Tubi Group ANNUAL REPORT 2019

Consolidated Financial Statements

For the Year Ended 30 June 2019

Contents

Directors' Report

For the Year Ended 30 June 2019

The directors present their report, together with the financial statements of the Group, being Tubi Limited (the Company) and its controlled entities, for the financial year ended 30 June 2019.

Directors & Information on Directors

The Directors of the Company during the year ended 30 June 2019, and up to the date of this report are set out below. All Directors held their position as a Director throughout the entire year and up to the date of this report unless otherwise stated.

Michael Tilley

Director

Experience: Chairman & Non-Executive Director

Interests in Shares: 104,014,980

Interests in Options: Nil

Michael Tilley is a highly experienced executive having spent over 30 years advising and managing leading companies in financial services, life insurance and funds management in Australasia.

Michael Tilley retired from Challenger Financial Services in 2008, having become Deputy Chairman in 2003 and Chief Executive in 2004. Before taking the CEO role at Challenger, Michael was a non-executive Director of Incitec Limited, Chairman and Chief Executive of Merrill Lynch Australasia, Regional Head of Mergers and Acquisitions and a member of the Asian Executive Committee of Merrill Lynch and was a partner at Deloitte Touche Tohmatsu.

Michael was a non-executive Director at Orica Ltd from November 2003 until 2013. He was the Chairman of Orica's Safety, Health & Environment Committee and a member of the Audit and Risk and Corporate Governance and Nominations Committees.
Michael is a former member of the Takeovers Panel.

Michael was appointed non-executive Chairman of Hotel Property Investments Limited in November 2013.

Michael holds a Post Graduate Diploma in Business Administration from Swinburne University and is a Fellow of The Australian Institute of Company Directors.

Michael is Chairman of the Nomination Committee.

ASX Listed Company Directorships in the past three years: Hotel Property Investments Limited

Marcello Russo

Executive Director Business Development & Founder

Interests in Shares: 35,727,420

Interests in Options: Nil

Marcello Russo is the Founder and executive Director of Tubi, having steered the Company since its inception in 2009. Marcello has had over 25 years of experience in pipe strategy, innovation and manufacture, which is reflected in Tubi's focus on future growth and global industry development.

Prior to his present position, Marcello was the general manager of Cromford (previously known as Australian Film & Pipe Manufacturing) where he led and managed over 90 staff. During this period, he facilitated and directed the construction of the Greenfield 70,000 square-metre manufacturing facility, covering a full range of operational and directional imperatives.

ASX Listed Company Directorships in the past three years: Nil

Jeffrey Shorter

Chief Executive Officer (Tubi Limited)
& Executive Chairman (Tubi USA)

Appointed 29 April 2019

Interests in Shares: Nil

Interests in Options: 4,500,000

Interests in TRSUs: 1,500,000

Jeffrey Shorter is based in Houston, Texas and reports directly to the Board of Directors of Tubi Group and is responsible for all aspects of the company, producing HDPE pipe in mobile extrusion factories. Jeffrey was the Energy Group CEO of Sturrock and Robson Group from 2013-2016, the President and CEO of Flexsteel Pipeline Technologies Inc. from 2008-2013, the Commercial Director – Line Pipe of Tenaris, United States from 2006-2008, the Vice President and General Manager of Maverick Tube Corporation from 2003-2006 and had various roles at Cargill from 1994-2003 including General Manager of Horizon Milling from 2002-2003.

Jeffrey holds a Bachelors of Science Degree from Michigan Technology University in Mechanical Engineering and a Master's Degree in Business Administration from Youngstown State University.

ASX Listed Company Directorships in the past three years: Nil

Directors' Report

Anthony Willsallen

Non-Executive Director

Interests in Shares: 104,014,980

Interests in Options: Nil

Tony Willsallen has 45 years in contracting, farming and heavy equipment. He managed family agricultural enterprises for 35 years before retiring in 2010.

He is currently Managing Director of a private company involved in quarrying and waste services since 1987 which produces and supplies quarry products to large infrastructure projects in Southern New South Wales.

He holds a Bachelor of Agricultural Economics from the University of New England.

Tony is a member of the Nominations Committee, Audit Committee and Human Resources Committee.

ASX Listed Company Directorships in the past three years: Nil

Craig Lawn

Independent Non-Executive Director

Interests in Shares: 1,942,500

Interests in Options: Nil

Craig Lawn retired from Pricewaterhouse-Coopers after joining the firm in 1983. Craig was a partner for 20 years, working in the Parramatta, Sydney and Brisbane offices.

Craig has been directly involved in providing income tax and business advice for over 34 years to a variety of businesses including biotechnology, venture capital, research and technology based organisations. He is currently a business advisor to various charities and private companies and is on the boards of Key Assets Ltd, Cleanspace Pty Ltd and The Red Room Company Ltd.

He holds a Bachelor of Economics and Law degree from the University of Sydney.

Craig is Chairman of the Audit Committee, and a member of the Nominations Committee and Human Resources Committee.

ASX Listed Company Directorships in the past three years: Nil

Brent Emmett

Independent Non-Executive Director

Appointed 29 April 2019

Interests in Shares: 750,000

Interests in Options: Nil

Brent Emmett has over 40 years' experience in petroleum exploration, exploration and production management and investment banking.

Brent began work as an explorationist in Australia, Papua New Guinea and New Zealand for Esso (now ExxonMobil) and then Elf Aquitaine. He joined Ampolex as Exploration Manager in 1983 and filled general management roles in North and South America, International and Business Development, and was a member of the Executive Committee.

From 1997 until 2001 Brent was Managing Director – Oil & Gas Advisory with the investment banking firm of CIBC World Markets.

Brent was the Chief Executive Officer and Managing Director of Horizon Oil for 17 years, where he was a member of the risk management and disclosure committees. He retired as CEO of Horizon Oil in June 2018 and is currently an advisor to the board. He remains actively involved in the oil business as a senior advisor to industry participants.

He holds a Bachelor of Science First Class Honours degree in physics and geophysics from Adelaide University.

Brent is Chairman of the Human Resources Committee, and a member of the Nominations Committee and Audit Committee.

ASX Listed Company Directorships in the past three years: Horizon Oil Limited. Resigned 30 June 2018.

Directors' Report

Brian Vowels

Independent Non-Executive Director

Resigned 29 April 2019

Interests in Shares: 6,323,800

Interests in Options: Nil

Brian has more than 25 years experience as a finance professional in the insurance industry, working both locally and internationally in organisations ranging from start-ups to established large listed corporates. Having spent the early part of career in management, Brian has spent the past 7 years holding directorships in numerous companies. Brian is active in the not-for-profit and private equity sectors, holding several positions including Chairman and Trustee of the Australian Cord Blood Foundation and President and Director the Financial Services Accountants Association.

Brian holds a Graduate Diploma in Business (Accounting), an MBA from Southern Cross University, is a Fellow of Chartered Accountants Australia & New Zealand and is a Graduate of the Australian Institute of Company Directors.

Company Secretary

Ian Coates is the Company Secretary and is also the Chief Financial Officer of the Group.

Ian Coates is a senior finance professional with extensive experience gained working in both small start-ups and large listed corporations. Over his career Ian has held finance and strategy leadership roles in the insurance, construction and manufacturing industries.

In 2012, after twenty years working in the finance and insurance industry, having worked with the likes of Suncorp Limited and IAG Limited, Ian moved across to lead a major Finance transformation project at CPB Contractors.

On completion of the assignment at CPB Contractors, Ian has continued to provide financial consulting support and services to Companies. Ian manages the finance function for Tubi and is responsible for maintaining relationships with key external stakeholders.

He is a Certified Practicing Accountant and holds a Bachelor of Business degree from Southern Cross University.

Directors & Committee Meetings

The number of meetings of the Group's Board of Directors and each Board Committee held during the year ended 30 June 2019, and the number of meetings attended by each director were:

Director	Board Meetings		Audit Committee Meetings	
	Eligible to Attend	Number Attended	Eligible to Attend	Number Attended
Michael Tilley	8	8	–	–
Marcello Russo	8	7	–	–
Jeffrey Shorter	3	3	–	–
Anthony Willsallen	8	8	1	1
Craig Lawn	8	8	1	1
Brent Emmett	3	3	1	1
Brian Vowels	5	5	–	–

Principal Activities

The principal activities of the Group during the year were the development, operation, leasing and sale of mobile manufacturing plants for the production of high-density polyethylene ("**HDPE**") pipes for use in the oil and gas, irrigation, mining and infrastructure sectors.

The Group continues to operate in Australia, New Zealand and the United States.

On 14 June 2019, the Group completed an Initial Public Offering ("**IPO**") with its shares commencing trading on the Australian Securities Exchange ("**ASX**") on that date.

Apart from that noted above, there were no significant changes in those activities during the year.

Directors' Report

Review of Operations

2019 Highlights

Highlights for the 2019 financial year include:

> revenues of $31.56 million (2018: $17.38 million);

> profit after tax attributable to Group shareholders was $1.50 million (2018: $0.52 million);

> EBITDA of $3.15 million (2018: $1.90 million)[1];

The Group continued to manufacture "HDPE" pipe from its mobile extrusion Plant based in the Permian Basin, United States.

Additional capital raising activities were undertaken during the year which raised $13.2 million (includes the conversion of related party loans less capital raising costs) and allowed the Group to fund its new Plant growth strategy.

On the 4 December 2018, the Group entered a second Manufacturing and Supply contract with MPS Enterprises, Inc. The second US mobile extrusion Plant is expected to be commissioned and on-site late September 2019 to commence production.

The Group entered into an Equipment Purchase Agreement with Iplex Pipelines NZ Limited ("**IPLEX**") on 21 December 2018 ("**Equipment Purchase Agreement**'). Under the Equipment Purchase Agreement Tubi agreed to supply equipment including a Mobile Plant to IPLEX, which it is currently building and assembling. The purchase price is NZD$9,908,000. Milestone payment 1 – 40% of the purchase price, was received in December 2018. Milestone payment 2 is 50% of the purchase price and is due on delivery of the Mobile Plant to the IPLEX site. Milestone 3 is 10% of the purchase price on IPLEX accepting that the Mobile Plant is working in accordance with the specifications.

Current Year Financial Performance

In the 12 months to 30 June 2019, the Group generated operating revenues from the sale of HDPE pipe of $31.56 million an increase of $14.18 million (81.6% increase over the FY18 year). The increase in revenue was due to a full year's production in the United States, compared to 9 months in 2018 (relocation of the Plant from New Zealand to the United States) and a higher average sales price per kilogram experienced in the US market for the current year.

The Gross Profit margin for 2019 was in line with 2018. Gross Profit achieved was $5.66 million (17.9% of revenue) in the current year compared to $3.11 million (17.9% of revenue) in the previous year.

Employee costs increased $0.37 million with the strengthening of management team. Other Operating costs increased by $1.10 million (122%) as a result of listing expenses of $0.95 million, legal responses to suitor interest pre IPO $0.1 million and audit fees of $0.1 million (includes 2019 and prior year audits required for listing). Depreciation and amortisation costs increased by $0.30 million due to the purchase and full year depreciation of equipment purchased for US production.

The Group net profit after tax for the year was $1.50 million compared to a profit of $0.52 million in the previous year.

Financial Position at 30 June 2019

The Group's net assets were $21.63 million representing net tangible assets per share of $0.09 (June 2018: $0.04).

Major current assets included cash of $7.61 million and other current assets of $5.24 million (mainly comprising trade receivables and inventories). Non-current assets increased by $8.48 million on the previous year largely due to the work in progress on the development of new plants.

Current liabilities (excluding borrowings) increased by $3.24 million mainly due to an increase in trade payables resulting from a $3.8 million deposit payment from IPLEX. Borrowings reduced by $2.71 million due to the conversion of $2.63 million of related party loans to ordinary shares prior to Listing.

Significant changes in the state of affairs

During the year, the following changes occurred within the Group:

1. On 14 June 2019, the Group completed an Initial Public Offering ("**IPO**") with its shares commencing trading on the Australian Securities Exchange ("**ASX**") on that date.

2. Issues of share capital:

   On 8 February 2019 the Company raised an additional $1,259,153 by the issue of 208,469 fully paid ordinary shares at a share price of $6.04 per share.

1. "EBITDA" is a non-statutory financial measures which are not prescribed by Australian Accounting Standards ("**AAS**"). EBITDA represents the profit under AAS adjusted for interest, tax, depreciation and amortisation.

Directors' Report

On 29 April 2019 the Company:

a) Undertook a 1:30 share split where every one (1) share held in the capital of the Company converted to thirty (30) shares held in the Company;

b) converted shareholder loans to the sum of $2,628,484 to 13,142,400 fully paid ordinary shares in the capital of the Company at an issue price of $0.20; and

c) raised $10 million via the issue of 50,000,000 fully paid shares at $0.20.

Likely developments, business strategies and prospects

The Group continues to focus on executing its strategy outlined in its prospectus issued on 17 May 2019.

The commissioning of the new plant for IPLEX in New Zealand and the second plant for the US are on schedule and the third and fourth plants are tracking to commissioning timelines. A number of conversations in respect of contracts for supply from the 3rd and 4th Mobile Plants are occurring, which are under construction.

Key priorities for the next twelve months include:

- Scaling resources to enable the effective production from one Mobile Plant to 4 Mobile Plants. This includes hiring strong sales capability, production leaders and plant operators.
- Building raw material supplier relationships in the USA during our growth phase. Recent volatility in pricing makes it critical that strong raw material supplier relationships are maintained to optimise profit spreads.
- Building plant maintenance and generator capability. Sourcing quality technical people and service providers is difficult in remote locations.

Risk management

The nature of the Group's business exposes it to certain risks. These risks are actively monitored and managed by the Company's Board Audit Committee who assists the Board in fulfilling its responsibilities relating to the oversight of the Tubi Group's risk profile. During the period, the Tubi Board reviewed and updated its risk profile prior to Listing. Key risks were documented in the Prospectus and have not changed since Listing. The Company's Board concluded that the material risks to which Tubi Group is exposed remain consistent with those identified in the Prospectus.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Subsequent Events

There have been no matters or events that have occurred subsequent to 30 June 2019 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 subsequent financial years.

Options

As at the date of this report, the Group had 4,500,000 options on issue to Jeffrey Shorter. These options have an exercise price of $0.20 per option and an expiry date of 30 April 2024.

Tenure Restricted Stock Units

The Company also has 1,500,000 Tenure Restricted Stock Units (**TRSUs**) on issue to Jeffrey Shorter. The TRSUs vest annually from 30 August 2020 in three equal tranches with the only vesting condition being that Mr. Shorter remains an employee on the vesting date. TRSUs automatically convert to one ordinary share each on satisfaction of the vesting conditions.

Environmental Issues

The Group's operations are subject to local, state and federal environmental legislation and regulations in the jurisdictions in which it operates. The Board are responsible for the regular monitoring of environmental exposure and compliance with environmental regulations and are not aware of any breaches of these regulations during the year.

Directors' Report

Indemnification & Insurance of Directors & Officers

The Group has entered into deeds of indemnity, access and insurance with each Director. Under these deeds, the Group has agreed to indemnify, to the extent permitted by the Corporations Act, each Director in respect of certain liabilities which the Director may incur as a result of, or by reason of (whether solely or in part), being or acting as an officer of the Group. These liabilities include losses or liabilities incurred by the Director to any other person as an officer of the Group, including legal expenses.

The Group has also agreed to maintain in favour of each officer a directors' and officers' policy of insurance for the period that they are officers and for seven years after they cease to act as officers.

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 Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Auditor

PKF(NS) Audit & Assurance Limited Partnership continues in office in accordance with section 327 of the *Corporations Act 2001*.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 25 of the Annual Report.

Non-Audit Services

During the year, entities associated with PKF(NS) Audit & Assurance Limited Partnership (external auditor to the Group) have provided other services in addition to the statutory audits, as disclosed in Note 27 of the financial statements.

The Directors are satisfied that the provision of non-audit services provided by the auditor are compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that these non-audit services do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management of decision-making capacity for the Group, acting as advocate for the Group or jointly sharing economic risks and rewards.

Directors' Report
Remuneration Report (Audited)

Introduction

The remuneration report details the key management personnel ("**KMP**") remuneration arrangements for the Group, in accordance with the requirements of the *Corporations Act 2001* and its regulations.

KMP are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all Directors. The following persons of the Group were classified as KMP during the 2019 financial year and unless otherwise indicated, were classified as KMP for the entire year:

Michael Tilley
Chairman & Non-Executive Director

Marcello Russo
Executive Director Business Development & Founder

Jeffrey Shorter
Chief Executive Officer (Tubi Limited) & Executive Chairman (Tubi USA)
(Appointed 29 April 2019)

Anthony Willsallen
Non-Executive Director

Craig Lawn
Independent Non-Executive Director

Brent Emmett
Independent Non-Executive Director
(Appointed 29 April 2019)

Brian Vowels
Independent Non-Executive Director
(Resigned 29 April 2019)

Ian Coates
Company Secretary & Chief Financial Officer

This remuneration report is set out under the following main headings:

> Remuneration Framework
> Equity Incentive Plans
> Service Agreements
> Details of Remuneration
> Share-Based Compensation
> Additional Disclosures Relating to Key Management Personnel

Remuneration Framework

The remuneration framework of the Group has been designed to align KMP objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long term incentives based on key performance areas affecting the Group's financial results. The Board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best key management personnel to run and manage the Group, as well as create goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for key management personnel of the Group is as follows:

> The remuneration policy has been developed by the Remuneration Committee and approved by the Board following professional advice from independent external consultants.

> All key management personnel receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits, and performance incentives.

> Performance incentives are based on predetermined key performance indicators.

> Incentives paid in the form of options or rights are intended to align the interests of the KMP and the Group with those of the shareholders. In this regard, key management personnel are prohibited from limiting risk attached to those instruments by use of derivatives or other means.

> The Remuneration Committee reviews key management personnel packages annually by reference to the Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based predominantly on the forecast growth of the Group's profits and shareholders' value. All bonuses and incentives must be linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and options, and can recommend changes to the Committee's recommendations. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance that results in long term growth in shareholder wealth.

Directors' Report
Remuneration Report (Audited)

Key management personnel receive a superannuation guarantee contribution required by the law, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, may choose to sacrifice part of their salary to increase payments towards superannuation.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement.

All remuneration paid to KMP is valued at the cost to the Group and expensed.

The Board's policy is to remunerate non executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. The current maximum is $750,000.

Certain KMP are also entitled to long-term incentives ("**LTIs**") in the form of share-based compensation to further align their interests with shareholders' interests. Details regarding share-based compensation is set out below.

Key management personnel who are subject to these arrangements are subject to a policy governing the use of external hedging arrangements. Such personnel are prohibited from entering into hedge arrangements, i.e. put options, on unvested shares and options which form part of their remuneration package. Terms of employment signed by such personnel contain details of such restrictions.

Equity Incentive Plans

Australian Long-Term Incentive Plan

The Group has adopted an employee incentive plan known as the Tubi Limited Long-Term Incentive Plan ("**LTI Plan**"), to assist in the reward, retention and motivation of the Group's Directors, senior management, and other employees. The LTI Plan is intended to assist with aligning the interests of participants with shareholders by providing an opportunity for Eligible Participants to earn equity interests in the Company.

Under the rules of the LTI Plan, the Board has discretion to offer:

> a full-time or part-time employee of any Group Company or a Director Options to acquire shares and/or Performance Rights to acquire Shares; and

> any other person who is declared by the Board in its sole and absolute discretion to be eligible to receive grants of Options to acquire shares and/or Performance Rights to acquire Shares inclusive of any Options, Performance Rights or similar instruments issued under any other incentive plan operated by the Company.

(each recipient is an Eligible Employee and the above awards are collectively the Awards).

In each case the Awards can be made subject to vesting conditions and/or performance hurdles as determined by the Board.

The terms and conditions of the LTI Plan are set out in comprehensive rules. A summary of the rules of the LTI Plan is set out below:

- The LTI Plan is open to Eligible Employees as determined by the Board. Participation is voluntary.
- The Board may determine the type and number of Awards to be issued under the LTI Plan to each participant and other terms of issue of the Awards, including but not limited to:
  - what conditions and/or performance hurdles must be met by a participant in order for an Award to vest (if any);
  - the amount payable to be paid by a participant on the grant of Awards (if any);
  - the exercise price of any option granted to a participant;
  - the period during which a vested option can be exercised; and
  - any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or vesting of Performance Rights.
- When any conditions and/or performance hurdles have been satisfied, their Options/Performance Rights will become vested and will be exercisable into Shares.

Directors' Report
Remuneration Report (Audited)

> Each vested Option and Performance Right enables the participant to be issued or to be transferred one Share upon exercise or vesting (as applicable), or an equivalent cash value, subject to the rules governing the LTI Plan and the terms of any particular offer.

> Participants holding Options or Performance Rights are not permitted to participate in new issues of Securities by the Company but adjustments may be made to the number of Shares over which the options or Performance Rights are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the LTI Plan and the ASX Listing Rules.

> If a "change of control event" occurs to the Company, and unless the Board determines otherwise, all granted Awards will immediately vest.

A "change of control" event will occur when a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of the Awards. A "change of control" event does not include the listing of the Company on the ASX.

> If a participant becomes a "bad leaver":

- all vested options which have not been exercised will continue in force and remain exercisable for 30 days, unless the Board in its sole and absolute discretion determines otherwise; and
- all unvested options and/or performance rights will automatically be forfeited by the participant for the payment by the Company to the participant of nominal consideration.

A participant will be a "bad leaver" if the participant resigns (other than because they have died or resign due to incapacity arising from serious personal illness or injury), is terminated for performance or is terminated or dismissed for misconduct, unless the Board determines otherwise in its absolute discretion.

> If a participant is a "good leaver":

- unless the Board determines otherwise any and all vested options held by the participant which have not been exercised will continue in force and remain exercisable for 12 months; and

> the Board may determine the manner in which any unvested Awards held by the participant will be dealt with.

A participant is a "good leaver" if they are not a "bad leaver".

> The LTI Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and Performance Rights were exercised) do not at any time exceed in aggregate 5% of the fully diluted share capital of the Company as at the date of any proposed new Awards.

> The Board may delegate management and administration of the LTI Plan, together with any of their powers or discretions under the LTI Plan, to a committee of the Board or to any one or more persons selected by them.

> Subject to the ASX Listing Rules and the Constitution, the Board may at any time amend the LTI Plan or the terms and conditions upon which Awards have been issued under the LTI Plan provided, generally, that the amendment does not materially reduce the rights of any Participant in respect of Awards granted to them.

> The Board may elect to use an employee share trust or other mechanism for the purposes of holding Awards for Participants under the Plan and delivering Plan Shares on behalf of Participants upon exercise of Options and/or Performance Rights (as the case may be).

United States Share Incentive Plan

The Company has adopted an employee incentive plan known as the Tubi Limited Share Incentive Plan ("**SI Plan**"), to assist in the reward, retention and motivation of certain of the Group's Directors, senior management, and other employees. The SI Plan is intended to assist with aligning the interests of participants with shareholders by providing an opportunity for eligible participants to earn equity interests in the Company.

Under the rules of the SI Plan, the Board has discretion to offer any person who is declared by the Board in its sole and absolute discretion to be eligible (Eligible Employee) to receive grants of options to acquire Shares and/or restricted stock units to acquire Shares (Awards).

In each case the Awards can be made subject to vesting conditions and/or performance hurdles as determined by the Board.

Directors' Report
Remuneration Report (Audited)

The terms and conditions of the SI Plan are set out in comprehensive rules. A summary of the rules of the SI Plan is set out below:

- The SI Plan is open to Eligible Employees as determined by the Board. Participation is voluntary.
- The Board may determine the type and number of Awards to be issued under the SI Plan to each participant and other terms of issue of the Awards, including but not limited to:
  - what conditions and/or performance hurdles must be met by a participant in order for an Award to vest (if any);
  - the amount payable to be paid by a participant on the grant of Awards (if any);
  - the exercise price of any option granted to a participant;
  - the period during which a vested option can be exercised; and
  - any forfeiture conditions or disposal restrictions applying to the Awards and any Shares that a participant receives upon exercise of their options or vesting of restricted stock units.
- When any conditions and/or performance hurdles have been satisfied, their options/restricted stock units will become vested and will be exercisable into Shares.
- Each vested option and restricted stock unit enables the participant to be issued or to be transferred one Share upon exercise or vesting (as applicable), subject to the rules governing the SI Plan and the terms of any particular offer.
- Participants holding options or restricted stock units are not permitted to participate in new issues of Securities by the Company but adjustments may be made to the number of Shares over which the options or restricted stock units are granted and/or the exercise price (if any) to take into account changes in the capital structure of the Company that occur by way of pro rata and bonus issues in accordance with the rules of the SI Plan and the ASX Listing Rules.
- If a "change of control event" occurs to the Company, and unless the Board determines otherwise, all granted Awards will immediately vest.

  A "change of control" event will occur when a person or entity becomes a legal or beneficial owner of 50% or more of the issued capital of the Company; a person or entity becomes entitled to, acquires, holds or has an equitable interest in more than 50% of the issued share capital of the Company; or the Board determines that there are circumstances that have occurred or are likely to occur which will result in significant changes to the structure or control of the Company which may adversely affect the value of the Awards. A "change of control" event does not include the listing of the Company on the ASX.
- If a participant becomes a "bad leaver":
  - all vested options which have not been exercised will continue in force and remain exercisable within 30 days of the participant becoming a bad leaver, unless the Board in its sole and absolute discretion determines otherwise;
  - all vested restricted stock units which have not been settled will be immediately settled in plan shares, unless the Board in its sole and absolute discretion determines otherwise; and
  - all unvested Awards will automatically be forfeited by the participant for the payment by the Company to the participant of nominal consideration.

  A participant will be a "bad leaver" if the participant resigns (other than because they have died or resign due to incapacity arising from serious personal illness or injury), is terminated for performance or is terminated or dismissed for misconduct, unless determined otherwise by the Board in its sole discretion.
- If a participant is a "good leaver":
  - unless the Board determines otherwise any and all vested Options held by the participant which have not been exercised will continue in force and remain exercisable for 12 months;
  - all unvested Options will be automatically forfeited by the participant for the payment by the Company to the participant of nominal consideration;
  - all vested Restricted Stock Units which have not been settled will be immediately settled in Shares; and
  - the Board may determine, in its sole and absolute discretion, the manner in which the unvested Restricted Stock Units will be dealt with.

  A participant is a "good leaver" if they are not a "bad leaver".

Directors' Report
Remuneration Report (Audited)

- The SI Plan limits the number of Awards that the Company may grant without Shareholder approval, such that the sum of all Awards on issue (assuming all options and restricted stock units were exercised) do not at any time exceed in aggregate 5% of the fully diluted share capital of the Company as at the date of any proposed new Awards inclusive of any Options, Restricted Stock Units or similar instruments issued under any other incentive plan operated by the Company.
- The Board may delegate management and administration of the SI Plan, together with any of their powers or discretions under the SI Plan, to a committee of the Board or to any one or more persons selected by them.
- Subject to the ASX Listing Rules and the Constitution, the Board may at any time amend the SI Plan or the terms and conditions upon which Awards have been issued under the SI Plan provided, generally, that the amendment does not materially reduce the rights of any Participant in respect of Awards granted to them.
- The Board may elect to use an employee share trust or other mechanism for the purposes of holding Awards for Participants under the Plan, and delivering Plan Shares on behalf of Participants upon exercise of Options and/or restricted stock units (as the case may be).

There are also certain rules of the SI Plan which are applicable to Awards granted under the SI Plan to participants who are residents of the USA ("**U.S Persons**"), including that:

- A U.S Person may only be granted an Award if they are a U.S employee, consultant or member of the Board of a Group entity.
- A consultant is only eligible to become a participant if they are a natural person providing bona fide services to a Group entity and such services are not:
  - in connection with the offer or sale of securities in a capital-raising transaction; or
  - performed to directly or indirectly promote or maintain a market for the Company's securities.
- No U.S. Person shall be eligible to be granted an Award prior to the date such person commences employment or other personal service relationship with a Group entity.
- No option granted to an eligible U.S. Person shall have an exercise price that is less than 100% of the fair market value of a Share on the date that the option is granted.

The Tubi Board has resolved and adopted a policy that there will be no option or share plan incentives awarded to non-executive directors of the Company.

Directors' Report
Remuneration Report (Audited)

Service Agreements

Non-Executive Service Agreements

The Board's policy is to remunerate non executive directors at market rates for time, commitment and responsibilities. The Remuneration Committee determines payments to the non executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non executive directors is subject to approval by shareholders at the Annual General Meeting. The current maximum is $750,000.

The Group has entered into an appointment letter with each of its non-executive directors. The following table sets out the non-executive Directors' annual remuneration commencing from 1 July 2019. No fees were paid to non-executive Directors prior to 1 July 2019.

Director	Key Terms of Service Agreement	
Michael Tilley *Chairman & Non-Executive Director*	Term:	Renewed a least every three years in accordance with the Company's Constitution and ASX Listing Rules.
	Remuneration:	$75,000 per annum for services as Chairman of the Board.
Anthony Willsallen *Non-Executive Director*	Term:	Renewed a least every three years in accordance with the Company's Constitution and ASX Listing Rules.
	Remuneration:	$50,000 per annum for services as a Non-Executive Director $5,000 for services as a member of the Audit Committee $2,500 for services as a member of the Human Resources Committee
Craig Lawn *Independent Non-Executive Director*	Term:	Renewed a least every three years in accordance with the Company's Constitution and ASX Listing Rules.
	Remuneration:	$50,000 per annum for services as a Non-Executive Director $10,000 for services as Chair of the Audit Committee $2,500 for services as a member of the Human Resources Committee
Brent Emmett *Independent Non-Executive Director* *Appointed 29 April 2019*	Term:	Renewed a least every three years in accordance with the Company's Constitution and ASX Listing Rules.
	Remuneration:	$50,000 per annum for services as a Non-Executive Director $5,000 for services as a member of the Audit Committee $5,000 for services as Chair of the Human Resources Committee

Directors' Report
Remuneration Report (Audited)

Executive Service Agreements

The key terms concerning the employment of executives are set out in the following table:

Director	Key Terms of Service Agreement
Jeffrey Shorter *Chief Executive Officer (Tubi Limited) & Executive Chairman (Tubi USA)* *Appointed 29 April 2019*	Jeffrey Shorter is employed as Chief Executive Officer of Tubi Limited and executive Chairman of the Board of Tubi USA. Jeffrey is employed on a full-time basis and his fixed annual remuneration is US$225,000 per annum, less applicable deduction and withholdings. Jeffrey's fixed annual remuneration from 1 January 2020 will be US$300,000, less applicable deductions and withholdings. Jeffrey is eligible to receive short term cash incentive payments as follows: > for the period to 30 June 2019, up to US$40,000 (gross) subject to achievement of performance hurdles relating to Tubi's HDPE pipe production volumes; > for the period 1 July 2019 to 31 December 2019, up to US$56,250 (gross) subject to achievement of performance hurdles relating to Tubi's financial performance and the commissioning of new Mobile Plants; and > from 1 July 2020, eligible to participate in any senior executive short-term incentive plan Jeffrey is also eligible to participate in the Company's USA Share Incentive (**SI**) Plan and was granted 4,500,000 Options on 30 April 2019. Jeffrey has also been granted 1,500,000 Tenure Restricted Stock Units ("**TRSUs**") under the SI Plan. The Board has resolved to grant Performance Restricted Stock Units ("**PRSUs**") to Jeffrey on or about 30 November 2019 under the Company's SI Plan. The aggregate number of PRSUs to be granted will be calculated by dividing US$150,000 (converted to A$) by the VWAP of the Shares over the five trading days immediately prior to 30 November 2019. The general terms of the Options, TRSUs and PRSUs are summarised under the heading "Share-Based Compensation" below. Jeffrey is eligible to participate in any Tubi USA sponsored benefit plans or programs in effect from time to time, including but not limited to a health plan and 401(k) plan, subject to the terms and conditions of such plans. Jeffrey's employment contract is for an indefinite term and can be terminated by Tubi USA with or without cause or due to Jeffrey's death or disability, or by Jeffrey with or without good reason. Tubi USA may terminate Jeffrey's employment without cause by providing 30 days' written notice of termination. If Jeffrey is terminated by Tubi USA without cause or if Jeffrey terminates his employment contract for good reason, the company must pay him 6 months' base salary then in effect and up to 6 months of premiums under the company's group health plan applicable to executive-level employees, subject to Jeffrey executing a deed of release on terms mutually agreed by Tubi USA and Jeffrey. For any other termination or resignation, Jeffrey will only be owed any salary or other amounts accrued up through the date of termination.

Directors' Report
Remuneration Report (Audited)

Director	Key Terms of Service Agreement
Jeffrey Shorter (continued)	Jeffrey's employment contract contains mutual non-disparagement obligations which survive the termination of employment. Jeffrey is also party to a separate agreement which contains express provisions protecting Tubi USA's confidential information and intellectual property and includes a six month post-termination non-compete provision. In the event that Jeffrey ceases to be employed by Tubi USA, he has agreed to cooperate in good faith with Tubi USA in connection with ay defence, prosecution or investigation or any proceeding involving the Group, in exchange for payment of a reasonable daily rate, in certain circumstances and subject to all applicable law.
Marcello Russo *Executive Director Business Development & Founder*	Marcello Russo is employed by the Company in the position of Executive Director Business Development. Marcello is employed on a full-time basis and his fixed annual remuneration for the year ending 31 December 2019 is $259,000 inclusive of superannuation and subject to tax deductions. Marcello's fixed annual remuneration for the year commencing 1 January 2020 is $300,000 inclusive of superannuation and subject to tax deductions. Marcello is eligible to receive the following short-term cash incentives: > for the financial year ending 30 June 2019, up to $66,000 (gross) subject to achievement of performance hurdles relating to Tubi's HDPE pipe production volumes; > for the financial year ending 30 June 2020, up to 50% of his base salary (gross), subject to satisfactory achievement of individual and Company performance hurdles as determined by the Company in its absolute discretion; and > from 1 July 2020, eligible to participate in any senior executive short-term incentive plan. The Board has resolved to grant Performance Rights to Marcello on or about 30 November 2019 under the Company's Long Term Incentive (**LTI**) Plan. The aggregate number of Performance Rights to be granted will calculated by dividing $150,000 by the VWAP of the Shares over the five trading days immediately prior to 30 November 2019. The vesting conditions, performance hurdles and general terms of the Performance Rights are summarised under the heading "Share-Based Compensation" below. Marcello's employment contract contains express provisions protecting the Company's confidential information and intellectual property. Marcello's employment contract contains mutual non-disparagement obligations which survive the termination of employment. Under the terms of Marcello's employment contract, either party is entitled to terminate Marcello's employment by giving six months' written notice. After termination of employment, the employment contract provides that Marcello will be subject to non-compete and non-solicitation of employee restrictions for a period of 12 months following the termination or cessation of employment.

Directors' Report
Remuneration Report (Audited)

Director	Key Terms of Service Agreement
Ian Coates *Company Secretary & Chief Financial Officer*	Ian Coates is employed by the Company in the position of Company Secretary and Chief Financial Officer. Ian is employed on a full-time basis and his fixed annual remuneration to 30 June 2019 is $225,000 per annum inclusive of superannuation and subject to tax deductions. Ian's fixed annual remuneration from 1 January 2020 will be $250,000 inclusive of superannuation and subject to tax deductions. Ian is eligible to receive the following short-term cash incentives: > for the financial year ending 30 June 2019, up to $40,000 subject to achievement of performance hurdles relating to Tubi's HDPE pipe production volumes; > for the financial year ending 30 June 2020 50% of his base salary (gross) subject to satisfactory achievement of individual and Company performance hurdles as determined by the Company in its absolute discretion; and > from 1 July 2020, eligible to participate in any senior executive short-term incentive plan. The Board has resolved to grant Performance Rights to Ian on or about 30 November 2019 under the Company's LTI Plan. The aggregate number of Performance Rights to be granted will calculated by dividing $125,000 by the VWAP of the Shares over the five trading days immediately prior to 30 November 2019. The vesting conditions, performance hurdles and general terms of the Performance Rights are summarised under the heading "Share-Based Compensation" below. Ian's employment contract contains express provisions protecting the Company's confidential information and intellectual property. Ian's employment contract contains mutual non-disparagement obligations which survive the termination of employment. Under the terms of Ian's employment contract, either party is entitled to terminate Ian's employment by giving six months' written notice. After termination of employment, the employment contract provides that Ian will be subject to non-compete and non-solicitation of employee restrictions for a period of 12 months following the termination or cessation of employment.

Directors' Report
Remuneration Report (Audited)

Details of Remuneration

Details of the remuneration of KMP of the Group are set out in the following tables:

	Short-Term Benefits			Post Employment Benefits	Long-Term Benefits	Share-Based Payments	
2019	Cash Salaries, Fees & Bonuses	Annual Leave Accrued	Non-Monetary	Super-annuation	Long Service Leave Accrued	Equity Settled	Total
Directors:							
Michael Tilley	–	–	–	–	–	–	–
Marcello Russo	285,423	12,582	–	21,417	21,715	9,079	350,215
Jeffrey Shorter	210,283	14,235	–	–	–	64,530	289,049
Anthony Willsallen	–	–	–	–	–	–	–
Craig Lawn	–	–	–	–	–	–	–
Brent Emmett	–	–	–	–	–	–	–
Brian Vowels	–	–	–	–	–	–	–
Other KMP:							
Ian Coates	244,879	14,473	–	19,521	1,715	7,565	288,154
Total	740,585	41,290	–	40,938	23,430	81,174	927,418

	Short-Term Benefits			Post Employment Benefits	Long-Term Benefits	Share-Based Payments	
2018	Cash Salaries, Fees & Bonuses	Annual Leave Accrued	Non-Monetary	Super-annuation	Long Service Leave Accrued	Equity Settled	Total
Directors:							
Michael Tilley	–	–	–	–	–	–	–
Marcello Russo	180,000	12,952	–	17,100	4,755	–	214,807
Jeffrey Shorter	–	–	–	–	–	–	–
Anthony Willsallen	–	–	–	–	–	–	–
Craig Lawn	–	–	–	–	–	–	–
Brent Emmett	–	–	–	–	–	–	–
Brian Vowels	–	–	–	–	–	–	–
Other KMP:							
Ian Coates	180,000	13,815	–	17,100	398	–	211,314
Total	360,000	26,767	–	34,200	5,154	–	426,121

Share-Based Payments

The accounting standards require share-based payments expense to be calculated using the fair value of the shares at grant date, amortised over the relevant performance and service period. FY19 share based payments includes the LTI plan and represents the FY19 portion of the fair value of rights granted in FY19. During FY19, the Group granted the following share-based compensation to KMP:

Directors' Report
Remuneration Report (Audited)

Options

During the year 4,500,000 options were granted to Jeffrey Shorter. The following terms apply to the options:

Term	Details
Expiry Date	30 April 2024
Vesting Dates	Tranche 1: 30 August 2020 (1,500,000 Options) Tranche 2: 30 August 2021 (1,500,000 Options) Tranche 3: 30 August 2022 (1,500,000 Options)
Vesting Conditions	Jeffrey Shorter must be an employee of Tubi Limited or Tubi USA as at the applicable vesting date.
Exercise Price	$0.20 per option. The exercise price of an option will be adjusted in the following circumstances: > pro rata issue – if the Group makes a pro rate issue of shares to existing shareholders (except as a bonus issue), the exercise price of an option will be reduced proportionally (in accordance with ASX Listing Rules); or > bonus issue – if the Group makes a bonus issue of shares or equity securities (other than an issue in lieu of, or in satisfaction of, dividends or by way of dividend reinvestment), the number of shares which must be issued on exercise of an option will be increased proportionally and no change will be made to the exercise price.
Exercise Rights	Each option will entitle the holder to subscribe for a share on payment of the exercise price.
Listing	The options are not listed on the ASX or any other listing authority, stock exchange or market.
Transfer	The options may only be transferred with the prior consent of the Board or by force of law.

Directors' Report
Remuneration Report (Audited)

Tenure Restricted Stock Units (TRSUs)

During the year 1,500,000 TRSUs were granted to Jeffrey Shorter. The following terms apply to the TRSUs:

Term	Details
Expiry Date	30 August 2023
Vesting	On satisfaction of the vesting conditions, each TRSU will automatically convert into one share. PRSUs have a nil exercise price and no consideration is payable by the holder of the TRSU on vesting.
Vesting Dates	Tranche 1: 30 August 2020 (500,000 TRSUs) Tranche 2: 30 August 2021 (500,000 TRSUs) Tranche 3: 30 August 2022 (500,000 TRSUs)
Vesting Conditions	Jeffrey Shorter must be an employee of Tubi Limited or Tubi USA as at the applicable vesting date.
Listing	The TRSUs are not listed on the ASX or any other listing authority, stock exchange or market.
Transfer	The TRSUs may only be transferred with the prior consent of the Board or by force of law.

Performance Restricted Stock Units (PRSUs)

During the year, the Board resolved to grant PRSUs to Jeffrey Shorter on or about 30 November 2019. The aggregate number of PRSUs to be granted will be calculated by dividing US$150,000 (converted to $A) by the VWAP of the Group's shares over the five trading days immediately prior to 30 November 2019.

The following terms apply to the PRSUs:

Term	Details
Expiry Date	30 August 2023
Vesting	On satisfaction of the vesting conditions and performance hurdles, each PRSU will automatically convert into one share. PRSUs have a nil exercise price and no consideration is payable by the holder of the PRSU on vesting.
Vesting Dates	Tranche 1: 30 August 2020 (US$50,000) Tranche 2: 30 August 2021 (US$50,000) Tranche 3: 30 August 2022 (US$50,000)
Vesting Conditions	Jeffrey Shorter must be an employee of Tubi Limited or Tubi USA as at the applicable vesting date.
Performance Hurdles	The performance hurdles for each tranche of PRSU are: > positive total shareholder return during the prior financial year; and > 10% per annum growth in earnings per share in the prior financial year.
Rollover	If both the vesting condition and performance hurdles are not satisfied, the relevant tranche of PRSUs will be added to the immediately subsequent tranche and the relevant performance hurdle will be added to the immediately subsequent performance hurdle. If both the vesting condition and performance hurdles are not satisfied by the third and final tranche, all PRSUs will automatically lapse.
Listing	The PRSUs are not listed on the ASX or any other listing authority, stock exchange or market.
Transfer	The PRSUs may only be transferred with the prior consent of the Board or by force of law.

Directors' Report
Remuneration Report (Audited)

Performance Rights

During the year, the Board resolved to grant Performance Rights to Marcello Russo and Ian Coates on or about 30 November 2019. The aggregate number of Performance Rights to be granted will be calculated by dividing the amount of the award (A$150,000 in the case of Marcello Russo and A$125,000 in the case of Ian Coates) by the VWAP of the Group's shares over the five trading days immediately prior to 30 November 2019.

The following terms apply to the Performance Rights:

Term	Details
Expiry Date	30 August 2023
Vesting	On satisfaction of the vesting conditions and performance hurdles, Performance Rights will automatically convert into shares of the Group. Marcello Russo's Performance Rights may be cash settled at the discretion of the Board. Performance Rights have a nil exercise price and no consideration is payable by the holder of the Performance Rights on vesting.
Vesting Dates	The Performance Rights vest (subject to satisfaction of the vesting conditions and performance hurdles, as follows:

Vesting Date	Marcello Russo	Ian Coates	Total
30 August 2020	$50,000	$41,667	$91,667
30 August 2021	$50,000	$41,667	$91,667
30 August 2022	$50,000	$41,667	$91,667
Total	**$150,000**	**$125,000**	**$275,000**

Term	Details
Vesting Conditions	Holders of the Performance Rights must be an employee of Tubi Limited as at the applicable vesting date.
Performance Hurdles	The performance hurdles for each tranche of Performance Rights are: > positive total shareholder return during the prior financial year; and > 10% per annum growth in earnings per share in the prior financial year.
Rollover	If both the vesting condition and performance hurdles are not satisfied, the relevant tranche of Performance Rights will be added to the immediately subsequent tranche and the relevant performance hurdle will be added to the immediately subsequent performance hurdle. If both the vesting condition and performance hurdles are not satisfied by the third and final tranche, all Performance Rights will automatically lapse.
Listing	The Performance Rights are not listed on the ASX or any other listing authority, stock exchange or market.
Transfer	The PRSUs may only be transferred with the prior consent of the Board or by force of law.

Directors' Report
Remuneration Report (Audited)

Additional Disclosures Relating to Key Management Personnel

Ordinary Shares Held by KMP

The number of Ordinary Shares in the Company during the 2019 reporting period held by each of the Group's key management personnel, including their related parties, is set out below:

	Ordinary Shares						
KMP	Held at 30 June 2018	Capital Raising[1]	Impact of Share Split[2]	Conversion of Loans[3]	IPO Offer[4]	Held at 30 June 2019	As a % of Ordinary Shares[5]
Directors:							
Michael Tilley[6,8]	3,000,000	108,000	90,132,000	10,774,980	–	104,014,980	42.78%
Marcello Russo[9]	2,000,000	72,000	60,088,000	2,367,420	(28,800,000)	35,727,420	14.69%
Anthony Willsallen[7,8]	3,000,000	108,000	90,132,000	10,774,980	–	104,014,980	42.78%
Craig Lawn[10]	62,500	2,250	1,877,750	–	–	1,942,500	0.80%
Brent Emmett[11]	–	–	–	–	750,000	750,000	0.31%
Jeffrey Shorter	–	–	–	–	–	–	–
Other KMP:							
Ian Coates[12]	50,000	1,771	1,501,359	–	–	1,553,130	0.64%

1 On 8 February 2019, the Company raised $1,259,153 via the issue of 208,469 Ordinary Shares at an issue price of $6.04 per Share.

2 On 29 April 2019, the Company undertook a 1:30 share split.

3 On 29 April 2019, the Company converted shareholders loans in the sum of $2,628,483.64 into Ordinary Shares at an issue price of $0.20 per Share.

4 As part of the IPO Offer, 28,800,000 Shares were sold by existing shareholders at a sale price of $0.20 per Share. Under the Offer, Brent Emmett acquired 750,000 Ordinary Shares.

5 Based on 243,142,400 Ordinary Shares on issue.

6 51,882,480 shares are held by Oxleigh Pty Ltd, an entity associated with Michael Tilley. Oxleigh Pty Ltd has a relevant interest in the 52,132,500 shares held by Bald Hill Quarry Pty Ltd.

7 52,132,500 shares are held by Bald Hill Quarry Pty Ltd, an entity associated with Anthony Willsallen. Bald Hill Quarry Pty Ltd has a relevant interest in the 51,822,480 shares held by Oxleigh Pty Ltd.

8 Oxleigh Pty Ltd and Bald Hill Quarry Pty Ltd are associates.

9 Held by Chiara Corporations Pty Ltd as trustee for the Russo Family Trust.

10 Held by Craig Lawn and Joy Lawn as trustee for the Lawn Family Superannuation Fund.

11 Held by VLH Pty Ltd, an entity associated with Brent Emmett

12 Held by Jecki Holdings Pty Ltd as trustee for the Coates Family Trust.

Options Held by KMP

The number of Options in the Company during the 2019 reporting period held by each of the Group's key management personnel, including their related parties, is set out below:

	Options				
KMP	Held at 30 June 2018	Granted as Remuneration	Exercised	Held at 30 June 2019	As a % of Options
Directors					
Jeffrey Shorter	–	4,500,000	–	4,500,000	100.00%

Directors' Report
Remuneration Report (Audited)

TRSUs Held by KMP

The number of TRSUs in the Company during the 2019 reporting period held by each of the Group's key management personnel, including their related parties, is set out below:

	TRUs				
KMP	Held at 30 June 2018	Granted as Remuneration	Exercised	Held at 30 June 2019	As a % of TRUs
Directors					
Jeffrey Shorter	–	1,500,000	–	1,500,000	100.00%

KMP Related Party Transactions

During the year ended 30 June 2019, the following transactions occurred between the Group and its other related parties:

> Lawn Corporate Pty Ltd. a company of which Craig Lawn is a Director, performed certain contracting services associated with the Initial Public Offering for which fees of $20,975 (2018: Nil) were charged.

> Tubi Saleco Limited (Saleco), was established on 6 May 2019 to facilitate the sale of Shares by Chiara Corporation Pty Ltd, the Selling Shareholder, a company of which Marcello Russo is a Director. Saleco is wholly-owned by Marcello Russo and its Directors are Michael Tilley, Anthony Willsallen and Brent Emmett.

Chiara Corporation, the Company and Saleco entered into an IPO Sell Down Deed under which Chiara Corporation Pty Ltd agreed to sell 28,800,000 of its existing Shares to Saleco at a sale price of 20 cents each share, which were sold by Saleco into the Offer, free from encumbrances and third party rights.

The existing Shares which Saleco acquired from the Selling Shareholder were transferred to Successful Applicants at the Offer Price. Saleco has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the IPO Sell Down Deed.

Gross proceeds of $5,760,000 less underwriting fees of $345,600 were transferred from Saleco to Chiara Corporation Pty Ltd on the completion of the offer.

End of Audited Remuneration Report

This directors' report, incorporating the remuneration report, is signed in accordance with a resolution of the Board of Directors

MIchael Tilley
Chairman

27 August 2019

Corporate Governance Statement

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Company has a detailed governance framework.

The Company has adopted the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations which was released by the ASX Corporate Governance Council in February 2019 and become effective for the financial years beginning on or after 1 January 2020 however the Company has elected to apply early adoption.

The Company's Corporate Governance Statement was adopted by the Company on 27 August 2019 and is available on the Company's website at https://tubigroup.com/investors/corporate-governance/.

Auditor's Independence Declaration

Tubi Limited

ACN: 139 142 493

Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Tubi Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

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

PKF

PKF

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SCOTT TOBUTT
PARTNER

27 AUGUST 2019
SYDNEY, NSW

PKF(NS) Audit & Assurance Limited Partnership
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
Revenue	5	**31,563,749**	17,380,773
Other income	5	**117,059**	97,024
Raw materials and consumables used		**(25,902,032)**	(14,273,676)
Employee benefits expense		**(626,368)**	(520,782)
Depreciation and amortisation expense		**(1,019,454)**	(721,942)
Travel and accommodation		**(290,072)**	(227,594)
Repairs and maintenance		**(40,893)**	(68,145)
Legal and professional		**(1,220,195)**	(269,116)
Consultancy		**(157,261)**	(123,822)
Rental expense		**(29,406)**	(67,604)
Insurance		**(27,133)**	(56,097)
Other operating expenses		**(234,006)**	(89,515)
Finance expenses	6	**(9,683)**	(8,296)
Profit before income tax	7	**2,124,305**	1,051,208
Income tax expense	8	**(625,252)**	(535,489)
Profit for the year		**1,499,053**	515,719
Items that will be reclassified to profit or loss when specific conditions are met			
Exchange differences on translating foreign controlled entities		**57,777**	47,364
Other comprehensive income for the year, net of tax		**57,777**	47,364
Total comprehensive income for the year		**1,556,830**	563,083
Profit attributable to:			
Members of the parent entity		**1,499,053**	515,719
Total comprehensive income attributable to:			
Members of the parent entity		**1,556,830**	563,083
Earnings per share			
From continuing operations:			
Basic earnings per share (cents)	21	**0.80**	0.30
Diluted earnings per share (cents)	21	**0.80**	0.30

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

For the Year Ended 30 June 2019

	Note	2019 $	2018 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	**7,605,594**	3,690,804
Trade and other receivables	11	**3,623,199**	1,352,344
Inventories	12	**1,593,012**	555,540
Other assets	15	**23,143**	106,184
TOTAL CURRENT ASSETS		**12,844,948**	5,704,872
NON CURRENT ASSETS			
Property, plant and equipment	13	**16,814,696**	8,576,802
Deferred tax assets	24	**227,337**	–
Intangible assets	14	**275,223**	255,979
TOTAL NON CURRENT ASSETS		**17,317,256**	8,832,781
TOTAL ASSETS		**30,162,204**	14,537,653
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	16	**5,641,538**	2,881,294
Borrowings	17	**140,395**	2,846,172
Current tax liabilities	24	**597,855**	169,833
Employee benefits	18	**187,494**	135,962
TOTAL CURRENT LIABILITIES		**6,567,282**	6,033,261
NON CURRENT LIABILITIES			
Deferred tax liabilities	24	**1,966,825**	1,717,694
TOTAL NON CURRENT LIABILITIES		**1,966,825**	1,717,694
TOTAL LIABILITIES		**8,534,107**	7,750,955
NET ASSETS		**21,628,097**	6,786,698
EQUITY			
Issued capital	19	**18,042,218**	4,838,823
Reserves	20	**191,645**	52,694
Retained earnings		**3,394,234**	1,895,181
Total equity attributable to equity holders of the Company		**21,628,097**	6,786,698
TOTAL EQUITY		**21,628,097**	6,786,698

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the Year Ended 30 June 2019

2019	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total $
Balance at 1 July 2018		**4,838,823**	**1,895,181**	**52,694**	**–**	**6,786,698**
Profit attributable to members of the parent entity		–	1,499,053	–	–	1,499,053
Total other comprehensive income for the year		–	–	57,777	–	57,777
Total comprehensive income for the year		**–**	**1,499,053**	**57,777**	**–**	**1,556,830**
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs	19(a)	13,203,395	–	–	–	13,203,395
Share based payment transactions	32	–	–	–	81,174	81,174
Balance at 30 June 2019		**18,042,218**	**3,394,234**	**110,471**	**81,174**	**21,628,097**

2018	Note	Ordinary Shares $	Retained Earnings $	Foreign Currency Translation Reserve $	Share Based Payments Reserve $	Total $
Balance at 1 July 2017		4,165,000	1,379,462	5,330	–	5,549,792
Profit attributable to members of the parent entity		–	515,719	–	–	515,719
Total other comprehensive income for the year		–	–	47,364	–	47,364
Total comprehensive income for the year		–	515,719	47,364	–	563,083
Transactions with owners in their capacity as owners						
Contribution of equity, net of transaction costs		673,823	–	–	–	673,823
Balance at 30 June 2018		4,838,823	1,895,181	52,694	–	6,786,698

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the Year Ended 30 June 2019

	Notes	2019 $	2018 $
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		**33,864,232**	20,242,531
Payments to suppliers and employees		**(31,122,037)**	(17,022,923)
Interest received		**43,575**	2,842
Interest paid		**(10,264)**	(8,296)
Income taxes paid		**(175,436)**	(191,845)
Net cash provided by operating activities	31	**2,600,070**	3,022,309
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of plant and equipment		**129,943**	–
Purchase of property, plant and equipment		**(9,334,574)**	(1,868,625)
Purchase of intangble assets		**(36,044)**	(43,064)
Net cash (used in) investing activities		**(9,240,675)**	(1,911,689)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares		**10,574,911**	673,823
Proceeds from borrowings		**–**	217,688
Repayment of borrowings		**(77,293)**	–
Net cash by financing activities		**10,497,618**	891,511
Effects of exchange rate changes on cash and cash equivalents		**57,777**	–
Net increase in cash and cash equivalents held		**3,914,790**	2,002,131
Cash and cash equivalents at beginning of year		**3,690,804**	1,688,673
Cash and cash equivalents at end of financial year	10	**7,605,594**	3,690,804

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Year Ended 30 June 2019

The consolidated financial report covers Tubi Limited and its controlled entities ('**the Group**'). Tubi Limited is a for profit Company limited by shares, incorporated and domiciled in Australia.

Each of the entities within the Group prepare their financial statements based on the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

The financial report was authorised for issue by the Directors on 27 August 2019.

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with the Australian Accounting Standards and the *Corporations Act 2001*.

These financial statements comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

2 Change in Accounting Policy

Financial Instruments Adoption of AASB 9

The Group has adopted AASB 9 *Financial Instruments* for the first time in the current year with a date of initial adoption of 1 July 2018 .

As part of the adoption of AASB 9, the Group adopted consequential amendments to other accounting standards arising from the issue of AASB 9 as follows:

> AASB 101 *Presentation of Financial Statements* requires the impairment of financial assets to be presented in a separate line item in the consolidated statement of profit or loss and other comprehensive income. In the comparative year, this information was presented as part of other expenses.

> AASB 7 *Financial Instruments*: Disclosures requires amended disclosures due to changes arising from AASB 9, these disclosures have been provided for the current year.

The key changes to the Group's accounting policy and the impact on these financial statements from applying AASB 9 are described below.

Changes in accounting policies resulting from the adoption of AASB 9 have been applied retrospectively except the Group has not restated any amounts relating to classification and measurement requirements including impairment which have been applied from 1 July 2018.

Classification of financial assets

The financial assets of the Group have been reclassified into one of the following categories on adoption of AASB 9 based on primarily the business model in which a financial asset is managed and its contractual cash flow characteristics:

> Measured at amortised cost

> Fair value through profit or loss (**FVTPL**)

Impairment of financial assets

The incurred loss model from AASB 139 has been replaced with an expected credit loss model in AASB 9 for assets measured at amortised cost. Refer to Note 11(a) for further information.

Transition adjustments

There was no impact to reserves and retained earnings on adoption of AASB 9 at 1 July 2018.

Classification of financial assets and financial liabilities

The table below illustrates the classification and measurement of financial assets and liabilities under AASB 9 and AASB 139 at the date of initial application.

Notes to the Financial Statements

	Classification under AASB 139	Classification under AASB 9	Carrying amount under AASB 139	Reclass-ification	Remeasure-ments	Carrying amount under AASB 9
			$	$	$	$
Financial assets						
Trade and other receivables	Loans and receivables	Amortised cost	1,352,344	–	–	1,352,344
Cash and cash equivalents	Loans and receivables	Amortised cost	3,690,804	–	–	3,690,804
Other assets	Loans and receivables	Amortised cost	106,184	–	–	106,184
Total financial assets			5,149,332	–	–	5,149,332
Financial liabilities						
Trade payables	Other financial liabilities	Other financial liabilities	2,881,294	–	–	2,881,294
Borrowings	Other financial liabilities	Other financial liabilities	2,846,172	–	–	2,846,172
Total financial liabilities			5,727,466	–	–	5,727,466

Revenue from Contracts with Customers Adoption of AASB 15

The Group has adopted AASB 15 *Revenue from Contracts with Customers* for the first time in the current year with a date of initial application of 1 July 2018.

The key changes to the Group's accounting policies and the impact on these financial statements from applying AASB 15 are described below.

The Group has applied AASB 15 using the cumulative effect method which means the comparative information has not been restated and continues to be reported under AASB 111, AASB 118 and related interpretations.

Comparison of financial statement line items under AASB 15 compared to previous standards for the current year

There has been no impact on the presentation of the financial statements as a result of the adoption of AASB 15. The Group's accounting policy in respect of Revenue from contracts with customers has been aligned to the requirements of AASB 15 and this is detailed further in Note 3(d).

Notes to the Financial Statements

3 Summary of Significant Accounting Policies

(a) Basis for consolidation

The consolidated financial statements include the financial position and performance of controlled entities from the date on which control is obtained until the date that control is lost.

Intragroup assets, liabilities, equity, income, expenses and cashflows relating to transactions between entities in the consolidated entity have been eliminated in full for the purpose of these financial statements.

Appropriate adjustments have been made to a controlled entity's financial position, performance and cash flows where the accounting policies used by that entity were different from those adopted by the consolidated entity. All controlled entities have a June financial year end.

A list of controlled entities is contained in Note 28 to the financial statements.

Subsidiaries

Subsidiaries are all entities over which the parent has control. Control is established when the parent is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity.

(b) Income Tax

The tax expense recognised in the consolidated statement of profit or loss and other comprehensive income comprises current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is provided on temporary differences which are determined by comparing the carrying amounts of tax bases of assets and liabilities to the carrying amounts in the consolidated financial statements.

Deferred tax is not provided for the following:

- The 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 accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(c) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the Group, are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

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

Notes to the Financial Statements

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

(d) Revenue and other income

For comparative year

Revenue is recognised when the amount of the revenue can be measured reliably, it is probable that economic benefits associated with the transaction will flow to the Group and specific criteria relating to the type of revenue as noted below, has been satisfied.

Revenue is measured at the fair value of the consideration received or receivable and is presented net of returns, discounts and rebates.

Sale of goods

Revenue is recognised on transfer of goods to the customer as this is deemed to be the point in time when risks and rewards are transferred and there is no longer any ownership or effective control over the goods.

Revenue from contracts with customers

For current year

The core principle of AASB 15 is that revenue is recognised on a basis that reflects the transfer of promised goods or services to customers at an amount that reflects the consideration the Group expects to receive in exchange for those goods or services. Revenue is recognised by applying a five step model as follows:

1. Identify the contract with the customer
2. Identify the performance obligations
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations
5. Recognise revenue as and when control of the performance obligations is transferred

Specific revenue streams

The principal revenue stream of the Group is the operation of Mobile Plants to manufacture High Density Polyethylene (**HDPE**) pipes for industrial projects. Revenue is recognised upon successful delivery of manufactured pipes under the terms of the contract over the project term, being the point at which the performance obligation has been met under the terms of the contract with customers.

Other income

Other income is recognised on an accruals basis when the Group is entitled to it.

(e) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

(f) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of goods and services tax (**GST**), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (**ATO**).

Receivables and payable are stated inclusive of GST.

Cash flows in the consolidated statement of cash flows are included on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first in first out basis and is net of any rebates and discounts received. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

(h) Property, plant and equipment

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

Plant and equipment

Plant and equipment are measured using the cost model.

Notes to the Financial Statements

Depreciation

Property, plant and equipment is depreciated on a straight line or reducing balance basis (as appropriate) over the assets useful life to the Group, commencing when the asset is ready for use.

The depreciation rates used for each class of depreciable asset are shown below:

Fixed asset class	Depreciation rate
Capital Works in Progress	See below
Plant and Equipment	10–20%
Furniture, Fixtures and Fittings	20%
Motor Vehicles	25%

At the end of each annual reporting period, the depreciation method, useful life and residual value of each asset is reviewed. Any revisions are accounted for prospectively as a change in estimate.

Capital works in progress relate to the construction of new mobile manufacturing plants which once completed and commisioned as ready for use will be transferred to plant and equipment and depreciated in line with the respective rate above.

(i) Financial instruments

For comparative year

Financial instruments are recognised initially using trade date accounting, i.e. on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

Financial assets are divided into the following categories which are described in detail below:

- loans and receivables;
- held to maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant to the way it is measured and whether any resulting income and expenses are recognised in profit or loss or in other comprehensive income.

All income and expenses relating to financial assets are recognised in the consolidated statement of profit or loss and other comprehensive income in the 'finance income' or 'finance costs' line item respectively.

Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers but also incorporate other types of contractual monetary assets.

After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their value is recognised in profit or loss.

The Group's trade and other receivables fall into this category of financial instruments.

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired.

The Group's financial liabilities include borrowings, trade and other payables (including finance lease liabilities), which are measured at amortised cost using the effective interest rate method.

Impairment of Financial Assets

At the end of the reporting period the Group assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial assets original effective interest rate.

Impairment on loans and receivables is reduced through the use of an allowance accounts, all other impairment losses on financial assets at amortised cost are taken directly to the asset.

Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

Notes to the Financial Statements

For current year

Financial instruments are recognised initially on the date that the Group becomes party to the contractual provisions of the instrument.

On initial recognition, all financial instruments are measured at fair value plus transaction costs (except for instruments measured at fair value through profit or loss where transaction costs are expensed as incurred).

Financial assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification

On initial recognition, the Group classifies its financial assets into the following categories, those measured at:

> amortised cost

> fair value through profit or loss FVTPL

> fair value through other comprehensive income equity instrument (**FVOCI equity**)

> fair value through other comprehensive income debt investments (**FVOCI debt**)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets.

Amortised cost

Assets measured at amortised cost are financial assets where:

> the business model is to hold assets to collect contractual cash flows; and

> the contractual terms give rise on specified dates to cash flows are solely payments of principal and interest on the principal amount outstanding.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Subsequent to initial recognition, these assets are carried at amortised cost using the effective interest rate method less provision for impairment.

Interest income, foreign exchange gains or losses and impairment are recognised in profit or loss. Gain or loss on derecognition is recognised in profit or loss.

Impairment of financial assets

Impairment of financial assets is recognised on an expected credit loss (**ECL**) basis for the following assets:

> financial assets measured at amortised cost

When determining whether the credit risk of a financial assets has increased significant since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision. To measure the expected credit losses, financial assets have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision incorporate forward looking information.

Trade receivables

Impairment of trade receivableshave been determined using the simplified approach in AASB 9 which uses an estimation of lifetime expected credit losses. The Group has determined the probability of non payment of the receivable and multiplied this by the amount of the expected loss arising from default.

The amount of the impairment is recorded in a separate allowance account with the loss being recognised in finance expense. Once the receivable is determined to be uncollectable then the gross carrying amount is written off against the associated allowance.

Where the Group renegotiates the terms of trade receivables due from certain customers, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in profit or loss.

Other financial assets measured at amortised cost

Impairment of other financial assets measured at amortised cost are determined using the expected credit loss model in AASB 9. On initial recognition of the asset, an estimate of the expected credit losses for the next 12 months is recognised. Where the asset has experienced significant increase in credit risk then the lifetime losses are estimated and recognised.

Notes to the Financial Statements

Financial liabilities

The Group measures all financial liabilities initially at fair value less transaction costs, subsequently financial liabilities are measured at amortised cost using the effective interest rate method.

The financial liabilities of the Group comprise trade payables, bank and other loans and finance lease liabilities.

(j) Impairment of non financial assets

At the end of each reporting period the Group determines whether there is an evidence of an impairment indicator for non financial assets.

Where an indicator exists and regardless for goodwill, indefinite life intangible assets and intangible assets not yet available for use, the recoverable amount of the asset is estimated.

Where assets do not operate independently of other assets, the recoverable amount of the relevant cash generating unit (**CGU**) is estimated.

The recoverable amount of an asset or CGU is the higher of the fair value less costs of disposal and the value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or cash generating unit.

Where the recoverable amount is less than the carrying amount, an impairment loss is recognised in profit or loss.

Reversal indicators are considered in subsequent periods for all assets which have suffered an impairment loss, except for goodwill.

(k) Intangibles

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses. Patents and trademarks are amortised over their useful life of 20 years.

Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Cash and cash equivalents

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

(m) Employee benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled.

Employee benefits expected to be settled more than one year after the end of the reporting period have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Cashflows are discounted using market yields on high quality corporate bond rates incorporating bonds rated AAA or AA by credit agencies, with terms to maturity that match the expected timing of cashflows. Changes in the measurement of the liability are recognised in profit or loss.

(n) Provisions

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

Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(o) Earnings per share

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

Diluted earnings per share adjusts the 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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Notes to the Financial Statements

(p) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(q) Equity settled compensation

The Group operates equity settled share based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non vesting conditions but ignores the effect of any service and non market performance vesting conditions.

Non market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(r) Foreign currency transactions and balances

Transaction and balances

Foreign currency transactions are recorded at the spot rate on the date of the transaction.

At the end of the reporting period:

- Foreign currency monetary items are translated using the closing rate;
- Non monetary items that are measured at historical cost are translated using the exchange rate at the date of the transaction; and
- Non monetary items that are measured at fair value are translated using the rate at the date when fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition or in prior reporting periods are recognised through profit or loss, except where they relate to an item of other comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the Group's presentation currency are translated as follows:

- assets and liabilities are translated at year end exchange rates prevailing at that reporting date;
- income and expenses are translated at average exchange rates for the period where the average rate approximates the rate at the date of the transaction; and
- retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

(s) Adoption of new and revised accounting standards

The Group has adopted all standards which became effective for the first time at 30 June 2019, the adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group or refer to Note 2 for details of the changes due to standards adopted.

Notes to the Financial Statements

(t) New Accounting Standards and Interpretations

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods. The Group has decided not to early adopt these Standards. The following table summarises those future requirements, and their impact on the Group where the standard is relevant:

Standard Name	Effective date for entity	Requirements	Impact
AASB 16 Leases	1 July 2019	AASB 16 will cause the majority of leases of an entity to be brought onto the statement of financial position. There are limited exceptions relating to short term leases and low value assets which may remain off balance sheet. The calculation of the lease liability will take into account appropriate discount rates, assumptions about lease term and increases in lease payments. A corresponding right to use asset will be recognised which will be amortised over the term of the lease. Rent expense will no longer be shown, the profit and loss impact of the leases will be through amortisation and interest charges.	Whilst the impact of AASB 16 has not yet been fully quantified, management has made a preliminary assessment of the impact and have determined that the effects of the Standard will not be material for the entity.

4 Critical Accounting Estimates and Judgments

The directors make estimates and judgements during the preparation of these consolidated financial statements regarding assumptions about current and future events affecting transactions and balances.

These estimates and judgements are based on the best information available at the time of preparing the financial statements, however as additional information is known then the actual results may differ from the estimates.

The significant estimates and judgements made have been described below.

Key estimates impairment of property, plant and equipment

The Group assesses impairment at the end of each reporting period by evaluating conditions specific to the Group that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value in use calculations which incorporate various key assumptions.

If such impairment indicators were to be triggered, management would perform such calculations incorporating the use of cash flow projections for plant and equipment incorporating growth rates factored into valuation models for the next five years on the basis of management's expectations around the Group's continued ability to capture market share from competitors. Cash flow growth rates would then also be determined for periods subsequent to the five year period to reflect historical industry averages. The rates would incorporate an allowance for inflation. Pre tax discount rates would be used in all models based on management's assessment of market factors relevant to the Group's business and industry.

Key estimates receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An expected credit loss provision is included for any receivable where the entire balance is not considered collectible. Refer to Note 11(a) for further details on the determination of the expected credit loss provision.

Notes to the Financial Statements

5 Revenue and Other Income

Revenue from continuing operations

	2019	2018
	$	$
Revenue from contracts with customers		
Sale of goods	**31,563,749**	17,380,773
Total Revenue	**31,563,749**	17,380,773

	2019	2018
	$	$
Other Income		
Interest	**19,789**	2,842
Other income	**97,270**	94,182
	117,059	97,024

6 Finance Income and Expenses

Finance expenses

	2019	2018
	$	$
Interest expense	**9,683**	8,296

Notes to the Financial Statements

7 Result for the Year

The result for the year includes the following specific expenses:

	2019	2018
	$	$
Cost of sales	**25,902,032**	14,273,676
Other expenses:		
Employee benefit expenses	**582,930**	478,982
Superannuation contributions	**43,438**	41,800
Total employee benefit expense	**626,368**	520,782

	2019	2018
	$	$
Depreciation	**1,002,654**	706,895
Amortisation	**16,800**	15,047
Rental expense on operating leases:		
Minimum lease payments	**375,090**	177,679

8 Income Tax Expense

(a) The major components of tax expense (income) comprise:

	2019	2018
	$	$
Current tax expense		
Income tax current period	**609,471**	191,845
Deferred tax expense		
Origination and reversal of temporary differences	**15,781**	343,644
Total income tax expense	**625,252**	535,489

Notes to the Financial Statements

(b) Reconciliation of income tax to accounting profit:

	2019	2018
	$	$
Profit	**2,124,305**	1,051,208
Tax	**27.50%**	27.50%
	584,184	289,082
Add:		
Tax effect of:		
Non deductible depreciation and amortisation	**387,509**	246,407
Share options expensed during year	**24,352**	–
	996,045	535,489
Less:		
Tax effect of:		
Other	**80,094**	–
Recoupment of prior year tax losses previously not brought to account	**226,627**	–
Income tax attributable to the Group	**689,324**	535,489
Difference in overseas tax rates	**(64,072)**	–
Income tax expense	**625,252**	535,489
Weighted average effective tax rate	**29%**	51%

The decrease in the weighted average effective consolidated tax rate for 2019 compared to 2018 is primarily as a result of losses brought to account in 2019 that previously were not recognised in 2018.

(c) Income tax relating to each component of other comprehensive income:

	2019			2018		
	Before tax Amount	Tax (Expense) Benefit	Net of tax Amount	Before tax Amount	Tax (Expense) Benefit	Net of tax Amount
Exchange differences on translating foreign controlled entities	**79,692**	**(21,915)**	**57,777**	72,681	(19,987)	52,694

Notes to the Financial Statements

9 Operating Segments

Segment information

Identification of reportable segments

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

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

> the products sold and/or services provided by the segment;

> the manufacturing process;

> the type or class of customer for the products or services;

> the distribution method; and

> any external regulatory requirements.

Performance is measured based on segment profit before income tax as included in the internal financial reports.

The Group has one reportable segment, being the manufacturing of HDPE pipe and the sale of technology licenses to manufacture HDPE pipe.

10 Cash and Cash Equivalents

	2019	2018
	$	$
Cash at bank and in hand	**7,605,594**	3,690,804
	7,605,594	3,690,804

11 Trade and other receivables

		2019	2018
	Notes	$	$
CURRENT			
Trade receivables		**2,982,869**	1,329,845
Provision for impairment	(a)	**–**	–
		2,982,869	1,329,845
Deposits		**515,928**	–
Other receivables		**98,813**	22,499
Amounts due from related party	30(b)	**25,589**	–
Total current trade and other receivables		**3,623,199**	1,352,344

Notes to the Financial Statements

The carrying value of trade receivables is considered a reasonable approximation of fair value due to the short term nature of the balances.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable in the financial statements.

(a) Impairment of receivables

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss allowance provision as at 30 June 2019 is determined as follows, the expected credit losses incorporate forward looking information.

The Group determines the loss allowance for trade receivables at an amount equal to lifetime expected credit loss (**ECL**). The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Based on the the Group's historical experience and assessment of these factors, no loss allowance has been required for the year.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings.

12 Inventories

	2019	2018
	$	$
CURRENT		
At cost:		
Raw materials	**1,218,187**	555,540
Finished goods	**374,825**	–
	1,593,012	555,540

Write downs of inventories to net realisable value during the year were $ NIL (2018: $ NIL).

Notes to the Financial Statements

13 Property, plant and equipment

	Notes	2019 $	2018 $
Capital works in progress			
At cost	(a)	**8,453,616**	–
Plant and equipment			
At cost		**9,662,907**	9,073,086
Accumulated depreciation		**(1,564,606)**	(780,360)
Total plant and equipment		**8,098,301**	8,292,726
Furniture, fixtures and fittings			
At cost		**33,653**	22,730
Accumulated depreciation		**(18,106)**	(16,355)
Total furniture, fixtures and fittings		**15,547**	6,375
Motor vehicles			
At cost		**352,138**	316,546
Accumulated depreciation		**(104,906)**	(38,845)
Total motor vehicles		**247,232**	277,701
Total property, plant and equipment	(b)	**16,814,696**	8,576,802

(a) Capital works in progress

Capital works in progress relate to the construction of four new mobile manufacturing plants due to be commissioned in the next 1 to 2 years. Details of the capital commitments in relation to these works are included in Note 22(c).

Notes to the Financial Statements

(b) Movements in carrying amounts of property, plant and equipment

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

	Capital Works in Progress	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2019					
Balance at the beginning of year	**–**	**8,292,726**	**6,375**	**277,701**	**8,576,802**
Additions	**8,453,616**	**850,057**	**10,551**	**20,350**	**9,334,574**
Disposals	**–**	**(138,902)**	**–**	**–**	**(138,902)**
Depreciation expense	**–**	**(934,967)**	**(1,626)**	**(66,061)**	**(1,002,654)**
Foreign exchange movements	**–**	**29,387**	**247**	**15,242**	**44,876**
Balance at the end of the year	**8,453,616**	**8,098,301**	**15,547**	**247,232**	**16,814,696**

	Capital Works in Progress	Plant and Equipment	Furniture, Fixtures and Fittings	Motor Vehicles	Total
	$	$	$	$	$
Year ended 30 June 2018					
Balance at the beginning of year	–	7,393,736	7,048	14,228	7,415,012
Additions	–	1,578,923	6,883	282,819	1,868,625
Depreciation expense	–	(682,861)	(7,593)	(19,346)	(709,800)
Foreign exchange movements	–	2,928	37	–	2,965
Balance at the end of the year	–	8,292,726	6,375	277,701	8,576,802

14 Intangible Assets

	2019	2018
	$	$
Patents and trademarks		
Cost	**353,654**	317,610
Accumulated amortisation and impairment	**(78,431)**	(61,631)
Net carrying value	**275,223**	255,979
Total Intangibles	**275,223**	255,979

Notes to the Financial Statements

(a) Movements in carrying amounts of intangible assets

	Patents and trademarks	Total
	$	$
Year ended 30 June 2019		
Balance at the beginning of the year	**255,979**	**255,979**
Additions	**36,044**	**36,044**
Amortisation	**(16,800)**	**(16,800)**
Closing value at 30 June 2019	**275,223**	**275,223**

	Patents and trademarks	Total
	$	$
Year ended 30 June 2018		
Balance at the beginning of the year	**227,962**	227,962
Additions	**43,064**	43,064
Amortisation	**(15,047)**	(15,047)
Closing value at 30 June 2018	**255,979**	255,979

15 Other non financial assets

	2019	2018
	$	$
CURRENT		
Prepayments	**23,143**	106,184

16 Trade and Other Payables

	2019	2018
	$	$
Current		
Trade payables	**1,540,310**	2,804,806
Deposits	**3,798,785**	–
GST payable	**–**	10,793
Accrued expenses	**276,562**	34,317
Other payables	**25,881**	31,378
	5,641,538	2,881,294

Notes to the Financial Statements

Trade and other payables are unsecured, non interest bearing and are normally settled within 30 days. The carrying value of trade and other payables is considered a reasonable approximation of fair value due to the short term nature of the balances.

Deposits relate to payments received in advance for the commissioning of mobile manufacturing plants under the terms of agreed contracts with customers. These plants are currently under construction and included as capital works in progress in Property, plant and equipment refer to Note 13.

17 Borrowings

	2019	2018
	$	$
CURRENT		
Unsecured liabilities:		
Related party loans	–	2,628,484
	–	2,628,484
Secured liabilities:		
Lease liability secured	**140,395**	217,688
Total current borrowings	**140,395**	2,846,172
Total borrowings	**140,395**	2,846,172

(a) Borrowings related party loans

In April 2019, related party loans amounting to $2,628,484 payable by the Group to entities related to certain directors and shareholders were converted in to Shares at an issue price of $6.00 (pre share split). Refer to Note 19.

(b) The carrying amounts of non current assets pledged as collateral for liabilities are:

Lease liabilities are secured by the related leased assets.

The financial assets pledged as collateral represent a floating charge and cannot be disposed of without consent of the financier.

18 Employee Benefits

	2019	2018
	$	$
Current liabilities		
Provision for employee benefits	**187,494**	135,962
	187,494	135,962

Notes to the Financial Statements

19 Issued Capital

	2019	2018
	$	$
243,142,400 (2018: 5,791,531) Ordinary shares	**18,042,218**	4,838,823

(a) Ordinary shares

	No.	$.
Opening balance at 1 July 2017	**5,582,500**	**4,165,000**
Apr 2018: issue shares at $3.22 per share	**209,031**	**673,823**
Balance at 30 June 2018	**5,791,531**	**4,838,823**
Feb 2019: Rights issue at $6.04 per share	**208,469**	**1,259,152**
Sub total	**6,000,000**	**6,097,975**
Conversion on 1:30 share split	**180,000,000**	**6,097,975**
Apr 2019: Issue pre IPO shares at $0.20 per share	**50,000,000**	**10,000,000**
Apr 2019: Conversion of director and shareholder loans to shares	**13,142,400**	**2,628,484**
Transaction costs	**–**	**(684,241)**
Balance at 30 June 2019	**243,142,400**	**18,042,218**

The holders of ordinary shares are entitled to participate in dividends and the proceeds on winding up of the Company. On a show of hands at meetings of the Company, each holder of ordinary shares has one vote in person or by proxy, and upon a poll each share is entitled to one vote.

The Company does not have authorised capital or par value in respect of its shares.

(b) Capital Management

The key objectives of the Group when managing capital is to safeguard its ability to continue as a going concern and maintain optimal benefits to stakeholders. The Group defines capital as its equity and net debt.

There has been no change to capital risk management policies during the year.

The Company manages its capital structure and makes funding decisions based on the prevailing economic environment and has a number of tools available to manage capital risk. These include maintaining a diversified debt portfolio, the ability to adjust the size and timing of dividends paid to shareholders and the issue of new shares.

The Board monitors a range of financial metrics including return on capital employed and gearing ratios.

20 Reserves

(a) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income foreign currency translation reserve. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(b) Share based payments reserve

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to share capital.

Notes to the Financial Statements

21 Earnings per Share

(a) Reconciliation of earnings to profit or loss from continuing operations

	2019	2018
	$	$
Profit from continuing operations	**1,499,053**	515,719
Earnings used in the calculation of dilutive EPS from continuing operations	**1,499,053**	515,719

(b) Earnings used to calculate overall earnings per share

	2019	2018
	$	$
Earnings used to calculate overall earnings per share	**1,499,053**	515,719

(c) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS

	2019	2018
	No.	No.
Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**192,378,671**	169,325,467
Weighted average number of dilutive options outstanding	**764,384**	–
Weighted average number of dilutive restricted share units on issue	**254,795**	–
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**193,397,850**	169,325,467

22 Capital and Leasing Commitments

(a) Finance Leases

	2019	2018
	$	$
Minimum lease payments:		
Not later than one year	**140,395**	217,688
Present value of minimum lease payments	**140,395**	217,688

Finance leases are in place for plant and equipment and normally have a term between 1 and 2 years. The leases have terms of renewal but no purchase option or escalation clauses. Renewals are at the option of the entity holding the lease.

Notes to the Financial Statements

(b) Operating Leases

	2019	2018
	$	$
Minimum lease payments under non cancellable operating leases:		
Not later than one year	**31,173**	37,317
Between one year and five years	**–**	32,191
	31,173	69,508

Operating leases are in place for plant and equipment and normally have a term between 1 and 2 years. Lease payments are increased on an annual basis to reflect market rentals.

(c) Contracted Commitments

	2019	2018
	$	$
Contracted commitments for:		
Rental of storage facility in US		
Not later than one year	**133,138**	–
Between one year and five years	**3,750**	–
	136,888	–
Construction of mobile manufacturing plants		
Not later than one year	**10,316,735**	–
Between one year and five years	**610,328**	–
	10,927,063	–
Total contracted commitments	**11,063,951**	–

23 Financial Risk Management

The Group is exposed to a variety of financial risks through its use of financial instruments.

The Group's overall risk management plan seeks to minimise potential adverse effects due to the unpredictability of financial markets.

The most significant financial risks to which the Group is exposed to are described below:

Specific risks

- Credit risk
- Market risk currency risk, interest rate risk and price risk

Financial instruments used

The principal categories of financial instrument used by the Group are:

- Trade receivables
- Cash at bank
- Trade and other payables

Notes to the Financial Statements

	2019	2018
	$	$
Financial assets		
Loans and receivables	–	5,043,148
Held at amortised cost		
Cash and cash equivalents	**7,605,594**	–
Trade and other receivables	**3,623,199**	–
Financial liabilities		
Financial liabilities at amortised cost	**6,379,788**	5,897,299
Total financial liabilities	**6,379,788**	5,897,299
Total	**4,849,005**	(854,151)

The Group has not restated comparatives when initially applying AASB 9, the comparative information has been prepared under AASB 139 *Financial Instruments: Recognition and Measurement*.

Objectives, policies and processes

The Board of Directors have overall responsibility for the establishment of the Group's financial risk management framework. This includes the development of policies covering specific areas such as foreign exchange risk, interest rate risk, credit risk and the use of derivatives.

Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The day to day risk management is carried out by the Group's finance function under policies and objectives which have been approved by the Board of Directors. The Chief Financial Officer has been delegated the authority for designing and implementing processes which follow the objectives and policies. This includes monitoring the levels of exposure to interest rate and foreign exchange rate risk and assessment of market forecasts for interest rate and foreign exchange movements.

The Board of Directors receives monthly reports which provide details of the effectiveness of the processes and policies in place.

Mitigation strategies for specific risks faced are described below:

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group.

Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposure to wholesale and retail customers, including outstanding receivables and committed transactions.

The credit risk for liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Notes to the Financial Statements

Trade receivables

Trade receivables consist of a small number of customers, spread across similar industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The Group has adopted a policy of only dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults. The risk management committee has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group review includes external ratings, if they are available, financial statements, credit agency information and industry information. Credit limits are established for each customer and the utilisation of credit limits by customers is regularly monitored by line management. Customers who subsequently fail to meet their credit terms are required to make purchases on a prepayment basis until creditworthiness can be re established.

The Board receives monthly reports summarising the turnover, trade receivables balance and aging profile of each of the key customers individually and the Group's other customers analysed by industry sector as well as a list of customers currently transacting on a prepayment basis or who have balances in excess of their credit limits.

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

Management considers that all the financial assets that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

The Group is currently dependent on the credit worthiness of two key customers. In the event that either counterparty were to fall into bankruptcy, fail financially or otherwise default on its payment obligations to the Group, the Group may be exposed to significant financial loss both from a failure of that counterparty to pay amounts owing to the Group for product or plant supplied, and from the failure of that party's ability to meet its contractual obligations to the Group.

On a geographical basis, the Group has significant credit risk exposures in Australia, New Zealand and USA given the location of its operations in those regions.

The following table details the Group's trade and other receivables exposure to credit risk (prior to collateral and other credit enhancements) with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, within the terms and conditions agreed between the Group and the customer or counter party to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there is objective evidence indicating that the debt may not be fully repaid to the Group.

Notes to the Financial Statements

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

			Past due but not impaired (days overdue)				
	Gross amount	Past due and impaired	< 30	31-60	61-90	> 90	Within initial trade terms
	$	$	$	$	$	$	$
2019							
Trade receivables	**2,982,869**	**–**	**2,964,246**	**–**	**–**	**18,623**	**–**
Other receivables	**640,330**	**–**	**640,333**	**–**	**–**	**–**	**–**
Total	**3,623,199**	**–**	**3,604,579**	**–**	**–**	**18,623**	**–**
2018							
Trade receivables	1,329,845	–	1,326,290	–	–	–	3,555
Other receivables	22,499	–	22,499	–	–	–	–
Total	1,352,344	–	1,348,789	–	–	–	3,555

The Group does not hold any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

The other classes of receivables do not contain impaired assets.

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.

(i) Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the Group holds financial instruments which are other than the AUD functional currency of the Group.

Exposures to currency exchange rates arise from the Group's overseas sales and purchases, which are primarily denominated in US Dollars (**USD**) and New Zealnd Dollars (**NZD**).

To mitigate the Group's exposure to foreign currency risk, non Australian Dollar cash flows are monitored. The Group aims to hold sufficient cash and cash equivalents in these respective currencies to enable it to carry out its operations and settle amounts primarily in the currency in which the overseas sales and purchases take place.

Therefore, the Group's risk management procedures distinguish short term foreign currency cash flows (due within 6 months) from longer term cash flows. Where the amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

Notes to the Financial Statements

Foreign currency denominated financial assets and liabilities, translated into Australian Dollars at the closing rate, are as follows,

	USD	NZD	Total AUD
	$	$	$
2019			
Nominal amounts			
Financial assets	**3,826,567**	**281,487**	**4,108,054**
Financial liabilities	**(1,433,075)**	**(419,537)**	**(1,852,612)**
Short term exposure	**2,393,492**	**(138,050)**	**2,255,442**
2018			
Nominal amounts			
Financial assets	2,843,555	365,217	3,208,772
Financial liabilities	(2,872,839)	(140,837)	(3,013,676)
Short term exposure	(29,284)	224,380	195,096

The following table illustrates the sensitivity of the net result for the year and equity in regards to the Group's financial assets and financial liabilities and the US Dollar – Australian Dollar exchange rate and New Zealand Dollar – Australian Dollar exchange rate. There have been no changes in the assumptions calculating this sensitivity from prior years.

It assumes a +/ 5% change of the Australian Dollar/USD exchange rate for the year ended 30 June 2019 (30 June 2018: 5%). A +/ 5% change is considered for the Australian Dollar/NZD exchange rate (30 June 2018: 5%). Both of these percentages have been determined based on the average market volatility in exchange rates in the previous 12 months.

The year end rate is 0.7013 for USD and 1.0424 for NZD.

The sensitivity analysis is based on the foreign currency financial instruments held at the reporting date and also takes into account forward exchange contracts that offset effects from changes in currency exchange rates.

If the Australian Dollar had strengthened and weakened against the USD and NZD by 5% ((30 June 2018: 5%) and 5% ((30 June 2018: 5%) respectively then this would have had the following impact:

	2019		2018	
	+5%	5%	+5%	5%
USD				
Net results	**113,411**	**(113,411)**	1,464	(1,464)
Equity	**(113,411)**	**113,411**	(1,464)	1,464
NZD				
Net results	**7,364**	**(7,364)**	11,219	(11,219)
Equity	**(7,364)**	**7,364**	(11,219)	11,219

Exposures to foreign exchange rates vary during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the Group's exposure to foreign currency risk.

Notes to the Financial Statements

24 Tax assets and liabilities

(a) Current Tax Liability

	2019	2018
	$	$
Income tax payable	**597,855**	169,833

(b) Deferred Tax Assets

	Notes	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
	Notes	$	$	$	$
Deferred tax assets					
Provisions employee benefits		**–**	**30,652**	**–**	**30,652**
Accruals		**–**	**16,752**	**–**	**16,752**
Transaction costs on equity issue		**–**	**179,933**	**–**	**179,933**
Balance at 30 June 2019		**–**	**227,337**	**–**	**227,337**

(c) Deferred Tax Liabilities

	Opening Balance	Charged to Income	Charged directly to Equity	Closing Balance
	$	$	$	$
Deferred tax liabilities				
Property, plant & equipment	1,374,050	343,644	–	1,717,694
Balance at 30 June 2018	1,374,050	343,644	–	1,717,694
Property, plant & equipment	**1,717,694**	**198,841**	**–**	**1,916,535**
Other	**–**	**50,290**	**–**	**50,290**
Balance at 30 June 2019	**1,717,694**	**249,131**	**–**	**1,966,825**

(d) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following:

	2019	2018
	$	$
Tax losses	**–**	824,099

Deferred tax assets with a potential tax benefit of $Nil (2018: $226,627) have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therein.

Notes to the Financial Statements

25 Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Franking account

	2019	2018
	$	$
The franking credits available for subsequent financial years at a tax rate of 30%	**–**	–

The above available balance is based on the dividend franking account at year end adjusted for:

(a) Franking credits that will arise from the payment of the current tax liabilities;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

As at 30 June 2019, the Group has franking debits amounting $2,878, 736 arising from R&D tax offsets. The franking debits will be recouped against future dividends. The ability to use franking credits on future dividends will only be available once the franking debits have been fully recouped and is dependent upon the Company's future ability to declare dividends.

26 Key Management Personnel Remuneration

Key management personnel remuneration included within employee expenses for the year is shown below:

	2019	2018
	$	$
Short term employee benefits	**759,229**	386,767
Long term benefits	**23,430**	5,154
Post employment benefits	**40,938**	34,200
Share based payments	**81,174**	–
	904,771	426,121

27 Auditors' Remuneration

	2019	2018
	$	$
Remuneration of the auditor PKF, for:		
Auditing or reviewing the financial statements for the current year	**48,878**	13,500
Auditing the financial statements for prior years	**–**	41,860
Taxation services	**7,304**	–
Other services	**96,435**	–
Total	**152,617**	55,360

Other services relate to advisory services in relation to the initial public offering and listing of Tubi Limited on the Australian Stock Exchange (ASX).

Notes to the Financial Statements

28 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business/Country of Incorporation	Percentage Owned (%)*	Percentage Owned (%)*
		2019	2018
Subsidiaries:			
Tubi USA Inc.	USA	**100**	100
Tubi NZ Limited	New Zealand	**100**	100

* The percentage of ownership interest held is equivalent to the percentage voting rights for all subsidiaries.

The principal activities of both subsidiaries during the year was the development, operation, leasing and sale of mobile manufacturing plants for the production of high density polyethylene ("**HDPE**") pipes for use in the oil and gas, irrigation, mining and infrastructure sectors.

29 Contingencies

On 14 August 2019 the Company identified that a production run of HDPE Pipe in April 2019 may not have met the customer specifications. The batch in question has already been paid for in full by the customer. At the date of the report, the Company is currently investigating the extent of the defective product with further Quality Assurance testing being performed in conjunction with the customer. This is an isolated incident being the only time that the Company has made pipe in this specification. The Company remains confident that the pipe manufactured remains saleable in part under the original order and in part under a different specification. At this stage the potential liability cannot be measured reliably due to uncertainty over the actual quantity and replacement cost involved.

30 Related Parties

(a) The Group's main related parties are as follows:

Key management personnel refer to Note 26.

Subsidiaries refer to Note 28

Other related parties include close family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel or their close family members.

Notes to the Financial Statements

(b) Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

					Balance outstanding			
		Purchases	Sales	Other	Owed to the company	Owed by the company	Provision for bad debts	Bad debts expenses
	Notes	$	$	$	$	$	$	$
KMP related parties								
Lawn Corporate Pty Ltd[(i)]		–	–	20,585	–	–	–	–
Other related parties								
Tubi Saleco Limted[(ii)]		–	–	5,414,500	25,589	–	–	–

(i) Lawn Corporate Pty Ltd. a company of which Craig Lawn is a Director, performed certain contracting services associated with the Initial Public Offering for which fees of $20,585 (2018 Nil) were charged.

(ii) Tubi Saleco Limited (Saleco), was established on 6 May 2019 to facilitate the sale of Shares by Chiara Corporation Pty Ltd, the Selling Shareholder, a company of which Marcello Russo is a Director. Saleco is wholly owned by Marcello Russo and its Directors are Michael Tilley, Anthony Willsallen and Brent Emmett.

Chiara Corporation, the Company and Saleco entered into an IPO Sell Down Deed under which Chiara Corporation Pty Ltd agreed to sell 28,800,000 of its existing Shares to Saleco at a sale price of 20 cents each share, which were sold by Saleco into the Offer, free from encumbrances and third party rights

The existing Shares which Saleco acquired from the Selling Shareholder were transferred to Successful Applicants at the Offer Price. Saleco has no material assets, liabilities or operations other than its interests in and obligations under the Underwriting Agreement and the IPO Sell Down Deed.

Gross proceeds of $5,760,000 less underwriting fees of $345,600 were transferred from Saleco to Chiara Corporation Pty Ltd on the completion of the offer.

(c) Loans to/from related parties

Unsecured loans are made to the subsidiaries, key management personnel and other related parties on an arm's length basis. Loans are unsecured and repayable in cash.

	Opening balance	Closing balance	Interest not charged	Interest paid/payable	Impairment
	$	$	$	$	$
Loans from KMP					
2019	**473,484**	**–**	**–**	**–**	**–**
2018	473,484	473,484	–	–	–
Loans from related parties					
2019	**2,155,000**	**–**	**–**	**–**	**–**
2018	2,155,000	2,155,000	–	–	–

No interest is paid on the KMP loans.

Notes to the Financial Statements

31 Cash Flow Information

(a) Reconciliation of result for the year to cashflows from operating activities

Reconciliation of net income to net cash provided by operating activities:

	2019	2018
	$	$
Profit for the year	**1,499,053**	515,719
Cash flows excluded from profit attributable to operating activities		
Non cash flows in profit:		
Amortisation	**16,800**	15,047
Depreciation	**1,002,654**	706,895
Share based payments expensed	**81,174**	–
Changes in assets and liabilities:		
(Increase)/decrease in trade and other receivables	**(2,270,855)**	867,578
(Increase)/decrease in other assets	**83,041**	(43,395)
(Increase)/decrease in inventories	**(1,037,472)**	155,376
(Increase) in deferred tax asset	**(227,337)**	–
Increase in trade and other payables	**2,760,244**	1,065,230
(Decrease) in other liabilities	**(35,917)**	(809,524)
Increase in income taxes payable	**428,022**	137,915
Increase in deferred tax liability	**249,131**	343,644
Increase in provisions	**51,532**	67,824
Cashflows from operations	**2,600,070**	3,022,309

32 Share based Payments

The Company provides benefits to employees (including senior executives) of the Group in the form of share based payments whereby employees render services in exchange for options and shares.

At 30 June 2019 the Group has the following share based payment schemes:

- Australian Long Term Incentive Plan;
- United States Share Incentive Plan;
- Tenure Restricted Stock Units;
- Performance Restricted Stock Units.

Notes to the Financial Statements

(a) Options granted

A summary of the Company options issued is as follows:

2019 Grant Date	Expiry Date	Exercise price	Balance at start of the year	Granted during the year	Exercised during the year	Forfeited during the year	Balance at the end of the year	Vested and exercisable at the end of the year
30 April 2019	30 August 2022	0.20	–	4,500,000	–	–	4,500,000	–

The weighted average fair value of the options granted during the year was $ 0.07 (2018: $Nil). These values were calculated by using a Black Scholes option pricing model applying the following inputs:

Grant date:	30 April 2019
Expiry date:	30 April 2024
Share price at grant date ($):	0.20
Exercise price ($):	0.20
Weighted average life of the option (years):	3
Expected share price volatility:	40.00%
Risk free interest rate:	1.70%
Fair value at grant date ($):	0.07

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.

The share price at 30 June 2019 was $ 0.27.

(b) Restricted stock units

A summary of the Restricted Stock Units (**RSUs**) issued is as follows:

	Grant Date	Expiry Date	Balance at start of year	Granted during the year	Vested during the year	Balance at end of year
Tenure RSUs	30 April 2019	30 August 2022	–	1,500,000	–	1,500,000
Performance RSUs	30 April 2019	30 August 2022	–	–	–	–

33 Events Occurring After the Reporting Date

The consolidated financial report was authorised for issue on 27 August 2019 by the board of directors.

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

Notes to the Financial Statements

34 Parent entity

The following information has been extracted from the books and records of the parent, Tubi Limited and has been prepared in accordance with Accounting Standards.

The financial information for the parent entity, Tubi Limited has been prepared on the same basis as the consolidated consolidated financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the consolidated financial statements of the parent entity. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from the carrying amount of these investments.

	2019	2018
	$	$
Statement of Financial Position		
Assets		
Current assets	**6,560,376**	3,350,220
Non current assets	**15,978,678**	3,598,025
Total Assets	**22,539,054**	6,948,245
Liabilities		
Current liabilities	**4,765,471**	3,108,628
Non current liabilities	**1,728,074**	1,606,152
Total Liabilities	**6,493,545**	4,714,780
Equity		
Issued capital	**18,042,218**	4,838,823
Retained earnings	**(2,077,883)**	(2,605,358)
Option reserve	**81,174**	–
Total Equity	**16,045,509**	2,233,465
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or (loss) for the year	**(527,475)**	299,994
Total comprehensive income	**(527,475)**	299,994

Contingent liabilities

The parent entity did not have any contingent liabilities as at 30 June 2019 or 30 June 2018.

Contractual commitments

The parent entity did not have any commitments as at 30 June 2019 or 30 June 2018.

35 Statutory Information

The registered office and principal place of business of the company is:

Tubi Limited
2 Hopetoun Street
Paddington NSW 2021
Australia

Directors' Declaration

The directors of the Company declare that:

1. the consolidated financial statements and notes for the year ended 30 June 2019 are in accordance with the *Corporations Act 2001* and:
    a. comply with Accounting Standards, which, as stated in basis of preparation Note 1 to the consolidated financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (**IFRS**); and
    b. give a true and fair view of the financial position and performance of the consolidated group;
2. the Chief Executive Officer and Chief Finance Officer have given the declarations required by Section 295A that:
    a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the consolidated financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the consolidated financial statements and notes for the financial year give a true and fair view.
3. in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

MIchael Tilley
Chairman

27 August 2019

Independent Audit Report to the Members of Tubi Limited

PKF

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TUBI LIMITED

Report on the Financial Report

Opinion

We have audited the accompanying financial report of Tubi Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2019, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

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

a) Giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the year ended on that date; and

b) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the Auditor's Responsibility section of our report.

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

Independence

We are independent of the consolidated entity in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PKF(NS) Audit & Assurance Limited Partnership
ABN 91 850 861 839

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Independent Audit Report to the Members of Tubi Limited

PKF

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. For each matter below, our description of how our audit addressed the matter is provided in that context.

1. Capital Works in Progress

Why significant	How our audit addressed the key audit matter
As disclosed in note 13, the Group has capital works in progress of $8,453,616 as at 30 June 2019. This related to the construction of four new mobile manufacturing plants due to be commissioned in the next 1 to 2 years. The remaining capital commitments relating to these plants as at 30 June 2019, as disclosed in Note 22, was $10,927,063. The carrying value of capital works in progress represents a significant asset of the Group, and as such it is necessary to assess whether the capitalised expenditure satisfies the key assumptions of existence, ownership and valuation, and in particular the appropriateness of the expenditure being capitalised relating to these plants in accordance with AASB 116 Property. Plant & Equipment. The carrying value of capital expenditure relating to the capital works in progress is therefore considered a key audit matter.	Our audit procedures included but were not limited to: • reviewing the construction project plans relating to the mobile manufacturing plants along with any key assumptions/ judgments made by management. Discussions with key personnel responsible for overseeing the projects; • testing and vouching a sample of capital works in progress additions to supporting purchase invoices and tracing to bank payment or supplier ledger balance as appropriate; • testing and vouching a sample of labour costs charged to the projects for validity, including review of rationale around calculations and allocation; • assessing expenditure in line with the construction project plans to confirm legitimacy of capital expenses allocated to each plant project; • assessing current progress of construction project plans to determine their continued viability and tracking to budget. This includes reviewing progress reports to management and the Board and related minutes of meetings; • verifying physical existence of the capitalised components of the new plant through physical site visits or date stamped photographs; Based on those procedures performed, we were satisfied with the material accuracy of the capital works in progress.

Independent Audit Report to the Members of Tubi Limited

Other Information

Other information is financial and non-financial information in the annual report of the company which is provided in addition to the Financial Report and the Auditor's Report. The directors are responsible for Other Information in the annual report.

The Other Information we obtained prior to the date of this Auditor's Report was the Director's Report. The remaining Other Information is expected to be made available to us after the date of the Auditor's Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, the auditor does not and will not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we 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.

We are required to report if we conclude that there is a material misstatement of this Other Information in the Financial Report and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Directors' Responsibilities 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 Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report complies with International Financial Reporting Standards.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

Independent Audit Report to the Members of Tubi Limited

The procedures selected depend on the auditor's judgement, including assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the consolidated entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the consolidated entity to cease to continue as a going concern.

We evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the consolidated entity to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Audit Report to the Members of Tubi Limited

PKF

Report on the Remuneration Report

Opinion

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Tubi Limited for the year ended 30 June 2019, 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.

PKF

PKF
CHARTERED ACCOUNTANTS

STobutt

SCOTT TOBUTT
PARTNER

27 AUGUST 2019
SYDNEY, NSW

Additional Information for Listed Public Companies

The following information is current as at 22 August 2019.

Distribution of Shareholders

Fully Paid Ordinary Shares		Number	
Holdings Ranges	**Holders**	**Total Units**	**%**
1–1,000	21	823	0.000
1,001–5,000	102	289,874	0.119
5,001–10,000	146	1,331,603	0.548
10,001–100,000	381	13,785,882	5.670
100,001–9,999,999,999	81	227,734,218	93.663
Totals	**731**	**243,142,400**	**100.000**

Top 20 Shareholders

No.	Name	No. of Ordinary Shares Held	% of Issued Capital
1.	BALD HILL QUARRY PTY LTD	52,132,500	21.441%
2.	OXLEIGH PTY LTD	51,882,480	21.338%
3.	CHIARA CORPORATION PTY LTD <RUSSO FAMILY A/C>	35,727,420	14.694%
4.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	17,500,000	7.197%
5.	UBS NOMINEES PTY LTD	7,713,562	3.172%
6.	SEALIGHT CAPITAL PTY LTD	6,323,800	2.601%
7.	KTM VENTURES INNOVATION FUND LP	5,000,000	2.056%
8.	BETA GAMMA PTY LTD <WALSH STREET S/F A/C>	5,000,000	2.056%
9	GW BURKE INVESTMENTS LRD <BURKE INVESTMENT A/C>	5,000,000	2.056%
10.	MR DAVID ALAN VERSCHOOR & MRS DANIELLE MILINDA VERSCHOOR <D&D VERSCHOOR SUPERFUND A/C>	3,531,000	1.452%
11.	WHITS END PTY LTD	3,210,000	1.320%
12.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	2,795,806	1.150%
13.	BANNABY INVESTMENTS PTY LIMITED <BANNABY SUPER FUND A/C>	2,696,000	1.109%
14.	STRUCTURE INVESTMENTS PTY LTD <ROGERS FAMILY A/C>	2,500,000	1.028%
15.	IFM PTY LTD <IFM SUPER FUND A/C>	2,271,000	0.934%
16.	MR CRAIG LAWN & MRS JOY LAWN <LAWN FAMILY SUPER FUND A/C>	1,942,500	0.799%
17.	JOHN DAHLSEN SUPERANNUATION FUND PTY LTD	1,750,000	0.720%
18.	JECKI HOLDINGS PTY LTD <COATES FAMILY A/C>	1,553,130	0.639%
19.	JOHN LANGLEY HANCOCK	1,190,000	0.489%
20.	MR PETER JAMES NIXON	900,000	0.370%
	Total Securities of Top 20 Holdings	**210,619,198**	**86.624%**
	Total of Securities	**243,142,400**	

Additional Information for Listed Public Companies

Substantial Holders

The following shareholders are substantial holders:

Holder Name	Number of Shares	% Voting Power
Oxleigh Pty Ltd[1]	104,014,9804	42.78%[4]
Bald Hill Quarry[2]	104,014,9804	42.78%[4]
Chiara Corporation Pty Ltd[3]	35,747,420	14.7%

1. Oxleigh Pty Ltd is controlled by director Mr. Michael Tilley
2. Bald Hill Quarry Pty Ltd is controlled by director Mr. Anthony Willsallen
3. Chiara Corporation Pty Ltd is controlled by director Mr. Marcello Russo
4. Oxleigh Pty Ltd and Bald Hill Quarry Pty Ltd have entered in to a Consultation Deed Consultation Deed under which each has agreed to not dispose of Shares without first notifying and consulting with the other party on (among other things) the terms, the manner and the extent to which the other party may acquire those shares. The effect of the Consultation Deed is that each Related Party Shareholder (among other things) has a "relevant interest" (as that term is defined in the Corporations Act) in each other's Shares and has voting power of 42.78% in the Company.

Voting Rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands. There are no other classes of equity securities.

Unmarketable Holders

There are 38 shareholders holding less than a marketable parcel of shares based on the closing price of AUD 0.31 on 21 August 2019 representing a total of 26,165 shares.

Restricted Securities

The Company has the 69,871,200 fully paid ordinary restricted securities which are voluntarily escrowed for 24 months from quotation (ending 16/06/2021) and 69,871,200 fully paid ordinary restricted securities which are voluntarily escrowed for 12 months from quotation (ending 16/06/2020).

Corporate Directory

Company

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2 Hopetoun Street
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Phone 02 9331 8725
Email companysecretary@tubigroup.com
Web www.tubigroup.com

Directors

Mr. Michael Tilley
Non-Executive Chairman

Mr. Jeffrey Shorter
Managing Director/Chief Executive Officer

Mr. Marcello Russo
Executive Director, Business Development and Founder

Mr. Tony Willsallen
Non-Executive Director

Mr. Craig Lawn
Independent Non-Executive Director

Mr. Brent Emmett
Independent Non-Executive Director

Company Secretary

Mr. Ian Coates
Company Secretary and Chief Financial Officer

Share Registry

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000 Australia

Telephone +61 2 9290 9600

Auditor

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