current liabilities related to workmanship. Refunds if offered are approved by the CEO and CFO.

(w) New and amended standards and interpretations

This note explains the impact of the adoption of AASB 16 Leases on the group's financial statements and discloses the new accounting policies that have been applied from 1 July 2019 in note (j) above. The group has adopted AASB 16 retrospectively from 1 July 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 July 2019.

(a) Adjustments recognised on adoption of AASB 16

On adoption of AASB 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB117 *Leases*. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 4.3%.

2. Summary of Significant Accounting Policies (continued)

(w) New and amended standards and interpretations (continued)

(a) Adjustments recognised on adoption of AASB 16 (continued)

	1 July 2019 $'000
Operating lease commitments disclosed as at 30 June 2019	2,543
Discounted using the lessee's incremental borrowing rate of at the date of initial application	2,301
(Less): short-term leases recognised on a straight-line basis as expense	(29)
Add/(less): adjustments as a result of a different treatment of extension and termination options	820
Lease liability recognised as at 1 July 2019	3,092
Of which are:	
Current lease liabilities	603
Non-current lease liabilities	2,489
	3,092

The associated right-of-use assets for property leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the balance sheet at 1 July 2019. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The recognised right-of-use assets relate to the following types of assets:

	30 June 2020 $'000	1 July 2019 $'000
Properties	2,587	3,092
Total right-of-use assets	2,587	3,092

(i) *Practical expedients applied*

In applying AASB 16 for the first time, the group has used the following practical expedients permitted by the standard:

- The use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Reliance on previous assessments on whether leases are onerous;
- The accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short term leases;
- The exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The group has also elected not to reassess whether a contract is (or contains) a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(b) Issued but not yet effective

Australian Accounting Standards and Intrepretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2020. These standards are not expected to have a material impact on the consolidated entity in the current or future reporting periods and on foreseeable future transactions.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Impairment of non-financial assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Provision for expected credit losses of trade receivables

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the mining sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions, the impact of the Coronavirus (COVID-19) pandemic and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables and contract assets is disclosed in Note 11.

Useful lives of depreciable assets

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

4. Revenue

	2020 $'000	2019 $'000
Operating Revenue		
- Maintenance services	260,434	214,688
- Hire recoveries	1,793	2,119
- Direct expense recoveries	11,320	11,838
Total operating revenue	**273,547**	**228,645**
Timing of revenue recognition		
- At a point in time	11,320	11,838
- Over time	262,227	216,807
Total	**273,547**	**228,645**
Other income		
- Interest income	6	15
- Other income	592	406
Total other income	**598**	**421**

5. Expenses

	2020 $'000	2019 $'000
Expenses		
Depreciation	6,602	3,826
Employee benefits expense[1]	168,602	149,568
Rental expense of operating leases	963	1,153
IPO costs	856	908
Finance costs		
Interest on debts and borrowings	472	537
Finance charges payable under finance leases and hire purchase contracts	1,047	687
Total interest expense	**1,519**	**1,224**
Other finance costs	216	266
Total finance costs	**1,735**	**1,490**

1 Employee benefits expense constitutes of only wages and salaries

6. Tax

(a) Income tax expense	2020 $'000	2019 $'000
Components of income tax expense		
Current income tax charge	7,102	5,964
Under/(over) provision in respect of prior years	(99)	3
Deferred tax resulting from the origination and reversal of temporary differences	404	(448)
	7,407	**5,519**
Accounting profit before income tax	24,911	20,419
Tax at the Australian tax rate of 30% (2018 - 30%)	7,473	6,125
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non-allowable expenses/(non-taxable income)	34	50
Effect of different tax rates of subsidiaries in other jurisdiction	(306)	115
Under/(over) provision in prior years	(99)	5
Other	305	(774)
Adjustment for current tax of prior period	-	(2)
Income tax expense	**7,407**	**5,519**

(b) Current tax asset and liability		
Current tax assets	-	-
Current tax liabilities	(3,227)	(2,611)
	(3,227)	**(2,611)**

(c) Deferred tax		
Deferred tax assets:		
Accrued expenses and provision	853	889
Employee leave entitlements	578	293
Depreciation	13	-
Losses	217	159
Other	347	555
Total deferred tax assets	**2,008**	**1,896**
Deferred tax liabilities:		
Accrued revenue and prepayment	4	45
Depreciation	1,093	504
Other	-	-
Total deferred tax liabilities	**1,097**	**549**

6. Tax (continued)

	Opening balance	Charge to income tax	Charged to tax provision	Closing balance
Movements: 2020				
Deferred tax assets				
Accrued expenses and provision	889	138	(174)	853
Employee leave entitlements	293	34	251	578
Depreciation	-	5	8	13
Losses	159	34	24	217
Other	555	(30)	(178)	347
Total deferred tax assets	**1,896**	**181**	**(69)**	**2,008**
Deferred tax liabilities				
Accrued revenue and prepayment	45	(35)	(6)	4
Depreciation	504	625	(36)	1,093
Other	-	(4)	4	-
Total deferred tax liabilities	**549**	**586**	**(38)**	**1,097**
Movements: 2019				
Deferred tax assets				
Accrued expenses and provision	471	211	207	889
Employee leave entitlements	-	293	-	293
Depreciation	11	(10)	(1)	-
Losses	-	53	106	159
Other	-	425	130	555
Total deferred tax assets	**482**	**972**	**442**	**1,896**
Deferred tax liabilities				
Accrued revenue and prepayment	101	22	(78)	45
Depreciation	-	504	-	504
Other	11	-	(11)	-
Total deferred tax liabilities	**112**	**526**	**(89)**	**549**

7. Segment information

Management has determined that the strategic operating segments comprise of Australia, United States, all other segments (Africa, Asia and South America) and Corporate. These reporting segments provide a more balanced view of cross-operational performance across business units, recognising and compensating for inter-regional differences in relation to technical methodologies and processes, the cost of labour, the existence of competition and differing customer requirements that may affect product pricing.

During the financial year two customers within the Australian segment individually contributed greater than 10% of group revenue. The revenue received from these two clients was $48.0 million and $30.5 million (2019: $37.5 million and $32.1 million) respectively.

2020	Australia $'000	United States $'000	All other segments[1] $'000	Unallocated $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers						
- Maintenance services	235,868	12,096	12,470	-	-	260,434
- Hire recoveries	1,793	-	-	-	-	1,793
- Direct expense recoveries	9,247	1,730	343	-	-	11,320
	246,908	13,826	12,813	-	-	273,547
Inter-segment revenue	36	-	600	4,759	(5,395)	-
	246,944	13,826	13,413	4,759	(5,395)	273,547
Other revenue	350	3	231	14	-	598
Total segment revenue	**247,294**	**13,829**	**13,644**	**4,773**	**(5,395)**	**274,145**
Segment EBITDA	**29,228**	**3,059**	**2,706**	**3,925**	**(5,892)**	**33,026**
Depreciation and amortisation	(5,391)	(914)	(58)	(295)	56	(6,602)
Segment EBIT	**23,836**	**2,145**	**2,648**	**3,631**	**(5,835)**	**26,425**
Other segment information						
Interest income	-	-	7	-	-	7
Interest expense	(1,199)	(156)	-	(697)	532	(1,520)
Income tax (expense)/benefit	(6,875)	(469)	(388)	325	-	(7,407)
Segment result	**15,762**	**1,520**	**2,267**	**3,257**	**(5,302)**	**17,504**
Segment assets	**77,024**	**6,343**	**14,406**	**5,242**	**(2,268)**	**100,747**
Segment liabilities	**44,445**	**5,135**	**1,093**	**2,740**	**(783)**	**52,630**
Other segment information						
Acquisition of property, plant and equipment and other non-current assets	9,642	4,349	-	5	-	13,996

Notes
1 All other segments represents the Group's operations in Africa, Asia and South America.

7. Segment information (continued)

2019	Australia $'000	United States $'000	All other segments[1] $'000	Unallocated $'000	Inter-segment eliminations $'000	Consolidated $'000
Segment revenue						
Sales to external customers						
- Maintenance services	187,966	972	25,750	-	-	214,688
- Hire recoveries	2,119	-	-	-	-	2,119
- Direct expense recoveries	10,455	58	1,325	-	-	11,838
	200,540	**1,030**	**27,075**	**-**	**-**	**228,645**
Inter-segment revenue	186	-	-	-	(186)	-
	200,726	**1,030**	**27,075**	**-**	**(186)**	**228,645**
Other revenue	242	-	12	829	(662)	421
Total segment revenue	**200,968**	**1,030**	**27,087**	**829**	**(848)**	**229,066**
Segment EBITDA	**21,657**	**(401)**	**4,551**	**(778)**	**425**	**25,454**
Depreciation and amortisation	(3,604)	(114)	(53)	(55)	-	(3,826)
Segment EBIT	**18,053**	**(515)**	**4,498**	**(833)**	**425**	**21,628**
Other segment information						
Interest income	3	-	251	-	(239)	15
Interest expense	(1,442)	(2)	-	(19)	239	(1,224)
Income tax (expense)/benefit	(5,041)	132	(865)	255	-	(5,519)
Segment result	**11,573**	**(385)**	**3,884**	**(597)**	**425**	**14,900**
Segment assets	**74,495**	**5,905**	**17,749**	**12,414**	**(23,056)**	**87,507**
Segment liabilities	**56,687**	**6,155**	**4,447**	**8,967**	**(22,918)**	**53,338**
Other segment information						
Acquisition of property, plant and equipment and other non-current assets	14,156	2,801	115	572	-	17,643

Notes

1 All other segments represents the Group's operations in Africa, Asia and South America.

8. Earnings per share (EPS)

	2020 $'000	2019 $'000
Basic and diluted earnings per share (cents)	8.75	8.76
Earnings used in the calculation of basic and diluted earnings per share		
Earnings used in the calculation of basic and diluted earnings per share	17,504	14,900
Weighted average number of ordinary shares		
Weighted average number of ordinary shares for the purpose of basic and diluted earnings per share to EPS	200,000	170,082

Basic EPS is calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

Basic and diluted earnings per share of prior year presented have been adjusted for the effects of the share split retrospectively (refer to note 17).

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

9. Dividends

	2020 $'000	2019 $'000
Cash dividends on ordinary shares declared and paid:		
Dividends declared and paid during the year	4,280	11,162
Total dividends	**4,280**	**11,162**

	Parent	
	2020 $'000	2019 $'000
Franking account balance The amount of franking credits available for subsequent financial years are:		
Franking account balance at the end of the financial year at 30% (2019:30%)	328	1,734

10. Cash and cash equivalents

	2020 $'000	2019 $'000
Cash at bank	6,456	3,049

Reconciliation of Cash Flow from Operations with Profit after Income Tax

	2020 $'000	2019 $'000
Profit after income tax	17,504	14,900
Depreciation	6,602	3,826
Gain on disposal of property, plant and equipment	(36)	(227)
Change in assets and liabilities:		
(Increase)/Decrease in deferred tax assets	(112)	(1,424)
Increase/(Decrease) in deferred tax liabilities	548	436
Increase/(Decrease) in current tax payable	616	3,707
Increase/(Decrease) in payables and accruals	(4,647)	2,873
(Increase)/Decrease in receivables	(555)	(15,127)
(Increase)/Decrease in accrued revenue	(346)	907
(Increase)/Decrease in other assets	63	(357)
Increase/(Decrease) in provisions	764	444
Net cash flow from operating activities	**20,401**	**9,958**

11. Trade and other receivables

30 June 2020	**Australia $'000**	**United States $'000**	**All other segments $'000**	**Total $'000**
Current				
Trade receivables	50,634	2,617	695	53,946
Other receivables	1,158	-	-	1,158
ECL provision	(55)	-	-	(55)
Net balance	**51,737**	**2,617**	**695**	**55,049**

30 June 2019				
Current				
Trade receivables	48,194	862	5,648	54,704
ECL provision	(42)	(61)	(106)	(209)
Net balance	**48,152**	**801**	**5,542**	**54,495**

Trade receivables are non-interest bearing and are generally on terms between 30 and 90 days. All amounts are short term. The carrying value of trade receivables are considered a reasonable approximation of fair value.

The group applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Refer to note 3 for the basis of input and assumptions.

11. Trade and other receivables (continued)

Movement in the allowance for expected credit losses:

	2020 $'000	2019 $'000
Opening balance	(209)	(280)
Foreign currency differences	-	-
Net movement for expected credit losses	154	71
Written off	-	-
Closing balance	**(55)**	**(209)**

12. Other assets

	2020 $'000	2019 $'000
Current		
Accrued revenue	472	126
Employee loans – carried at amortised cost	20	17
Prepayment	1,074	1,173
Other	147	87
Total current other assets	**1,713**	**1,403**
Non-current		
Unlisted shares – carried at fair value	57	57
Other	335	360
Total non-current other assets	**392**	**417**

13. Property Plant and Equipment

	Buildings and property $'000	Office furniture and equipment $'000	Plant equipment and motor vehicles $'000	Low value pool $'000	Total $'000
2020					
Cost	631	1,308	48,111	236	50,286
Accumulated depreciation	(148)	(544)	(16,873)	(179)	(17,744)
Carrying value as at 30 June 2020	**483**	**764**	**31,238**	**57**	**32,542**
2019					
Cost	600	1,179	36,231	209	38,219
Accumulated depreciation	(70)	(426)	(11,318)	(158)	(11,972)
Carrying value as at 30 June 2019	**530**	**753**	**24,913**	**51**	**26,247**

	Buildings and property $'000	Office furniture and equipment $'000	Plant equipment and motor vehicles $'000	Low value pool $'000	Total $'000
Year ended 30 June 2020					
Opening net book value	530	753	24,913	51	26,247
Additions	31	183	13,755	27	13,996
Disposals	-	-	(1,704)	-	(1,704)
Depreciation	(78)	(172)	(5,726)	(21)	(5,997)
Closing net book value	**483**	**764**	**31,238**	**57**	**32,542**
Year ended 30 June 2019					
Opening net book value	129	467	12,073	67	12,736
Additions	460	413	16,761	9	17,643
Disposals	-	(5)	(301)	-	(306)
Depreciation	(59)	(122)	(3,620)	(25)	(3,826)
Closing net book value	**530**	**753**	**24,913**	**51**	**26,247**

14. Trade and other payables

	2020 $'000	2019 $'000
Current		
Trade payables	1,659	4,372
Other payables and accrued expenses	17,239	20,437
Total	**18,898**	**24,809**

Trade payables are non-interest bearing and are normally settled on 30-day terms.

Other payables are non-interest bearing and have an average term of three months.

15. Provisions

	2020 $'000	2019 $'000
Current		
Employee entitlements	1,307	715
Total	**1,307**	**715**
Non-current		
Employee entitlements	599	425
Total	**599**	**425**

The provision for employee entitlements represents annual leave and vested long service leave entitlements.

16. Borrowings

	2020 $'000	2019 $'000
Current		
Bank overdraft - secured	5,638	6,927
Premium Funded Insurance	63	304
Promissory note	325	-
Chattel mortgage - secured	7,751	7,133
Total current borrowings	**13,777**	**14,364**
Non-current		
Promissory note	520	-
Chattel mortgage - secured	10,618	9,864
Total non-current borrowings	**11,138**	**9,864**
Total borrowings	**24,915**	**24,228**

16. Borrowings (continued)

Bank overdraft

The bank overdrafts are part of Invoice Finance Facilities of $22 million with a total of $16.4 million unused at 30 June 2020 (2019: $22 million and $15.07 million unused). Interest is based on the lending indicator rate plus a margin of 2.88% per annum. This facility is subject to a yearly annual review and is subject to following financial covenants measured quarterly:

- Dividend restrictions with a maximum of 100% of NPAT based on consolidated Mader Contracting and Mader Queensland position;
- Debt service cover measured at minimum 2.00 times;
- Capital adequacy ratio not below 30%; and,
- BHP concentration dropped from 50% to 45%.

The Group has complied with these covenants as at June 2020 and June 2019.

Master asset finance (chattel mortgage)

Loan agreement of US$1.17 million (A$1.67 million). At 30 June 2020 this facility was fully drawn down. The closing balance as at 30 June 2020 is USD$0.9 million (A$1.33 million).The facility matures on 30 June 2024. The agreement guarantee and indemnity is provided by Mader Group Limited.

Loan agreement of US$0.80 (A$1.17 million). At 30 June 2020 this facility was fully drawn down. The closing balance as at 30 June 2020 is USD$0.68 million (A$0.99 million). The facility matures on 24 August 2024. The agreement guarantee and indemnity is provided by Mader Group Limited.

Loan agreement of US$0.44 million (A$0.64 million). At 30 June 2020 this facility was fully drawn down. The closing balance as at 30 June 2020 is USD$0.39 million (A$0.57 million).The facility matures on 30 October 2024. The agreement guarantee and indemnity is provided by Mader Group Limited.

Promissory note

Promissory note agreement of US$0.58 million (A$ 0.84 million) at interest rate of 1%. This agreement first repayment commences on 6 December 2020. This note agreement matures on 6 May 2022.

Bank guarantee

The Group has provided a bank guarantee in the amount of $0.33 million as security for the rental agreement at its office at Perth Airport in Western Australia. At 30 June 2019 this bank guarantee was fully drawn down.

After 30 June 2020, the Group has executed a multi borrower facility of $62 million to replace existing finance facilities expiring on the 30 September 2020. The facility comprises of Asset Finance Facility of $25 million and Invoice Finance Facility of $37 million.

This facility is subject to a yearly annual review and the following financial covenants measured on the reporting date 31 December and 30 June each year:

- Debt service cover ratio to be greater than or equal to 1.50:1;
- Gross leverage ratio to be less than or equal to 2:1;
- BHP concentration maximum 45%.
- The Obligor test where the the aggregate EBITDA and Total Assets of the Obligor Group for 12-months ending 30 June each year is not less than 75% of the aggregate consolidated EBITDA and Total Assets of Mader Group Limited and its subsidiaries for that period.

17. Issued Capital

	30 June 2020 Number of shares	30 June 2019 Number of shares	30 June 2020 $'000	30 June 2019 $'000
Issued Capital	200,000,000	200,000,000	**2**	**2**

	30 June 2020	30 June 2019
Opening on 1 July	**200,000,000**	**40,000,003**
Share Split – 19 February 2019	-	129,999,997
Shares issued for acquisition of Mader International - 30 June 2019	-	30,000,000
Issued capital at 30 June	**200,000,000**	**200,000,000**

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

18. Right of use of asset

	2020 $'000	2019 $'000
Non-current		
Right of use of asset	2,587	-
Total non current assets	**2,587**	**-**

19. Lease liabilities

	2020 $'000	2019 $'000
Current		
Lease liabilities	491	-
Total current assets	**491**	**-**
Non-current		
Lease liabilities	2,096	-
Total non current assets	**2,096**	**-**

20. Reserves

Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries. It is also use to record the effect of hedging net investments in foreign operations.

21. Capital management

The Group manages its capital to ensure that the entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balances. The capital structure of the Group consists of debt, which includes the borrowings in Note 16, cash and equity, comprising issued capital and retained earnings.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. This strategy is to ensure that the Groups gearing ratio (net debt/receivables) is less than 50%.

The gearing ratios for the years ended 30 June 2020 and 30 June 2019 are as follows:

	NOTE	2020 $'000	2019 $'000
Total borrowings	16	24,915	24,228
Less cash and cash equivalents	10	(6,456)	(3,049)
Net debt		**18,459**	**21,179**
Total equity		48,117	34,169
Total capital		**66,576**	**55,348**
Net gearing ratio		**27.7%**	**38.3%**

22. Financial risk management

Financial risk management objectives

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

The Group's principal financial liabilities comprise loans and borrowings, and trade and other payables. The main purpose of these finance liabilities is to finance the Group's operation. The Group's principal financial assets include trade receivables, and cash and short-term deposits that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the business. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis of credit risk.

Risk management is carried out by the finance function under principles and parameters approved by the Board of Directors. The finance function identifies and evaluates financial risks in close co-operation with the Group's operating units.

22. Financial risk management (continued)

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, interest rates and equity prices.

The objective of market risk management is to manage and control market risk exposures with acceptable parameters while optimising returns.

(i) Foreign currency exchange risk management

Foreign currency exchange risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. . Foreign currency exchange risk arises from future commercial transactions and recognised assets and liabilities that denominated in a currency that is not the Group's functional currency. The Group operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to the US dollar as a result of its operations in African and American regions.

Management has put in place a policy requiring business units and Group entities to manage their foreign exchange risk against their functional currency. The Group companies are required to bring evaluation.

Sensitivity

The following tables demonstrates the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities. The Group's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate $	Effect on profit before tax $'000
2020	+5%	1,245
	-5%	(1,245)
2019	+5%	(144)
	-5%	159

(ii) Interest rate risk management

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings and analyses its interest rate exposure on an ongoing basis.

22. Financial risk management (continued)

Financial risk management objectives (continued)

(a) Market risk (continued)

(ii) Interest rate risk management (continued)

	Weighted average interest rate	Floating rates $'000	Fixed rates $'000	Non-interest bearing $'000	Total $'000
2020					
Financial Liabilities					
Borrowings - current	7.5%	5,638	8,139	-	13,777
Borrowings - non-current	5.7%	-	11,138	-	11,138
		5,638	**19,277**		**24,915**
2019					
Financial Liabilities					
Borrowings - current	6.8%	6,927	7,437	-	14,364
Borrowings - non-current	5.2%	-	9,864	-	9,864
		6,927	**17,301**	**-**	**24,228**

Sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowing affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Increase/ decrease in basis points	Effect on profit before tax $'000
2020		
Australian dollar	+50	(31)
Australian dollar	-50	31
2019		
Australian dollar	+50	(25)
Australian dollar	-50	25

The Group has elected to not include cash balances as the balances are held in transactional accounts with very low interest rates, for the purposes of the sensitivity. The Group also does not include any chattel mortgage finance leases in the sensitivity as each lease, which are for vehicles, are fixed at the commencement of the lease.

(iii) Price risk

The Group is not exposed to material price risk relating to equity securities and it has therefore not been included in the sensitivity analysis.

22. Financial risk management (continued)

(b) Credit risk

Credit risk is the risk that a counterparty will not meets its obligation under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and cash deposits). Credit risk is co-operatively managed by the finance function and the operating units for customers, including outstanding receivables and committed transactions and at a Group level for credit risk arising from cash and cash equivalents, and deposits with banks and financial institutions. Only reputable banks and financial institutions are dealt with.

Trade receivables

The Group's exposure to credit risk for trade receivables is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. The Group enters into transactions with a number of high quality customers within the resources industry sector thereby minimising concentration of credit risk for trade receivables. The Group has multiple contracts with its significant customers, across a number of their subsidiaries, divisions within those subsidiaries and locations. The Group's activities are largely focused on the mining and mining services industry sectors and as a result its credit risk for trade receivables is concentrated in this sector.

Individual risk exposures are set for customers in accordance with specified limits established by management based on independent credit reports, financial information, credit references and the Group's credit and trading history with the customer. Outstanding customer receivables are regularly monitored and any credit concerns highlighted to senior management.

Concentration of credit exposure analysis

The concentration of credit risk is monitored by the Group through geographical areas. The following tables show the maximum exposure to credit risk at reporting date by geographical areas.

Trade and other receivables	**2020 $'000**	**2019 $'000**
Australia	50,634	48,194
All other	695	5,648
United States	2,617	862
Total	**53,946**	**54,704**

The maximum exposure to credit risk, without taking into account the value of any collateral or other security, in the event that other parties fall to perform their obligations under financial instruments for each class of reporting recognised financial asset at the reporting date is the carrying amount of those assets as indicated in the statement of financial position.

Cash and cash equivalent

The credit risk on cash and cash equivalents is limited because the counterparties are banks and financial institutions with high credit-ratings assigned by international credit-rating agencies.

22. Financial risk management (continued)

Financial risk management objectives (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations when they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and hire purchase contracts. The Group has established a number of policies and processes for managing liquidity risk. These include:

- continuously monitoring cash flows on a daily basis as well as forecasting cash flows on a medium and long-term basis;
- maintaining adequate borrowing and finance facilities; and
- monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows.

Financing arrangements

Bank facilities	2020 $'000	2019 $'000
Total facilities	42,133	40,302
Used at the end of the reporting period	(25,183)	(24,228)
Unused at the end of the reporting period	**16,950**	**16,074**

Included within the unused bank facilities above are debtor finance facilities totalling $17.0 million (2019: $16.0 million).

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

	<6 months $'000	6 to 12 months $'000	1 to 5 years $'000	Contractual cash flows $'000	Carrying amount $'000
Year ended 30 June 2020					
Trade and other payables	11,190	-	-	11,190	11,190
Lease liabilities	283	208	2,096	2,587	2,587
Bank overdraft	-	5,638	-	5,638	5,638
Chattel mortgage	4,226	4,054	11,077	19,357	18,369
	15,699	**9,900**	**13,173**	**38,772**	**37,784**
Year ended 30 June 2019					
Trade and other payables	17,585	-	-	17,585	17,585
Bank overdraft	-	6,927	-	6,927	6,927
Chattel mortgage	3,417	3,715	10,322	18,015	16,997
	21,002	**10,642**	**10,322**	**42,527**	**41,509**

23. Commitments and contingencies

(a) Chattel Mortgage Commitments	2020 $'000	2019 $'000
Payable – minimum payments		
- No later than 12 months	8,280	7,683
- Between 12 months and 5 years	11,077	10,332
Minimum payments	19,357	18,015
Less future finance charges	(988)	(1,018)
Present value of minimum payments	**18,369**	**16,997**

The majority of chattel mortgage contracts were taken out with NAB with repayments paid monthly in advance. All chattel mortgages are for motor vehicles, small on-road trucks and tooling.

(b) Operating Lease Commitments

Non-cancellable operating leases contracted but not recognised in the financial statements:

	2020 $'000	2019 $'000
Payable – minimum lease payments		
- No later than 12 months	-	630
- Between 12 months and 5 years	-	1,352
- More than 5 years	-	561
	-	**2,543**

From 1 July 2019, the group has recognised right-of-use assets for the operating leases except for short-term and low-value leases. See note 18 and note 19 for further information.

(c) Capital Expenditure Commitments

There is no capital expenditure commitments as at 30 June 2020 (2019: nil).

(d) Contingencies

The Group has a significant casual workforce given the nature of its business, and has reviewed the outcomes of the recent Federal Court decision in WorkPac Pty Ltd v Rossato [2020] FCAFC 84 for its potential application. The decision provided further clarity around how the courts would define a casual worker and pointed to circumstances where there was a firm advance commitment from the employer and as a result the employee had an expectation of continuing and indefinite work.

Management has performed a review of its businesses and how they engage with their casual employees and has determined that the outcomes of this case have limited implications to the Group primarily as there is no firm advance commitment to our casual workers and therefore no liability has been recognised by the Group. Given the broad application and the significant number of casuals that the Group engage there is a potential that an obligation may arise in the future should the courts judgement be more broadly interpreted.

There is no other contingent assets or liabilities as at 30 June 2020 (2019: nil).

24. Auditors' remuneration

The auditor of Mader Group Limited is BDO Audit (WA) Pty Ltd.

	2020 $'000	2019 $'000
Auditors of the Group – BDO and related network firms		
Group	112	89
Controlled Entities and joint operations	3	10
Total audit and review of financial statements	**115**	**99**
Non-audit services		
- Taxation compliance services	140	74
- Consulting services	45	161
Total non-audit services	**185**	**235**
Total services provided by BDO	**300**	**334**
Related network firms of BDO Audit (WA) Pty Ltd		
Auditing or reviewing the financial reports	27	49
Taxation services	2	5
	29	**54**
Remuneration of other auditors (non BDO Audit (WA) Pty Ltd or related Network firms)		
Auditing or reviewing the financial reports		
- Controlled entities and joint operations	22	39
Non audit services		
Taxation compliance services	6	3
Other services	-	23
	28	**65**
Total auditor's remuneration	**357**	**453**

25. Information about subsidiaries

The consolidated financial statements of the Group include:

		% Equity interest	
Name	**Country of incorporation**	**30 June 2020**	**30 June 2019**
Mader Group Limited (parent)	Australia		

Mader Contracting Pty Ltd	Australia	100%	100%
Mader Queensland Pty Ltd	Australia	100%	100%
Mader Plant Hire Pty Ltd	Australia	100%	100%
Mader Corporation	USA	100%	100%
Neto Crystal Worldwide Company Limited	British Virgin Islands	100%	100%
Mader International Limited	Hong Kong	100%	100%
Global Maintenance Solutions Pte Ltd	Singapore	100%	100%
MI Mechanical Limited	Mauritius	100%	100%
Mader Gobi LLC	Mongolia	100%	100%
Mader Mechanical Limited	Zambia	100%	100%
Mader Chile SPA	Chile	100%	100%
Mader DRC SARLU	Democratic Republic of Congo	100%	100%
Mader Mining (Canada) Limited	Canada	100%	100%
Mader PNG Limited	Papua New Guinea	100%	-

26. Events after the end of the reporting period

Subsequent to 30 June 2020, the Directors declared a final dividend of 1.5 cents per share. The final dividend was paid on 17 September 2020.

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it had affected the international operations for the consolidated entity up to 30 June 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 maintain social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

The Group has executed a multi borrower facility of $62 million to replace existing finance facilities facilities which would have expired on 30 September 2020. The facility comprises of an Asset Finance Facility of $25 million and an Invoice Finance facility of $37 million.

There have been no other matters or circumstances that have arisen after the balance sheet date that have significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

27. Information relating to Mader Group Limited (the Parent)

	2020 $'000	2019 $'000
Current assets	1,111	840
Non-current assets	4,130	11,573
Total assets	**5,241**	**12,413**
Current liabilities	2,740	2,248
Non-current liabilities	-	6,719
Total liabilities	**2,740**	**8,967**
Net assets	**2,501**	**3,446**
Issued capital	1	1
Retained earnings	2,501	3,446
Total equity	**2,501**	**3,446**
Loss after income tax for the year	(3,256)	(597)

28. Deed of cross guarantee

At 30 June 2020 and 30 June 2019 there were no deeds of guarantee entered into in relation to the debts of subsidiaries.

29. Related party disclosures

Parent entity

The parent entity is Mader Group Limited, which is incorporated in Australia.

Subsidiaries

Interests in subsidiaries are disclosed in Note 25 Information about Subsidiaries.

Key Management Personnel

	2020 $'000	2019 $'000
Short-term employee benefits	1,619	1,579
Post-employment benefits	86	84
Other long-term benefits	32	61
Total compensation paid to key management personnel	**1,737**	**1,724**

Detailed remuneration disclosures are provided in the remuneration report on pages 26 to 36.

Loans to Key Management Personnel

There were no loans to Directors and executives during the financial year ended 30 June 2020.

Other Transactions with Key Management Personnel

There were no other transactions with Directors and executives during the financial year ended 30 June 2020.


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Director's Declaration

In the Directors opinion:

1. The financial statements and notes, as set out on pages 41 to 76 are in accordance with the *Corporations Act 2001*, including:

   (a) Complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (b) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of the performance for the financial year ended on that date;

2. The financial statements and notes are also comply with International Financial Reporting Standards as disclosed in Note 2(a);

3. The remuneration disclosures contained in the Remuneration Report in the Directors' Report comply with section 300A of the *Corporations Act 2001*; and

4. There are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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

Patrick Conway
Executive Director and Chief Executive Officer

Dated this 28th day of September 2020

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INDEPENDENT AUDITOR'S REPORT

To the members of Mader Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mader Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
Refer to the Note 2(v) and Note 4 of the financial report. Revenue is generated from multiple streams and across different geographic locations. This area is a key audit matter as revenue is one of the key drivers to the Group's performance and there is a significant volume of transactions included in revenue.	Our audit procedures included but were no limited to the following: • Assessing the Group's revenue recognition policy's for compliance with AASB 15 Revenue from Contract with Customers • Testing the operating effectiveness of internal controls surrounding the existence of labour hours sold; • Performing analytical procedures to understand movements and trends in revenue for comparisons against expectations; • Obtaining and evaluating credit notes issued post year end and performing cut-off testing to ensure revenue transactions around year end have been recorded in the correct reporting period; • Agreeing, for a sample of revenue transactions, the amounts recorded by the Group to supporting documentation to confirm the existence and accuracy of the revenue recognised and to consider whether the transaction was recorded in the correct period; and • Assessing the adequacy of the relevant disclosures within the financial statements.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and the auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards 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 group 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

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

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 26 to 36 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Mader Group Limited, for the year ended 30 June 2020, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Phillip Murdoch

Director

Perth, 28 September 2020


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Shareholder Information

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows. The information is current as at 4 September 2020.

Distribution of ordinary shares

The number of shareholders, by size of holding, are:

Range	Number of holders	Number of shares
1 - 1,000	141	84,204
1,001 - 5,000	352	1,007,046
5,001 - 10,000	155	1,228,931
10,001 - 100,000	270	8,330,304
100,001 and over	42	189,349,515
Total	**960**	**200,000,000**

The number of shareholders holding less than a marketable parcel of ordinary shares is 58 (being 592 Shares as at 4 September 2020).

Voting rights

All ordinary shares carry one vote per share without restriction.

Restricted Securities

A total of 150,495,621 ordinary fully paid shares in the capital of the Company are subject to the following voluntary escrow arrangements:

Shareholders	Number of Shares	% of Shares on Issue	Escrow Period
Existing Shareholders[1]	150,000,000	75%	Until 30 October 2020
Leadership Team Offer Applicants	495,621	0.25%	Until 1 October 2020

Notes:

1 Comprising 112,000,000 shares held by Luke Mader, Amy Mader and their controlled entities (representing 56% of shares on issue) and 38,000,000 shares held by Skye Alba Pty Ltd, an entity controlled by Craig Burton (representing 19% of shares on issue).

Substantial Shareholders

The names of substantial shareholders who have notified the Company in accordance with section 671B of the *Corporations Act 2001* are:

Name	Number of shares	% of shares
1. Mader Group Limited[1]	150,000,000	75.00%
2. Luke Mader, Amy Mader, and Maidment Bridge Farm Investments Pty Ltd	112,000,000	56.60%
3. Skye Alba Pty Ltd[2]	39,800,000	19.90%

1 See ASX Announcement on 30 September 2019.
2 See ASX Announcement on 16 April 2020.

Twenty largest shareholders

The names of the twenty largest registered holders of quoted ordinary shares are:

Name		Number of shares	% of shares
1.	MAIDMENT BRIDGE FARM INVESTMENTS PTY LTD	63,750,000	31.88
2.	MR LUKE BENJAMIN MADER	42,500,000	21.25
3.	SKYE ALBA PTY LTD	39,800,000	19.90
4.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,820,579	6.91
5.	MS AMY MADER	5,750,000	2.88
6.	NATIONAL NOMINEES LIMITED	4,300,025	2.15
7.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	3,772,108	1.89
8.	CARJAY INVESTMENTS PTY LTD	2,135,000	1.07
9.	UBS NOMINEES PTY LTD	1,772,145	0.89
10.	CITICORP NOMINEES PTY LIMITED	1,447,998	0.72
11.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1,429,369	0.71
12.	CAVES HOUSE HOLDINGS PTY LTD	1,000,000	0.50
13.	CS THIRD NOMINEES PTY LIMITED <HSBC CUST NOM AU LTD 13 A/C>	903,174	0.45
14.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	774,500	0.39
15.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED-GSI EDA	612,589	0.31
16.	CEDARFIELD HOLDINGS PTY LTD <CEDARFIELD A/C>	600,000	0.30
17.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <EUROCLEAR BANK SA NV A/C>	426,671	0.21
18.	MR CHARLES DENTON KOCH	400,000	0.20
19.	MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	322,695	0.16
20.	BOND STREET CUSTODIANS LIMITED <SMONT - V13182 A/C>	307,095	0.15
Total		**185,823,948**	**92.92**

Securities Exchange Quotation

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: MAD). The Home Exchange is Perth.

On-market Share Buy-back

There is no current on-market buy-back.

Corporate Governance Statement

The Company's Corporate Governance Statement for the 2020 financial year can be accessed at: **https://www.madergroup.com.au/investor-centre/corporate-governance**


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