NOT FOR DISTRIBUTION OR PUBLICATION, DIRECTLY OR INDIRECTLY IN OR INTO THE UNITED STATES, EUROPEAN ECONOMIC AREA, CANADA, JAPAN OR AUSTRALIA

This announcement is not for distribution or publication, directly or indirectly, in or into the United States, European Economic Area, Canada, Japan or Australia. This announcement does not constitute an offer of securities in the United States, European Economic Area, Canada, Japan, Australia or any other jurisdiction. Any proposed issue of new units in Keppel Infrastructure Trust ("**KIT**") ("**New Units**") have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("**Securities Act**") or under the securities laws of any state or other jurisdiction of the United States, and any such New Units may not be offered or sold within the United States except pursuant to an exemption from, or transactions not subject to, the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Keppel Infrastructure Fund Management Pte. Ltd., in its capacity as trustee-manager of KIT (the "**Trustee-Manager**") does not intend to conduct a public offering of any securities of KIT in the United States.

Keppel Infrastructure Trust

(Business Trust Registration Number 2007001)

(Constituted in the Republic of Singapore as a business trust pursuant to a trust deed dated 5 January 2007 (as amended))

ANNOUNCEMENT

CORRIGENDUM TO CIRCULAR DATED 28 JANUARY 2019

---

*Unless otherwise defined, all terms and references used herein shall bear the same meaning ascribed to them in the circular of KIT dated 28 January 2019 (the "**Circular**").*

The Trustee-Manager wishes to announce that (i) note 20 to the audited financial statements of the Ixom Group for the financial year ended 30 September 2018, as set out on page B-39 of the Circular ("**Note 20**") and (ii) note A of the unaudited *pro forma* financial information of the KIT Group following the completion of the Acquisition and the Equity Fund Raising for the financial year ended 31 December 2018, as set out on page C-7 of the Circular, contains the following typographical errors:

(i) **Page B-39 of the Circular**

20. Retained Earnings

	2018 AUD'000s	**2017 AUD'000s**
Opening balance at beginning of period	(22,560)	(71,908)
Profit attributable to owners of the Company	~~(1,184,627)~~ 40,812	49,348
Balance at end of financial period	**~~(1,207,187)~~ 18,252**	**(22,560)**

For the avoidance of doubt, (a) the profit for the financial year ended 30 September 2018 attributable to owners of Ixom (to which Note 20 relates) is correctly reflected as AUD40,812,000 on pages B-10 and B-12 of the Circular and (b) the retained earnings as at 30 September 2018 (to which Note 20 relates) is correctly reflected as AUD18,252,000 on pages B-11 and B-12 of the Circular.

Please refer to the Annex to this announcement for the audited financial statements of the Ixom Group for the financial year ended 30 September 2018.

(ii) **<u>Page C-7 of the Circular</u>**

	Financial year ended 31 December 2017 SGD'000	Financial year ended 31 December 2018 SGD'000
Note A		
Cash and bank balance reconciliation		
Cash and cash equivalents	80,129	167,600
Restricted Cash	49,754	~~(~~51,898~~)~~
Cash and bank balance	129,883	~~115,702~~ 219,498

The Reporting Accountant has confirmed that the typographical errors in sub-paragraph (ii) above do not affect its Assurance Report on the Compilation of Unaudited *Pro Forma* Financial Information of Keppel Infrastructure Trust and its Subsidiaries Following the Completion of the Acquisition and the Equity Fund Raising for the Years Ended 31 December 2017 and 31 December 2018, as set out in Appendix D to the Circular.

The amendments set out in this announcement do not have a material adverse impact on the disclosure in the Circular.

KEPPEL INFRASTRUCTURE FUND MANAGEMENT PTE. LTD.
(Company Registration Number: 200803959H)
As Trustee-Manager of Keppel Infrastructure Trust

Winnie Mak / Joyce Ng
Company Secretaries
8 February 2019

IMPORTANT NOTICE

This announcement is not for distribution, directly or indirectly, in or into the United States and is not an offer of securities for sale in the United States or any other jurisdictions.

This announcement is for information purposes only and does not constitute or form part of an offer, invitation or solicitation of any securities of KIT in Singapore or any other jurisdiction nor should it or any part of it form the basis of, or be relied upon in connection with, any contract or commitment whatsoever.

The value of Units and the income derived from them may fall as well as rise. Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or any of its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units. This announcement is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for Units. The past performance of KIT is not necessarily indicative of the future performance of KIT. This announcement may contain forward-looking statements that involve assumptions, risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other developments or companies, shifts in expected levels of occupancy rate, property rental income, charge out collections, changes in operating expenses (including employee wages, benefits and training costs), governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward-looking statements, which are based on the Trustee-Manager's current view on future events.

ANNUAL REPORT

For the year ended September 30 2018

Ixom HoldCo Pty Ltd

ACN: 602 722 547

Contents

Directors' report

The Directors of Ixom Holdco Pty Ltd (the Company) submit herewith the annual report of Ixom Holdco Pty Ltd and its subsidiaries (the Group) for the year ended 30 September 2018. In order to comply with the provisions of the Corporations Act 2001, the Directors' report is as follows:

Information about the directors

The names of the directors of the Company during or since the end of the financial period are:

Mr Dean Draper
Mr Bryce Wolfe
Mr Christian Keiber
Mr Jan Nielsen (resigned 12 June 2018)
Mr Thomas Zimmerhaeckel (resigned 9 February 2018)

Principal Activities

The principal activities of the Group are the manufacture, import and trading of chemicals for agriculture, building and construction, oil and gas, food and beverage, pharmaceutical and personal care, plastics, pulp and paper and water treatment industries.

The Group predominantly operates in Australia and New Zealand, whilst also having a presence in Asia, Latin America and the United States of America.

Operating and Financial Review

The Group is focussed on building a strong foundation for the future by solving our customers' challenges through the continued delivery of its strategic priorities.

These priorities include excellence in sourcing and distribution; tailored industry strategies and solutions; and selective investment in production and distribution assts.

The key financial outcomes for the year ending 30 September 2018 include:

- Revenue totalled $1,225.4million (2017: $1,198.7million).
- The Group recognised a profit after tax of $42.7million (2017:$51.2million) which includes costs in relation to preparing the business for sale, the LogiChem acquisition and a restructure of the trading businesses.

Safety

Ixom has a long and proud history of safety performance and we continue to measure ourselves against industry peers. We continue to improve process, invest in systems and training to ensure our employees are safe and healthy and that we protect the environment and communities in which we operate.

Changes in state of affairs

During the period, the Group acquired the LogiChem business for total consideration of $13.7m, of which $3.6m was contingent and deferred for one year. This business supplies reagents and equipment essential to the daily functioning of many mine processing plants in the Kalgoorlie region. It provides a unique bulk chemical blending and storage beach-head in the heart of the Western Australia Goldfields region, delivering strategic benefits and synergies through the capacity to offer localised chemical blending and service.

Other than the above, there were no significant changes in the state of affairs of the Group during the year-ended 30 September 2018.

Likely developments

Information about likely developments in the operations of the Group and the expected results of those operations in future years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

Subsequent Events

On 15 November 2018, Keppel Infrastructure Management Pte Ltd ("Keppel"), in its capacity as Trustee-Manager of Keppel Infrastructure Trust ("KIT"), through its wholly-owned subsidiary entered into a share sale agreement to acquire 100% of the shares in the Company. The sale is subject to regulatory approval and approval of KIT unitholders and is expected to complete in the first quarter of 2019.

Apart from the above, there have been no other events subsequent to 30 September 2018 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.

Dividends

No dividends were paid or declared during the year.

Environmental regulations

The Group's environmental obligations are regulated under both State and Federal Law. All environmental performance obligations are monitored by management and subjected from time to time to Government agency audits and site inspections.

No environmental prosecutions have been notified by any Government agency during the financial year ended 30 September 2018, and the Directors' are not aware of any material non-compliances with environmental laws by the Group during or since the end of the financial year.

Directors' report

Indemnification of officers and auditors

During the financial year, the Group paid a premium in respect of a contract insuring the directors and officers of the Group (as named above) and all executive officers of the Group and of any related body corporate against a liability incurred by such a director or executive officer to the extent permitted by the Corporations Act 2001 or other applicable legislation in Australia or other jurisdiction in which a director or officer claim may arise. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

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

Auditor's independence declaration

The auditor's independence declaration is included on page 5 of this report.

Rounding off of amounts

The Company is a company of the kind referred to in the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Class Order, amounts in the Director's Report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is made in accordance with a resolution of Directors made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

Dean Draper
Managing Director and Chief Executive Officer

Melbourne
3 December 2018

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

The Board of Directors
Ixom Holdco Pty Ltd
Level 8, 1 Nicholson Street
East Melbourne, VIC, 3002

3 December 2018

Dear Board Members

Ixom Holdco Pty Ltd

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Ixom Holdco Pty Ltd.

As lead audit partner for the audit of the financial statements of Ixom Holdco Pty Ltd for the financial period ended 30 September 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

Independent Auditor's Report to the members of Ixom Holdco Pty Ltd

Opinion

We have audited the financial report of Ixom Holdco Pty Ltd (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 September 2018, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the Directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 September 2018 and of its financial performance for the year then ended; and

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

Basis for Opinion

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

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

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

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 September 2018, but does not include the financial report and our auditor's report thereon.

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

Deloitte.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- 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 Group'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 Group to cease to continue as a going concern.

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

Deloitte.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's 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.

DELOITTE TOUCHE TOHMATSU

DELOITTE TOUCHE TOHMATSU

Samuel Vorwerg
Partner
Chartered Accountants
Melbourne, 3 December 2018

Directors' declaration

The Directors declare that:

(a) 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;

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Group;

(c) in the Directors' opinion the financial statements and notes thereto are in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as stated in note 2 to the financial statements; and

At the date of this declaration, the Company is within the class of companies affected by ASIC Class Order 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt, owed by another party to that deed, in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in note 29 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

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

On behalf of the Directors

Dean Draper
Managing Director and Chief Executive Officer

Melbourne
3 December 2018

Consolidated statement of comprehensive income

For the year ended 30 September	Note	2018 $'000s	2017 $'000s
Revenue	4	1,225,439	1,198,743
Cost of goods sold		(934,299)	(910,490)
Gross profit		**291,140**	**288,253**
Other gains		596	601
Administration expenses		(46,371)	(39,221)
Personnel expenses	5	(104,739)	(100,903)
Occupancy expenses		(19,054)	(19,888)
Depreciation and amortisation expense	5	(34,354)	(31,412)
Other expenses		(86)	(508)
Profit from operations		**87,132**	**96,922**
Finance income	6	517	317
Finance expense	6	(26,280)	(27,336)
Net finance expense		**(25,763)**	**(27,019)**
Profit before income tax		**61,369**	**69,903**
Income tax expense	7	(18,704)	(18,730)
Profit for the year		**42,665**	**51,173**
Profit for the year attributable to :			
Owners of the Company		40,812	49,348
Non-controlling interest	22	1,853	1,825
Profit for the year		**42,665**	**51,173**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gain on cash flow hedges	23	1,813	1,623
Exchange gain/(loss) on translation of foreign operations		576	(5,188)
		2,389	(3,565)
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement of defined benefit obligation	23	(2,230)	5,253
Income tax relating to items that will not be reclassified subsequently	23	669	(717)
		(1,561)	4,536
Other comprehensive income for the year, net of tax		**828**	**971**
Total comprehensive Profit for the year		**43,493**	**52,144**
Total Comprehensive Profit for the year attributable to :			
Owners of the Company		41,136	50,282
Non-controlling interest		2,357	1,862
Total comprehensive Profit for the year		**43,493**	**52,144**

The above consolidated statement of comprehensive income is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of financial position

As at 30 September	Note	2018 $'000s	2017 $'000s
Current assets			
Cash and cash equivalents	26	88,999	48,558
Trade and other receivables	8	178,833	196,071
Inventories	10	155,176	159,943
Derivative asset	9	3,194	1,225
Current tax receivable		-	2,529
Other assets	11	5,281	5,687
Total current assets		**431,483**	**414,013**
Non-current assets			
Trade and other receivables	8	1,888	1,680
Property, plant and equipment	12	294,940	292,814
Goodwill and other intangible assets	13	224,519	222,050
Derivative asset	9	87	612
Deferred tax assets	7	23,235	24,931
Total non-current assets		**544,669**	**542,087**
Total assets		**976,152**	**956,100**
Current liabilities			
Trade and other payables	14	178,148	186,918
Provisions	17	30,253	28,495
Derivative liability	16	405	763
Borrowings	15	18,737	18,721
Current tax payable		5,643	1,310
Total current liabilities		**233,186**	**236,207**
Non-current liabilities			
Provisions	17	14,109	13,750
Derivative liability	16	130	-
Borrowings	15	408,080	428,789
Defined benefit obligation	18	10,976	10,039
Deferred tax liability	7	256	441
Total non-current liabilities		**433,551**	**453,019**
Total liabilities		**666,737**	**689,226**
Net assets		**309,415**	**266,874**
Equity			
Share capital	19	292,202	292,202
Retained earnings/(Accumulated losses)	20	18,252	(22,560)
Reserves	23	(6,338)	(6,935)
Non-controlling interest	22	5,299	4,167
Total equity		**309,415**	**266,874**

The above consolidated statement of financial position is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of changes in equity

	Share capital	Cash flow hedge reserve	Foreign currency translation reserve	Defined benefit reserve	Share based payment reserve	Retained earnings	Total	Non-controlling interest	Total equity
	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s	$'000s
Balance at 30 September 2016	**290,402**	**(601)**	**(6,862)**	**(2,605)**	**1,986**	**(71,908)**	**210,412**	**2,696**	**213,108**
Comprehensive income									
Profit for the year	-	-	-	-	-	49,348	**49,348**	1,825	**51,173**
Other comprehensive income for the year, net of income tax									
Other gains/(losses)	-	1,623	(5,225)	4,536	-	-	**934**	37	**971**
Total comprehensive income for the period	**-**	**1,623**	**(5,225)**	**4,536**	**-**	**49,348**	**50,282**	**1,862**	**52,144**
Transactions with owners recorded directly in equity									
B-Class Share issue	1,800	-	-	-	-	-	**1,800**	-	**1,800**
Option plan - cash contribution	-	-	-	-	(60)	-	**(60)**	-	**(60)**
Recognition of share based payments	-	-	-	-	273	-	**273**	-	**273**
Distributions	-	-	-	-	-	-	-	(391)	**(391)**
Balance as at 30 September 2017	**292,202**	**1,022**	**(12,087)**	**1,931**	**2,199**	**(22,560)**	**262,707**	**4,167**	**266,874**
Comprehensive income									
Profit for the year	-	-	-	-	-	40,812	**40,812**	1,853	**42,665**
Other comprehensive income for the year, net of income tax									
Other gains/(losses)	-	1,813	72	(1,561)	-	-	**324**	504	**828**
Total comprehensive income for the period	**-**	**1,813**	**72**	**(1,561)**	**-**	**40,812**	**41,136**	**2,357**	**43,493**
Transactions with owners recorded directly in equity									
Recognition of share based payments	-	-	-	-	273	-	**273**	-	**273**
Distributions	-	-	-	-	-	-	**-**	(1,225)	**(1,225)**
Balance as at 30 September 2018	**292,202**	**2,835**	**(12,015)**	**370**	**2,472**	**18,252**	**304,116**	**5,299**	**309,415**

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of cash flows

For the year ended 30 September	Note	2018 $'000s	2017 $'000s
Cash flows from operating activities			
Receipts from customers		1,341,672	1,285,599
Payments to suppliers and employees		(1,203,730)	(1,177,632)
Interest received		309	325
Interest paid		(23,152)	(25,119)
Income taxes paid		(9,661)	(12,442)
Net cash generated by operating activities	26	**105,438**	**70,731**
Cash flows from investing activities			
Payments for property, plant and equipment		(27,130)	(21,382)
Payments for software and intangible assets		(3,789)	(10,759)
Proceeds from sale of plant & equipment		60	316
Payments for acquisition of business	28	(10,138)	-
Net cash used in investing activities		**(40,997)**	**(31,825)**
Cash flows from financing activities			
Proceeds from issue of shares/option plans		-	100
Proceeds from borrowings		21,500	15,000
Repayment of borrowings		(45,221)	(49,507)
Distribution paid to minority interests		(1,225)	(391)
Net cash used in financing activities		**(24,946)**	**(34,798)**
Net increase in cash and cash equivalents		39,495	4,108
Cash and cash equivalents held at the beginning of the financial year		48,558	44,886
Effects of exchange rate changes on cash held in foreign currencies		946	(436)
Cash and cash equivalents held at the end of the financial year	26	**88,999**	**48,558**

The above consolidated statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements.

Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements

1. Application of new and revised accounting standards

(a) Amendments to AASBs and the new interpretation that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to AASBs issued by the Australian Accounting Standards Board (AASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2016, and therefore relevant for the current year-end.

AASB's and Interpretation	
AASB 2016-1 'Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses'	These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash charges.
AASB 2016-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107'	These amendments clarify how the entity should evaluate whether there will be sufficient future taxable profits against which it can utilise a deductible temporary difference.
AASB 2017-2 'Amendments to Australian Accounting Standards – Further annual improvements 2014-2016 cycle	The Group has applied the amendments to AASB12 included in the Annual Improvements cycle. The amendments clarify disclosure requirements interests in subsidiaries, associates joint ventures that are classified as held for sale. The other amendments are not yet mandatorily effective and have not been applied.

The application of these amendments does not have any material impact on the disclosures or the amounts recognised in the Group's consolidated financial statements.

(b) New standards and interpretations not yet adopted

The Group has not applied the following Standards and Interpretations that have been issued but are not yet effective:

AASB's and Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial period ending
AASB 9 Financial Instruments and the relevant amending standards	1 January 2018	30 September 2019
AASB 15 'Revenue from Contracts with Customers', and related clarifications	1 January 2018	30 September 2019
AASB 16 'Leases'	1 January 2019	30 September 2020
AASB 2016-5 – Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions	1 January 2018	30 September 2019
AASB 2017-1 - Amendments to Australian Accounting Standards – Transfer of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments	1 January 2018	30 September 2019
AASB 2017-6 - Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation	1 January 2019	30 September 2020
AASB 2017-7 - Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures (Amendments to IAS28)	1 January 2019	30 September 2020
Interpretation 22 Foreign Currency Transactions and Advance Consideration	1 January 2018	30 September 2019
Interpretation 23 Uncertainty over Income Tax Treatments	1 January 2019	30 September 2020
AASB 2014-10 'Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture', AASB 2015-10 'Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128'	1 January 2022	30 September 2023

With the exception of AASB 16, the Group believe these Accounting Standards and Interpretations are unlikely to have a material impact in future periods on the consolidated financial statements at this point in time. The Group does not intend to adopt any of these pronouncements before their effective dates.

AASB 15 establishes new principles for reporting information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers and supersedes a number of current Revenue Standards. The core principle of the Standard is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Following a review of key performance obligations in the Group's existing customer contracts, the application of AASB 15 is not expected to have a material effect on the consolidated net income, balance sheet or cash flows of the Group. The Group will adopt this standard from 1 October 2018 using the modified transition approach.

AASB 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligations to make lease payments.

1. Application of new and revised accounting standards (cont'd)

(b) New standards and interpretations not yet adopted (cont'd)

The Group continues to evaluate the implications of AASB 16. It has a significant number of long-term non-cancellable property leases for manufacturing sites and office buildings which are expected to have a material impact when recognised in the statement of financial position. Information on the undiscounted amount of the Group's operating lease commitments at 30 September 2018 under AASB 117, the current leasing standard, is disclosed in note 32. Under AASB 16, the present value of these commitments would be shown as a liability on the balance sheet together with an asset representing the right-of-use. The ongoing income statement classification of what is currently predominantly presented as occupancy-related expenses will be split between amortisation and interest expense.

AASB 9 introduces new requirements for the classification and measurement of financial assets, the classification, measurement and derecognition of financial liabilities and includes new requirements for general hedge accounting, impairment requirements for financial assets and introduces a fair value through other comprehensive income (FVTOCI) measurement category for certain simply debt instruments.

The Group has early adopted the classification and measurement of financial assets/liabilities in historical reporting periods. The impairment provisions of AASB 9, applying to financial assets measured at amortised cost, listed redeemable notes that will be carried at FVTOCI under AASB 9, financial lease receivable, amounts due from customer under construction contracts and financial guarantee contracts, will be adopted in the year ending 30 September 2019.

The Group expects to apply the simplified approach to recognise lifetime expected credit losses for its trade receivables, finance lease receivables and amounts due from customs under contraction contracts as required or permitted by AASB 9.

In general, the directors anticipate that the application of the expected credit loss model of AASB 9 will result in earlier recognition of credit losses for the respective items.

2. Significant accounting policies

(a) Statement of Compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law. The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the Directors on 3 December 2018.

(b) Basis of preparation

The consolidated financial statements have been prepared on the basis of historical cost except for certain derivative financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below. Comparative amounts have been reclassified for changes in presentation in the current period, unless otherwise stated.

Historical cost is generally based on the fair value of the consideration given in exchange of assets. All amounts are presented in Australian dollars, which is Ixom Holdco Pty Ltd's functional currency and presentation currency, unless otherwise indicated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 117, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

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

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 dated 24 March 2016, and in accordance with that Class Order, amounts in this Financial Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

2. Significant accounting policies (cont'd)

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 '*Income Taxes'* and AASB 119 '*Employee Benefits'* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquire or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 '*Share-based Payment'* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 '*Non-current Assets Held for Sale and Discontinued Operations*' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 9 '*Financial Instruments,*' or AASB 137 '*Provisions, Contingent Liabilities and Contingent Assets'*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

2. Significant accounting policies (cont'd)

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of the acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or Groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss in the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(f) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with AASB 5. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The requirements of AASB 9 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with AASB 136 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with AASB 136 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests. When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities. When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

(g) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Sale of goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2. Significant accounting policies (cont'd)

(g) Revenue recognition (cont'd)

Rendering of services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The stage of completion of the contract is determined as follows:

- installation fees are recognised by reference to the stage of completion of the installation, determined as the proportion of the total time expected to install that has elapsed at the end of the reporting period;
- servicing fees included in the price of products sold are recognised by reference to the proportion of the total cost of providing the servicing for the product sold; and
- revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred.

The Group's policy for recognition of revenue from construction contracts is described at (h) below.

Dividend and interest income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(h) Construction contracts

When the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

(i) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(j) Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Borrowing costs include:

- interest on bank overdrafts, short-term and long-term borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

2. Significant accounting policies (cont'd)

(k) Employee benefits

Short-term and long-term employee benefits
A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Retirement benefits costs
Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item personnel expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

(l) Foreign currencies

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each group entity are expressed in Australian dollars ('$'), which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purpose of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

(m) Share-based payments arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Where the Group provides employees with non-recourse loans for the acquisition of shares that have service and vesting conditions, such arrangements are treated as option issues and share-based payment arrangements.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 35.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

Notes to the Consolidated Financial Statements

2. Significant accounting policies (cont'd)

(n) Income tax

Current tax
The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Directors of the Company reviewed the Group's investment property portfolios and concluded that none of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, the Directors have determined that the 'sale' presumption set out in the amendments to AASB 112 is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Current and deferred tax for the year
Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

(o) Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated statement of financial position at their revalued amounts, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed with sufficient regularity such that the carrying amounts do not differ materially from those that would be determined using fair values at the end of each reporting period. Any revaluation increase arising on the revaluation of such land and buildings is recognised in other comprehensive income and accumulated within equity, except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously expensed. A decrease in the carrying amount arising on the revaluation of such land and buildings is recognised in profit or loss to the extent that it exceeds the balance, if any, held in the properties revaluation reserve relating to a previous revaluation of that asset.

Plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Subsequent expenditure is added to the carrying value of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset will flow to the operation. All other subsequent expenditure is expensed in the period in which it is incurred.

Property, plant and equipment, other than freehold land, is depreciated or amortised on an either straight-line basis or diminishing value method at various rates dependent upon the estimated average useful life for that asset. The estimated useful lives of each class of asset are as follows:

Buildings and Leasehold Improvements	20 to 40 years
Plant and Equipment	5 to 15 years

2. Significant accounting policies (cont'd)

(o) Property, plant and equipment (cont'd)

Depreciation rates and methods are reviewed at least annually and, where changed, are accounted for as a change in accounting estimate. Where depreciation rates or methods are changed, the net written down value of the asset is depreciated from the date of the change in accordance with the new depreciation rate or method. Depreciation recognised in prior financial years shall not be changed, that is, the change in depreciation rate or method shall be accounted for on a 'prospective' basis.

Assets held under finance lease are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the profit or loss in the period the item is derecognised.

(p) Intangible assets

Intangible assets acquired separately
Intangible assets with finite lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Intangible assets acquired in a business combination
Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets
An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in profit or loss when the asset is derecognised.

(q) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(r) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and selling expenses. Cost is based on the first-in, first-out or weighted average method based on the type of inventory. For manufactured goods, cost includes direct material and fixed overheads based on normal operating capacity.

2. Significant accounting policies (cont'd)

(s) Provisions

A provision is recognised when a present legal, equitable or constructive obligation exists and can be reliably measured as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation, the timing or amount of which is uncertain.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Lease make good
A provision for lease make good is recognised in relation to the properties held under operating lease. The Group recognises the provision for property leases which contain a specific clause to restore the property to a specific condition and the amount is based on the best estimate made by management.

Restructurings
A restructuring provision is recognised when the Group has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

(t) Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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.

Financial assets are classified and subsequently measured at amortised cost (AC), fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL), (except for financial assets that are irrevocably designated to be measured at fair value through profit or loss on initial recognition), on the basis of both:

(i) the entity's business model for managing the financial assets; and
(ii) the contractual cash flow characteristics of the financial asset.

A financial asset is measured at amortised cost if the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments measured subsequently at amortised cost. Interest income is recognised in profit or loss and is included in the 'finance income' line item.

Investments in equity instruments are classified as at FVTPL, unless the Group designates an investment that is not held for trading as at fair value through other comprehensive income (FVTOCI) on initial recognition (see below).

Dividend income on investments in equity instruments at FVTPL is recognised in profit or loss when the Group's right to receive the dividends is established in accordance with AASB 118 '*Revenue*' and is included in the net gain or loss described above.

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading.

2. Significant accounting policies (cont'd)

(t) Financial instruments (continued)

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established in accordance with AASB 118 *'Revenue'*, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends earned are recognised in profit or loss and are included in the 'investment income' line item.

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. The foreign exchange component forms part of its fair value gain or loss. Therefore:

- for financial assets that are classified as at FVTPL and debt instruments measured at fair value through other comprehensive income, the foreign exchange component is recognised in profit or loss; and
- for equity instruments designated as at FVTOCI, any foreign exchange component is recognised in other comprehensive income.

For foreign currency denominated debt instruments measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the financial assets and are recognised in the 'finance income' or 'finance expense' line item in the consolidated statement of comprehensive income/income statement.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and the entire combined contract is designated as at FVTPL in accordance with AASB 9.

Financial liabilities at FVTPL are stated at fair value. Any gains or losses arising on re-measurement of held-for-trading financial liabilities are recognised in profit or loss. Such gains or losses that are recognised in profit or loss incorporate any interest paid on the financial liabilities and are included in the 'finance income' or 'finance expense' line item in the consolidated statement of comprehensive income.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. The remaining amount of change in the fair value of liability is recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance expense' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised through profit or loss.

2. Significant accounting policies (cont'd)

(t) Financial instruments (continued)

Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 24.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

Note 24 sets out details of the fair values of the derivative instruments used for hedging purposes.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the 'finance income' or 'finance expense' line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(u) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

(i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
(ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(v) Dividends

Dividends are recognised when an obligation to pay a dividend arises, following declaration of the dividend by the Company's Board of Directors.

2. Significant accounting policies (cont'd)

(w) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and highly liquid investments and notes with maturity of three months or less when purchased.

(x) Investments

Investments in subsidiaries are carried at cost in the individual financial statements of Ixom Holdco Pty Ltd. An impairment loss is recognised whenever the carrying amount of the investment exceeds its recoverable amount. Recoverable amount is the higher of value in use and fair value less costs to sell.

(y) Receivables

The majority of trade debtors are settled within 30-60 days of the invoice date and are carried at amounts due less provision for impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

When receivables are considered to be impaired the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited in profit or loss.

The recoverable amount of the consolidated entity's receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. Impairment of receivables is not recognised until objective evidence is available that a loss event has occurred. Receivables are individually assessed for impairment.

(z) Trade payables

Liabilities are recognised for amounts to be paid in the future for goods or services provided prior to the end of the reporting period. Trade accounts payable are normally settled within 30-60 days of the invoice date.

(aa) Interest bearing liabilities

Interest bearing liabilities are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs.

(ab) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the Company. Incremental costs directly attributable to the issue of new shares are shown in equity as a reduction, net of tax, from the proceeds.

(ac) Parent entity financial information

The financial information for the parent entity, Ixom Holdco Pty Ltd (the Company), disclosed in note 29 has been prepared on the same basis as the consolidated financial statements, except for:

(i) Investments in subsidiaries are accounted for at cost in the financial statements of the Company. Dividends received from associates are recognised in the Company's profit or loss, rather than being deducted from the carrying amount of these investments; and

(ii) Where the Company has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

Notes to the Consolidated Financial Statements

3. Critical accounting judgments and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the Directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Changes in the assumptions underlying the estimates may result in a significant impact on the financial statements. Management believes the estimates used in preparing the financial report are reasonable and in accordance with accounting standards. The most critical of these assumptions and judgements are:

Working capital provisions (current assets)

In the course of normal trading activities, management uses its judgement in establishing the net realisable value of various elements of working capital, principally inventory and trade receivables. Provisions are established for obsolete or slow moving inventories and bad or doubtful receivables. Actual expenses in future periods may be different from the provisions established and any such differences would affect future earnings of the Group.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value.

The carrying amount of goodwill at 30 September 2018 was $208.1 million (2017:$201.3million). To the best of management's knowledge the goodwill is not impaired and is fairly recorded at the balance date (refer to note 13).

Impairment and recoverable amount of property, plant and equipment

The consolidated entity assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product, technology, economic, environmental and political environments and future expectations. If an impairment trigger exists the recoverable amount of the asset is determined. There was no impairment recognised during the year as a result of this.

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

Useful lives of property, plant and equipment and finite life intangible assets

The Group's property, plant and equipment and intangible assets, other than indefinite life intangible assets, are depreciated/amortised on a systematic basis over their useful economic lives that reflects the pattern in which the asset's future economic benefits are expected to be consumed. Management reviews the appropriateness of useful economic lives of assets at least annually. Any changes to useful economic lives affect prospective depreciation rates and asset carrying values.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities, including derivatives, are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 2(b).

Defined benefit superannuation fund obligations

The expected cost of providing post-retirement benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. In all cases, the superannuation costs are assessed in accordance with the advice of independent qualified actuaries but require the exercise of judgement in relation to assumptions for future salary and superannuation increases, long term price inflation and bond rates. While management believes the assumptions used are appropriate, a change in the assumptions used may impact the earnings and equity of the Group.

Taxation

The Group is subject to income taxes in Australia and jurisdictions where is has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. The Group recognises liabilities for tax issues based on estimates of where additional taxes will be due. Where the final tax outcome of these matters is difference from the amounts that were initially recognised, such difference will impact the current and deferred tax provision in the period in which such determination is made.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilise those temporary difference s and losses, and the tax losses continue to be available having regard to the nature and timing of their origination and compliance with the relevant tax legislation associated with their recoupment.

Notes to the Consolidated Financial Statements

	2018 $'000s	2017 $'000s

4. Revenue

	2018 $'000s	2017 $'000s
Revenue from sale of goods	1,225,439	1,198,743
Total revenue	**1,225,439**	**1,198,743**

5. Expenses

Profit for the period has been arrived at after charging:

	2018 $'000s	2017 $'000s
Personnel expenses	104,739	100,903
Personnel expenses contain the following categories of employee benefit expenses:		
Defined contribution plans	5,603	5,920
Defined benefit plans (note 18)	1,595	2,406
Termination benefits	2,047	984
Share-based payments - equity-settled (note 35)	273	273
Other employee benefits	16,438	10,257
Total employee benefits expense	**25,956**	**19,840**
Depreciation and amortisation		
Depreciation	26,258	25,656
Amortisation	8,096	5,756
Total depreciation and amortisation expense	**34,354**	**31,412**

6. Net financing expense

	2018 $'000s	2017 $'000s
Finance income		
Interest revenue	517	317
Total finance income	**517**	**317**
Finance expense		
Interest on loans	(22,136)	(23,311)
Amortisation of capitalised borrowing costs	(3,028)	(3,057)
Other finance expense	(1,116)	(968)
Total finance expense	**(26,280)**	**(27,336)**
Net finance expense	**(25,763)**	**(27,019)**

7. Income taxes

	2018 $'000s	2017 $'000s
Income tax expense recognised for the current period		
Current tax expense	19,986	18,225
Deferred tax	(1,282)	505
Total income tax expense /(benefit) in the profit and loss for the current period	**18,704**	**18,730**
The income tax expense may be reconciled to the accounting profit as follows:		
Profit before income tax including significant items	61,369	69,903
Prima facie income tax expense at 30%	18,411	20,971
Variances in local tax rates	(597)	(2,607)
Non-deductible financing and thin capitalisation adjustments	(635)	679
Sundry non-deductible expenses, patent costs	418	253
Other	313	497
Changes in tax rates	-	(1,063)
Under/Over provision in prior years	794	-
Income tax expense recorded in the profit and loss for the current period	**18,704**	**18,730**
Income tax expense recognised directly in other comprehensive income		
Deferred tax:		
Relating to defined benefit schemes	(669)	717
Total income tax expense in other comprehensive income	**(669)**	**717**

Deferred tax balances
Movements in deferred tax assets and liabilities during the financial period are

	2018				
	Balance 1 October 2017 $'000s	**Recognised in income $'000s**	**Recognised in equity $'000s**	**Sundry adjustments $'000s**	**Balance 30 Sept 2018 $'000s**
Deferred tax assets					
Provisions	17,279	174	669	-	18,122
Fixed assets	-	-	-	551	551
Tax losses	6,698	357	-	(3,152)	3,903
Sundry	954	11	-	(306)	659
Total deferred tax assets	**24,931**	**542**	**669**	**(2,907)**	**23,235**
Deferred tax liabilities					
Fixed assets	449	(31)	-	(551)	(133)
Customer Intangibles	(878)	768	-	-	(110)
Sundry	(12)	3	-	(4)	(13)
Total deferred tax liabilities	**(441)**	**740**	**-**	**(555)**	**(256)**

7. Income taxes (cont'd)

	2017				
	Balance 1 Oct 2016 $'000s	**Recognised in income $'000s**	**Recognised in equity $'000s**	**Sundry adjustments $'000s**	**Balance 30 Sept 2017 $'000s**
Deferred tax assets					
Provisions	22,885	(4,889)	(717)	-	17,279
Tax losses	19,347	(12,669)	-	20	6,698
Sundry	(1,526)	2,449	-	31	954
Total deferred tax assets	**40,706**	**(15,109)**	**(717)**	**51**	**24,931**
Deferred tax liabilities					
Fixed assets	(245)	694	-	-	449
Customer Intangibles	(1,635)	757	-	-	(878)
Sundry	(470)	484	-	(26)	(12)
Total deferred tax liabilities	**(2,350)**	**1,935**	**-**	**(26)**	**(441)**

Unrecognised tax assets

The following tax related assets are not booked on the basis of an exemption or doubts of recoverability:

	2018 $'000s	**2017 $'000s**
Tax losses in Brazil	2,806	1,533
Tax losses in China	305	-

Franking credits

The Company has $3,016k (2017:nil) of franking credits in Australia for use in subsequent reporting period.

Relevance of tax consolidation to the Group

The company and its wholly-owned Australian resident entities are a tax-consolidated group with effect from 6 November 2014, and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is Ixom Holdco Pty Ltd. The members of the tax-consolidated group are identified in note 29.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, Ixom Holdco Pty Ltd and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations or if an entity should leave the tax consolidated group. The effect of the tax sharing agreement is that each member's liability for tax payable by the tax-consolidated group is limited to the amount payable to the head entity under the tax funding arrangement.

8. Trade and other receivables

	2018 $'000s	2017 $'000s
Current		
Trade receivables (a)		
Trade receivables	178,236	188,860
Allowance for doubtful debts	(2,381)	(1,403)
	175,855	**187,457**
Other receivables		
Other receivables	2,978	8,614
Total current receivables	**178,833**	**196,071**
Non-current		
Other receivables (b)	1,888	1,680
Total non-current receivables	**1,888**	**1,680**

(a) Trade receivables
Trade receivables are carried at amounts due. Receivables that are not past due and not impaired are considered recoverable. Payment terms are generally 30 days from the end of the month of invoice. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts. Credit insurance cover is obtained where appropriate.

The collectability of trade receivables is assessed continuously and at balance date specific allowances are made for any doubtful trade receivables based on a review of all outstanding amounts at year end. Bad debtors are written off during the period in which they are identified.

Ageing of trade receivables not impaired:

	2018	2017
Ageing of past due but not impaired:		
Not past due	153,183	163,999
Overdue 0 to 30 days	19,839	19,858
Overdue 31 to 60 days	2,087	1,675
Overdue 61 to 90 days	878	789
Overdue 90 days and beyond	2,249	2,539
Total	**178,236**	**188,860**
Movement in the allowance for doubtful debts:		
Balance at beginning of the period	1,403	1,332
Amounts provided during the period	1,050	685
Amounts written off as uncollectible	(70)	(567)
Foreign currency exchange difference	(2)	(47)
Balance at end of the period	**2,381**	**1,403**

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the end of the reporting period. The concentration of credit risk is limited due to the fact that the customer base is large and unrelated.

(b) Other receivables
Includes receivable from related party totalling $1,797k (2017:$1,640k). Refer to note 25 for further information.

	2018 $'000s	2017 $'000s

9. Other financial assets

	2018 $'000s	2017 $'000s
Derivatives designated and effective as hedging instruments carried at fair value:		
Foreign currency forward contracts	2,832	1,102
Interest rate swaps	449	735
Total derivative assets	**3,281**	**1,837**
Current	3,194	1,225
Non-current	87	612
Total derivative assets	**3,281**	**1,837**

Refer to note 24 for details on the financial risk management and use of derivative financial instruments.

10. Inventories

	2018 $'000s	2017 $'000s
Raw materials	18,424	16,581
Finished goods	136,752	143,362
Total inventory	**155,176**	**159,943**

Inventories have been shown net of provision for impairment of $4,529k (2017:$3,414k)

11. Other current assets

	2018 $'000s	2017 $'000s
Prepayments & other assets	5,281	5,687
Other current assets	**5,281**	**5,687**

12. Property, plant and equipment

	2018 $'000s	2017 $'000s
Carrying amounts of:		
Land	24,798	24,786
Buildings and leasehold improvements	20,065	18,743
Plant and equipment[1]	250,077	249,285
	294,940	**292,814**

[1] Includes assets under construction of $19,036k (2017:$20,725k)

Impairment of property, plant and equipment

Property, plant and equipment are carried at cost less accumulated amortisation and impairment losses. At the end of the reporting period, the Group assessed whether there is any indication that property, plant and equipment may be impaired. No such indication was evident at the balance date (2017: nil).

12. Property, plant and equipment (cont'd)

	Land	Buildings and leasehold improvements	Plant and equipment	Total
		$'000s		
Cost				
Balance at 30 September 2016	**23,200**	**20,810**	**291,699**	**335,709**
Additions	-	519	24,266	**24,785**
Disposals	-	(77)	(1,375)	**(1,452)**
Transfers	1,707	-	(1,707)	**-**
Foreign currency exchange differences	(121)	(175)	(3,695)	**(3,991)**
Balance at 30 September 2017	**24,786**	**21,077**	**309,188**	**355,051**
Acquired in business combination	**-**	**-**	1,669	**1,669**
Additions	-	734	25,916	**26,650**
Disposals	-	-	(1,107)	**(1,107)**
Transfers	-	2,433	(2,433)	-
Foreign currency exchange differences	12	125	286	**423**
Balance at 30 September 2018	**24,798**	**24,369**	**333,519**	**382,686**
Accumulated depreciation				
Balance at 30 September 2016	**-**	**(1,693)**	**(38,465)**	**(40,158)**
Depreciation expense	-	(803)	(24,853)	**(25,656)**
Eliminated on disposal of assets	-	63	1,357	**1,420**
Foreign currency exchange differences	-	99	2,058	**2,157**
Balance at 30 September 2017	**-**	**(2,334)**	**(59,903)**	**(62,237)**
Depreciation expense	-	(915)	(25,343)	**(26,258)**
Eliminated on disposal of assets	-	-	983	**983**
Transfers	-	(1,019)	1,019	**-**
Foreign currency exchange differences	-	(36)	(198)	**(234)**
Balance at 30 September 2018	**-**	**(4,304)**	**(83,442)**	**(87,746)**

13. Goodwill and other intangible assets

	2018 $'000s	2017 $'000s
Carrying amounts of:		
Goodwill	208,073	201,287
Other Identifiable Intangibles	3,512	5,740
Software[1]	12,934	15,023
	224,519	**222,050**

[1] Includes software under construction of $2,738k (2017:$8,270k)

13. Goodwill and other intangible assets (cont'd)

	Goodwill	Other Identifiable Intangibles	Software	Total
		$'000s		
Cost				
Balance at 30 September 2016	**201,287**	**19,000**	**11,267**	**231,554**
Additions	-	2,840	7,919	10,759
Disposals	-	-	(52)	(52)
Foreign currency exchange differences	-	(47)	(23)	(70)
Balance at 30 September 2017	**201,287**	**21,793**	**19,111**	**242,191**
Additions (including Business combination)	6,786	-	3,789	10,575
Disposals	-	-	(117)	(117)
Foreign currency exchange differences	-	(5)	28	23
Balance at 30 September 2018	**208,073**	**21,788**	**22,811**	**252,672**
Accumulated amortisation and impairment losses				
Balance at 30 September 2016	**-**	**(13,629)**	**(807)**	**(14,436)**
Amortisation	-	(2,424)	(3,332)	(5,756)
Eliminated on disposal of assets	-	-	41	41
Foreign currency exchange differences	-	-	10	10
Balance at 30 September 2017	**-**	**(16,053)**	**(4,088)**	**(20,141)**
Amortisation	-	(2,225)	(5,871)	(8,096)
Eliminated on disposal of assets	-	-	112	112
Foreign currency exchange differences	-	2	(30)	(28)
Balance at 30 September 2018	**-**	**(18,276)**	**(9,877)**	**(28,153)**

Impairment of intangible assets
Intangible assets are carried at cost less accumulated amortisation and impairment losses. At the end of each reporting period, the Group assesses whether there is any indication that intangible assets may be impaired. No such indication was evident at balance date.

Allocation of goodwill to cash-generating units
The carrying amount of goodwill is allocated to the businesses cash generating units for impairment testing purposes. The carrying amount of goodwill was allocated to cash generating units as follows:

	2018 $'000s	2017 $'000s
Manufactured Chemicals and Water	33,775	30,849
Industrial Packaged & Bulk Chemicals	111,819	90,348
Life Sciences	21,852	39,463
New Zealand	40,627	40,627
	208,073	**201,287**

During the period, the Group restructured its operations to better serve the requirements of its customers, with Bulk Liquids and Gases replaced by Industrial Packaged and Bulk Chemicals, a new Life Sciences CGU and the Trading CGU split across the new and existing CGUs. As a result, the Goodwill previously allocated to the Trading CGU was reapportioned based on relative values allocated to Manufactured Chemicals and Water, Industrial Packaged & Bulk Chemicals and Life Sciences.

Key assumptions used for calculating the recoverable amount of goodwill
The recoverable amount of each CGU is determined using a value in use methodology.

Value in use is determined by applying assumptions specific to the Group's CGU's in the present form. Value in use cash flow calculations use management approved plans and other assumptions specific to the group.

The key assumptions used in the calculations include:

- the regulatory environment within which the Group operates remains largely unchanged;
- growth rates of upto 5.7% (2017: upto 8%) used to extrapolate cash flows are consistent with industry trends;
- discount rate of 10.5% (2017: 12% to 13%) used based on a post-tax weighted average cost of capital;
- terminal growth rate of 2.5% (2017: 2.5%) used in line with the forecast long term underlying Consumer Price Index or similar.

The key estimates and assumptions used are based upon management current expectations after taking into account past experience and external information and are considered to be reasonably achievable. A reasonably possible change in the growth rates for the life sciences CGU would result in its carrying value exceeding its recoverable amount requiring an impairment change to be recognised at a future time.

14. Trade and other payables

	2018 $'000s	2017 $'000s
Trade payables	154,082	161,543
Other	24,066	25,375
Total current payables	**178,148**	**186,918**

Foreign currency risk
The carrying amounts of the Group's trade and other payables are disclosed in Australian dollars. For an analysis of the sensitivity of trade and other payables to foreign currency risk refer to note 24.

15. Borrowings

	2018 $'000s	2017 $'000s
Current		
Syndicated Facility	18,400	18,400
Finance lease liabilities	337	321
Total current borrowings	**18,737**	**18,721**
Non-current		
Syndicated Facility	414,000	437,400
Capitalised Upfront Facility Costs	(6,559)	(9,587)
Finance lease liabilities	639	976
Total non-current borrowings	**408,080**	**428,789**

16. Other financial liabilities

	2018 $'000s	2017 $'000s
Derivatives designated and effective as hedging instruments carried at fair value		
Foreign currency forward contracts	405	763
Interest rate swaps	130	-
Total derivative liabilities	**535**	**763**
Current	405	763
Non-current	130	-
Total derivative liabilities	**535**	**763**

Refer to note 24 for details on the financial risk management and use of derivative financial instruments.

17. Provisions

	2018 $'000s	2017 $'000s
Current		
Employee entitlements	28,343	27,683
Lease makegood	371	400
Restructuring and other	1,539	412
Total current provisions	**30,253**	**28,495**
Non-current		
Employee entitlements	1,539	1,053
Lease makegood	12,570	12,697
Total non-current provisions	**14,109**	**13,750**

The provision for employee benefits represents annual leave, other short-term employee benefits and long service leave entitlements accrued by employees.

17. Provisions (cont'd)

Movement in each class of provision during the financial period, other than employee benefits, are set out below:

	2018 $'000s	2017 $'000s
Provision - Lease makegood		
Balance at beginning of period	13,097	13,749
Additional provisions recognised	1,166	-
Reductions arising from payments	(1,126)	(315)
Reductions arising from re-measurement or settlement without cost	(681)	(337)
Unwinding of discount and effect of discount rate changes	485	-
Carrying amount at the end of the period	**12,941**	**13,097**

	2018 $'000s	2017 $'000s
Provision - Restructuring and other		
Balance at beginning of period	412	4,974
Additional provisions recognised	1,491	412
Reductions arising from payments	(390)	(3,724)
Reductions arising from re-measurement or settlement without cost	-	(1,250)
Foreign exchange differences on provision	26	-
Carrying amount at the end of the period	**1,539**	**412**

18. Retirement benefit plans

Defined benefit plans
The consolidated entity participates in one Australian and one New Zealand defined benefit post-employment plan that provide benefits to employees upon retirement. Plan funding is carried out in accordance with the requirements of trust deeds and the advice of actuaries.

The information within these financial statements has been prepared by the local plan's external actuaries. During the period, the consolidated entity made employer contributions of $2.9million (2017:$3.2million) to the defined benefit plans. The Group's external actuaries have forecast total employer contributions and benefit payments to defined benefit plans of $2.7million (2017:$3.4million) for the forthcoming financial year.

The Funds design means that the risks most commonly affecting the reported financial results are expected to be:

- Investment risk – Strong investment returns tending to improve the balance sheet position, whilst poor or negative investment return tending to weaken the position
- Interest rate risk – The defined benefit obligation calculated in accordance with AASB 119 *'Employee Benefits'* uses a discount rate based on bond yields. If bond yields fall, the defined benefit obligation will tend to increase
- Salary inflation risk – Higher than expected increases in salary will increase the defined benefit obligation

Australia
The Ixom Defined Benefit Sub-Fund is a Sub-Fund of the Flexible Benefits Super Fund and provides defined benefits to a number of members, where the benefits are defined by final average salary and period of membership. The Fund is a final average salary defined benefit fund, with accumulation underpin guarantees for pre-1992 joiners. Benefits can be taken as a lump sum or lifetime pension (or a combination). The Sub-Fund is currently closed to new members and has a total of 46 (2017:60) active Defined Benefit members and 12 (2017:7) lifetime pensioners at period end.

New Zealand
Under a special purpose deed made between Ixom Operations Pty Ltd and Orica New Zealand Limited, separate notional assets are maintained within the Orica New Zealand Plan for members of the Plan who were employed by Ixom as at 27 February 2015. The objective is for the notional assets to broadly match the value of the accrued liabilities using the funding assumptions. The Sub-Fund is currently closed to new members and has a total of 17 (2017:17) active Defined Benefit members and nil (2017:nil) lifetime pensioners at period end.

(i) Balance sheet amounts

The amounts recognised in the balance sheet are determined as follows:

	2018 $'000s	2017 $'000s
Present value of the funded defined benefit obligation	(68,361)	(70,821)
Present value of the unfunded defined benefit obligation	(663)	(677)
Fair value of defined benefit plan assets	58,048	61,459
Deficit	(10,976)	(10,039)
Net liability in the balance sheet	**(10,976)**	**(10,039)**

18. Retirement benefit plans (cont'd)

(ii) Amounts recognised in the profit and loss

The amounts recognised in the profit and loss statement are as follows:

	2018 $'000s	2017 $'000s
Current Service Cost	1,298	1,745
Past Service Cost	-	255
Interest cost on defined benefit obligation	297	406
Total included in employee benefits expense	**1,595**	**2,406**

(iii) Amounts included in the statement of comprehensive income

Amounts included in the statement of comprehensive income are as follows:

	2018 $'000s	2017 $'000s
Actuarial gains/(losses) on defined benefit obligations:		
Due to changes in demographic assumptions	(2,523)	-
Due to changes in financial assumptions	(1,245)	6,422
Due to experience adjustments	(786)	(4,715)
Total	**(4,554)**	**1,707**
Return on plan assets greater than discount rate	2,324	3,546
Re-measurement effects recognised in Other Comprehensive Income	**(2,230)**	**5,253**

(iv) Reconciliations

	2018 $'000s	2017 $'000s
Reconciliation of present value of the defined benefit obligations:		
Balance at the beginning of the period	71,498	75,910
Current service cost	1,298	1,745
Past Service cost	-	255
Interest cost	2,724	2,311
Contributions by plan participants	435	571
Actuarial (gains)/losses	4,554	(1,707)
Benefits paid	(10,996)	(6,784)
Administration expenses paid (including premiums)	(468)	(507)
Foreign exchange difference	(21)	(296)
Balance at the end of the period	**69,024**	**71,498**
Reconciliation of the fair value of the plan assets:		
Balance at the beginning of the period	61,459	59,708
Interest income on plan assets	2,427	1,905
Return of plan assets greater/(less) than discount rate	2,324	3,546
Contributions by employer	2,882	3,193
Contributions by plan participants	435	571
Benefits paid	(10,996)	(6,784)
Administration expenses paid (including premiums)	(468)	(506)
Foreign exchange difference	(15)	(174)
Balance at the end of the period	**58,048**	**61,459**

	2018 $'000s	2017 $'000s

18. Retirement benefit plans (cont'd)

The fair value of plan assets does not include any amounts relating to the consolidated entities own financial instruments, property occupied by, or other assets used by, the consolidated entity.

	2018 $'000s	2017 $'000s
The fair value of the plan assets comprise:		
Quoted in active markets:		
Equities	27,166	26,561
Debt securities	14,313	18,402
Property	6,472	7,126
Other quoted securities	5,188	4,105
Other:		
Cash and cash equivalents	4,909	5,265
	58,048	**61,459**

The principal assumptions applied in determining the present value of defined benefit obligations and their bases were as follows:

- Rates of increase in pensionable remuneration, pensions in payment and healthcare costs: historical experience and management's long-term future expectations;
- Discount rates: prevailing long-term high quality bond yields, chosen to match the currency and duration of the relevant obligation; and
- Mortality rates: the local actuaries' designated mortality rates for the individual plans concerned.

The weighted averages for those assumptions and related sensitivity information are presented below. Sensitivity information indicates by how much the defined benefit obligations would increase or decrease if a given assumption were to increase or decrease with no change in other assumptions.

	Assumptions on Defined Benefit Obligation				
		Assumptions Used		**Change of assumption**	**Impact $'000s**
	Period Ending	Aust	NZ		
Rate of increase in pensionable remuneration	**30/9/2018**	**2.50%**	**2.50%**	**+1.00%** **-1.00%**	**834** **(808)**
	30/9/2017	2.50%	2.50%	+1.00% -1.00%	850 (812)
Discount rate for pension plan	**30/9/2018**	**4.10%**	**2.60%**	**+1.00%** **-1.00%**	**(6,243)** **7,620**
	30/9/2017	4.25%	2.90%	+1.00% -1.00%	(5,268) 6,429
Mortality decrements	**30/9/2018**	**n/a**	**n/a**	**+1 year older** **+1 year younger**	**(739)** **718**
	30/9/2017	n/a	n/a	+1 year older +1 year younger	(581) 567

	2018	2017
	$'000s	$'000s

19. Issued capital

	No. of Shares			
	2018	2017	$'000s	$'000s
Fully paid ordinary shares				
Balance of beginning of financial period	290,401,915	290,401,915	290,402	290,402
Balance at end of financial period	**290,401,915**	**290,401,915**	**290,402**	**290,402**
Partially paid B-Class Shares				
Balance of beginning of financial period	1,604,985	-	1,800	-
New shares issued	-	1,604,985	-	1,800
Balance at end of financial period	**1,604,985**	**1,604,985**	**1,800**	**1,800**
Total issued capital at end of financial period	**292,006,900**	**292,006,900**	**292,202**	**292,202**

The company issued 290,401,915 ordinary shares on 6 November 2014 for the purpose of incorporation.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per shares at shareholder's meetings. In the event of winding-up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Holders of B-Class shares are entitled to distributions such as dividends as declared by the Board from time to time on a basis at least equivalent to ordinary shares. B-Class shares are only transferable with the written consent of the Company's parent and do not entitle the holder to a vote at shareholder meetings except in relation to a proposal that adversely affects the rights attached to B-Class shares. B-Class shares may be converted to ordinary shares solely on the Company's discretion. In the event of winding-up of the Company, B-Class shares rank equally with ordinary shares.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

20. Retained Earnings

Opening balance at beginning of period	(22,560)	(71,908)
Profit attributable to owners of the Company	40,812	49,348
Balance at end of financial period	**18,252**	**(22,560)**

21. Dividends

No dividends were paid or declared during the period (2017:nil).

22. Non-controlling interests

Balance at beginning of period	4,167	2,696
Share of profit for the period	1,853	1,825
Distribution	(1,225)	(391)
Foreign currency translation gain	504	37
Balance at end of period	**5,299**	**4,167**

23. Reserves

	2018 $'000s	2017 $'000s
Cash flow hedging reserve	2,835	1,022
Foreign currency translation reserve	(12,015)	(12,087)
Defined benefit plan reserve	370	1,931
Share based payments reserve	2,472	2,199
Balance at end of period	**(6,338)**	**(6,935)**

Reconciliations:

	2018 $'000s	2017 $'000s
Cash flow hedge reserve		
Balance at start of the period	1,022	(601)
Gain/(Loss) arising on changes in fair value of hedging instruments entered into for cash flow hedges		
Interest rate swaps	(454)	735
Forward foreign exchange contracts	2,267	888
	1,813	1,623
Income tax related to gains/(loss) recognised in other comprehensive income	-	-
Balance at end of period	**2,835**	**1,022**
Foreign currency translation reserve		
Balance at start of period	(12,087)	(6,862)
Exchange differences arising on translating the foreign operations	72	(5,225)
Balance at end of period	**(12,015)**	**(12,087)**
Defined benefit plan reserve		
Balance at start of the period	1,931	(2,605)
Return on assets	2,324	3,546
Actuarial gains/(loss)	(4,554)	1,707
	(299)	2,648
Income tax related to gains/(loss) recognised in other comprehensive income	669	(717)
Balance at end of period	**370**	**1,931**
Share based payments reserve		
Balance at start of the period	2,199	1,986
Arising on share-based payments	273	273
Share based payment plan participant contributions	-	(60)
Balance at end of period	**2,472**	**2,199**

Nature and purpose of reserves

Cash flow hedging reserve
The cash flow hedging reserve represents the cumulative effective portion of gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or is included as a basis adjustment to the non-financial hedged item, consistent with the relevant accounting policy.

Foreign currency translation reserve
Exchange differences arising on translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are taken to the foreign currency translation reserve. The reserve is recognised in the statement of profit or loss and other comprehensive income on disposal of the net investment.

Defined benefit plan reserve
The defined benefit reserve represents the cumulative impact of re-measurement effects on defined benefit plans within the Group recognised in other comprehensive income. Further information about defined benefit plans is set out in note 18.

Share-based payments reserve
The amount reported in the share-based payments reserve each year represents the share-based payments expense adjusted for amounts transferred to contributed equity on vesting of shares. Further information about share based payments to employees is set out in note 35.

Notes to the Consolidated Financial Statements

24. Financial instruments

Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in note 15 and offset by cash and bank balances note 26 and equity of the Group (comprising issued capital, reserves, retained earnings and non-controlling interests as detailed in notes 19, 20, 22 and 23).

Financial risk management

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk and interest rate risk, use of derivative financial instruments and non-derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk including foreign currency risk and interest rate risk, credit risk and liquidity risk.

Interest rate and foreign exchange rate risk exposures are managed by quantifying the impact of adverse interest and foreign exchange rate movements on the overall profitability of the Group and entering into hedging contracts seeking to protect a predetermined level of forecast profitability that may otherwise be impacted by unfavourable market rate movements.

Gearing Ratio

The gearing ratio at period end was as follows:

	Note	2018 $'000s	2017 $'000s
Debt (Syndicated facility)	15	432,400	455,800
Cash and cash equivalents	26	(88,999)	(48,558)
Net debt		**343,401**	**407,242**
Total equity		309,415	266,874
Net debt and total equity		652,816	674,116
Gearing ratio (%)		**53%**	**60%**

The Group monitors the gearing ratio on a regular basis to ensure it continues to remain at a prudent level.

Categories of financial instruments

The Group holds the following financial instruments:

Financial Assets			
Cash and cash equivalents	26	88,999	48,558
Amortised cost			
Trade and other receivables	8	180,721	197,751
Derivatives - Cash flow hedge (interest rate swap)	9	449	734
Derivatives - Cash flow hedge (foreign exchange forwards)	9	2,832	1,103
	9	**3,281**	**1,837**
Financial Liabilities			
Amortised Cost			
Borrowings	15	432,400	455,800
Trade and other payables	14	178,148	186,918
Derivatives - Cash flow hedge (foreign exchange forwards)	16	405	763
Derivatives - Cash flow hedge (interest rate swap)	16	130	-

24. Financial instruments (cont'd)

Financial risk management objectives

The Group Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse exposures by degree and magnitude of risks. These include market risk (currency and interest rate risk), credit risk and liquidity risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed on a regular basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The use of financial instruments ensures that adverse variability in cashflow obligations or fair values of assets and liabilities in hedging relationships are offset with the use of cashflow payoffs and fair value movements in derivative contracts which have offsetting movements.

(a) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into derivative financial instruments to manage its exposure to interest rate and foreign currency risk, including:

- forward foreign exchange contracts to hedge exchange rate risk primarily due to significant purchase and /or sales denominated, either directly or indirectly, in currencies other than the functional currencies of the Group's subsidiaries;
- forward foreign exchange contracts to hedge the exchange rate risk arising on cash flow receivables on loans made in a foreign currency to foreign currency subsidiaries
- interest rate swaps, to mitigate the risk that the interest charged on the syndicated long-term borrowings will fluctuate due to changes in the market interest rates.

Foreign currency risk management

Foreign exchange risk arises from future anticipated commercial transactions and recognised assets and liabilities that are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters utilising forward foreign exchange contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows (Notional Foreign Currency Exposure in Australian Dollar Equivalents):

Currency Exposure **-** *in $AUDmillions equivalent*	2018								
	USD	**NZD**	**CLP**	**CNY**	**EURO**	**ARS**	**GBP**	**Other**	**Total**
Cash	6.5	6.2	2.7	4.6	0.9	0.5	2.6	4.8	**28.8**
Net Receivable/(Payable)	(67.9)	0.5	10.0	2.6	(1.2)	1.4	(0.6)	1.1	**(54.1)**
Net Derivatives:									
- Operational forward FX contracts	2.4	0.1	-	-	-	-	-	-	**2.5**
Net exposure - $AUD millions	(59.0)	6.8	12.7	7.2	(0.3)	1.9	2.0	5.9	**(22.8)**

Currency Exposure **-** *in $AUDmillions equivalent*	2017								
	USD	**NZD**	**CLP**	**CNY**	**EURO**	**ARS**	**GBP**	**Other**	**Total**
Cash	7.5	(2.5)	2.6	1.6	0.2	1.0	0.3	4.3	**15.0**
Net Receivable/(Payable)	(37.7)	19.7	-	0.2	1.9	-	(0.1)	1.5	**(14.5)**
Net Derivatives:									
- Operational forward FX contracts	77.8	-	-	-	2.4	-	(0.3)	1.0	**80.9**
Net exposure - $AUD millions	47.6	17.2	2.6	1.8	4.5	1.0	(0.1)	6.8	**81.4**

24. Financial instruments (cont'd)

Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the relevant foreign currencies at the reporting date. 10% is the sensitivity rate used representing management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period-end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar strengthens 10% against the relevant currency. For a 10% weakening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

Where the exposure to foreign currency is hedged, the relevant movement would result in a change in equity, but not profit and loss to the extent the hedge is effective. Foreign exchange hedging instruments include foreign exchange forward contracts for operational and translational hedging.

Directors cannot and do not seek to predict movements in exchange rates. However, it should be noted that it is unlikely that all currencies would move in the same direction and by the same percentage.

	2018				
		Increase/(Decrease) in Profit after tax		Increase/(Decrease) in Total equity	
	Reported	10% Down	10% Up	10% Down	10% Up
	FX Rate	$AUD millions			
AUD/USD	0.7182	0.7	(0.5)	11.7	(9.6)
AUD/NZD	1.0902	(0.5)	0.4	1.5	(1.3)
AUD/CLP	473.9336	(0.5)	0.3	-	-
AUD/CNY	4.9463	0.1	(0.1)	-	-
AUD/EURO	0.6170	0.1	-	0.1	(0.1)
AUD/ARS	28.5388	(0.1)	-	-	-
AUD/GBP	0.5492	0.2	(0.1)	-	-
AUD/JPY	81.5661	-	-	-	-

	2017				
		Increase/(Decrease) in Profit after tax		Increase/(Decrease) in Total equity	
	Reported	10% Down	10% Up	10% Down	10% Up
	FX Rate	$AUD millions			
AUD/USD	0.7789	(0.2)	0.2	9.6	(7.3)
AUD/NZD	1.0873	-	-	-	-
AUD/CLP	497.5124	0.1	(0.1)	-	-
AUD/CNY	5.198	0.1	(0.1)	-	-
AUD/EURO	0.6636	0.1	(0.1)	0.3	(0.2)
AUD/ARS	13.6705	0.1	-	-	-
AUD/GBP	0.5818	-	-	-	-
AUD/JPY	88.0313	-	-	-	-

Interest rate risk management

Interest rate risk relates to the Group's cash flow exposures to changes in interest rates on the Group's interest bearing liabilities. As interest rates fluctuate, the amount of interest payable on financing where the interest rate is not fixed will also fluctuate. Consistent with the Policy, the Group may seek to mitigate its exposure to fluctuations in interest rates by entering into interest rate hedging contracts for a portion of forecast interest rate exposures.

The Group is primarily exposed to interest rate risk on its outstanding long term interest-bearing liabilities. Non-derivative financial assets are predominately short term liquid assets, such as cash at bank balances.

	2018		2017	
Risk Exposure	**Average Rate**	**Notional Exposure**	**Average Rate**	**Notional Exposure**
AUD BBSW payable	Float +2.95%	432,400	Float +2.69%	455,800
AUD BBSW receivable	Float	225,500	Float	360,640
Net AUD BBSW risk				
Fixed AUD pay	1.69%	225,500	1.65%	360,640
Fixed AUD receive	N/A	N/A	N/A	N/A

24. Financial instruments (cont'd)

Interest rate sensitivity analysis

The table below shows the effect on profit and total equity after tax if interest rates at that date had been 10% higher or lower based on the relevant interest rate yield curve applicable to the underlying currency the Group's financial assets and liabilities are denominated in with all other variables held constant, taking into account all underlying exposures and related hedges and does not take account of the impact of any management action that might take place if these events occurred. A sensitivity of 10% has been selected as this is considered reasonable given the current level of both short term and long term interest rates for AUD BBSW base rate and USD Libor base rate. The Directors cannot nor do not seek to predict movements in interest rates.

Interest rate sensitivity

	2018 AUD BBSW Sensitivity	2017 AUD BBSW Sensitivity
	$'000s	
Increase/(decrease) in profit after income tax expense		
+ 10% Interest rate of current base rate	96	124
- 10% Interest rate of current base rate	(96)	(124)
Increase/(decrease) in total equity		
+ 10% Interest rate of current base rate	532	583
- 10% Interest rate of current base rate	(532)	(583)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions.

Only reputable banks and financial institutions are accepted. The Group cash at bank for Australia is held with A rated banks, with the main transactional bank being the Westpac Banking Corporation which has a AA- rating.

The principal activity of the Group gives rise to a material receivables value within the financial assets of the Group. The credit risk on financial assets of the Group which have been recognised on balance sheet is generally the carrying amount, net of any provisions for doubtful debts. The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of the receivables.

Credit assessments are undertaken to determine the credit quality of the customer, taking into account their financial position, past experience and other relevant factors. Individual risk limits are granted in accordance with the internal Credit Policy and authorised via appropriate personnel as defined by the Group's Delegation of Authority manual. The utilisation of credit limits by customers is regularly monitored by operational management.

Credit risk exposures by counterparty rating:

	MtM value at risk $'000s	
Counterparty Rating	**2018**	**2017**
AA to AAA	-	-
A to AA-	2,746	1,074

The Group does not enter into any master netting arrangements with counterparties in order to restrict its exposure to credit losses.

(c) Liquidity risk

Liquidity risk management implies maintaining sufficient cash, marketable securities and access to cash via committed credit lines in order to meet commitments as and when they fall due. Group Treasury manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note (e) below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Notes to the Consolidated Financial Statements

24. Financial instruments (cont'd)

Liquidity and interest risk tables

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities and also its derivative financial liabilities, with agreed repayment periods. The table has been drawn up based on the undiscounted cash flows based on the earliest date on which the Group can be required to pay.

	2018			
	1-3 months	3-12 months	1-5 years	5+ years
	$'000s			
Non-derivative financial liabilities				
Trade & other payables	174,548	-	-	-
Deferred consideration - business combination	-	3,600	-	-
Undrawn facility commitment fee(1)	296	889	1,383	-
Syndicated loan facility(2)	5,042	33,022	434,266	-
Total non-derivative financial liabilities	**179,886**	**37,511**	**435,649**	**-**
Derivative financial liabilities				
Interest-rate swap	-	-	130	-
Forward foreign exchange hedge contracts	312	93	-	-
Total derivative financial instruments	**312**	**93**	**130**	**-**

(1) Includes a commitment fee based on the undrawn portion of a revolver facility (refer note (e) below).
(2) Terms of the facility include a change of control clause that would result in the syndicated loan facility becoming immediately due and payable.

	2017			
	1-3 months	3-12 months	1-5 years	5+ years
	$'000s			
Non-derivative financial liabilities				
Trade & other payables	186,918	-	-	-
Undrawn facility commitment fee(1)	256	769	2,221	-
Syndicated loan facility(2)	5,000	18,400	432,400	-
Total non-derivative financial liabilities	**192,174**	**19,169**	**434,621**	**-**

(1) Includes a commitment fee based on the undrawn portion of a revolver facility (refer note (e) below).
(2) Terms of the facility include a change of control clause that would result in the syndicated loan facility becoming immediately due and payable

(d) Fair value measurement

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement for disclosure purposes. As per AASB 7 Financial Instruments Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2), and;

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The table below analyses financial instruments carried at fair value by valuation method as described above.

	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Category	$'000s					
Financial Assets						
Interest-rate swaps	-	449	-	-	735	-
Foreign currency exchange contracts	-	2,832	-	-	1,102	-
Financial Liabilities						
Interest-rate swaps	-	(130)	-	-	-	-
Foreign currency exchange contracts	-	(405)	-	-	(763)	-

The fair values of the financial assets and financial liabilities included in the level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of the counterparties.

24. Financial instruments (cont'd)

(e) Financing Facilities:

Facilities available and the amounts drawn and undrawn as at period end are as follows:

Committed standby and loan facilities

	2018	2017
Syndicated bank loan facility	**$'000s**	**$'000s**
Amount used	432,400	450,800
Amount unused	-	-
Total loan facility	**432,400**	**450,800**
Revolver and growth capex facility		
Amount used (1)	-	5,000
Amount unused	105,000	100,000
Total revolver and growth capex facility	**105,000**	**105,000**

(1) Includes utilised letter of credit facilities of nil [2017:nil]

Hedge Accounting

The Group has elected to hedge account for financial instruments that are actively hedging operational purchases and receipts in foreign currency plus foreign currency denominated loans made to Group subsidiaries. The Group is exposed to foreign currency fluctuation risks for expected foreign currency denominated future purchases and future receivables; the hedging relationships are defined as the following:

- Cashflow Hedge: Hedging the forecasted foreign currency denominated purchase or receivables by entering into Forward Foreign Exchange contracts to remove uncertainty in future cashflows.

The Group hedges its foreign currency exposure on a net monthly basis by grouping all forecasted payables and receivables by currency and transacting a hedge on this net position for the month. The Group expects the operational foreign currency cashflow hedges to be effective as the underlying currency cross is referenced in the hedging instrument (for example hedged purchases pay a notional foreign currency amount, and transacted hedging instruments pay the notional foreign currency amount – receive a notional functional currency amount). The terms of the hedged items and hedging instrument are matched with the same base currency and there is an economic relationship.

For the operational foreign currency hedges, as the base currency translation rate match but the exact timing of cash flows do not (intra-month) there will be some source of ineffectiveness as a result of this timing mis-match, however this timing basis is not expected to dominate the hedging relationship. The foreign currency hedges will also be subject to ineffectiveness as a result of credit in the hedging instrument. Ineffectiveness in the hedging instrument as a result of credit is not expected to dominate the hedging relationship.

The Group also hedge accounts for interest rate swaps contracts whereby the Group agrees to exchange the difference between fixed and floating interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period an d the credit risk inherent in the contract, and is disclosed below. The average interest rate is based on the outstanding balance at the end of the reporting period.

The interest rate swaps settle on a quarterly basis. The Group will settle the difference between the fixed and floating interest rate on a net basis.

All interest rate swap contracts exchanging floating rate interest amounts for fixed rate interest amounts are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from variable interest on borrowings. The interest rate swaps and the interest payments on the loan occur simultaneously and the amount accumulated in equity is reclassified to profit or loss over the period that the floating rate interest payments on debt affect profit or loss.

The impact of hedge accounting on the balance sheet and profit or loss is detailed in the below:

Balance Sheet:

Hedging Instrument	**Notional Amount**	**Location in Statement of financial position**	**Carrying Amount Assets**	**Carrying Amount Liabilities**
		$'000s		
		2018		
Cash Flow Hedges				
Foreign Currency risk (arising from FX denominated purchases)	$118.1m AUD	Derivative Asset/Liability	2,832	(405)
Interest Rate risk (arising from movement in AUD base interest rate)	$225.5m AUD	Derivative Asset/Liability	449	(130)
		2017		
Cash Flow Hedges				
Foreign Currency risk (arising from FX denominated purchases)	$80.8m AUD	Derivative Asset/Liability	1,102	(763)
Interest Rate risk (arising from movement in AUD base interest rate)	$360.6m AUD	Derivative Asset	735	-

24. Financial instruments (cont'd)

Profit or loss:

Hedging Instrument	Cash Flow Hedge Reserve		Ineffectiveness		
	Continuing Hedges	Discontinued Hedges	Changes in value of hedging instrument	Changes in value of hedged item	Recognised in profit and loss for period
	$'000s				
	2018				
Cash flow hedges					
Foreign Currency risk (arising from FX denominated purchases)	2,427	-	3,437	(3,437)	-
Interest Rate risk (arising from movement in AUD base interest rate)	319	-	348	(348)	-
	2017				
Cash flow hedges					
Foreign Currency risk (arising from FX denominated purchases)	338	-	2,282	(2,282)	-
Interest Rate risk (arising from movement in AUD base interest rate)	735	-	951	1,756	(804)

The following table details the expected transfer of the cash flow hedge reserve to the profit or loss:

	0 to 1 Year	1 to 2 Years	2 to 5 Years	Over 5 Years	Total
	$'000s				
	2018				
Current hedges					
Transferred to profit or loss	258	(185)	-	-	73
Transferred to inventory	2,281	391	-	-	2,672
Discontinued hedges					
Transferred to profit or loss	-	-	-	-	-
Transferred to inventory	-	-	-	-	-
	2017				
Current hedges					
Transferred to profit or loss	91	-	-	-	91
Transferred to inventory	248	-	-	-	248
Discontinued hedges					
Transferred to profit or loss	-	-	-	-	-
Transferred to inventory	-	-	-	-	-

25. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below. Outside of what has been disclosed below, there have been no other related party transactions, including; loans, borrowings and transactions with directors or director controlled entities.

The immediate parent of the Company is Chemstralia Pte. Ltd., a company incorporated in Singapore and ultimately owned by Blackstone Capital Partners (Cayman III) VI LP, a Cayman Islands partnership ("BCP"). The Company has an agreement with Blackstone Management Partners LLC ("BMP"), an affiliate of the General Partner of BCP, under which the Company agrees to engage BMP to provide certain monitoring, advisory and consulting services in exchange for an annual fee. The Company also has an agreement to reimburse BMP for third-party expenses it incurs in relation to BCP's ownership of the Company.

The Company has a non-current interest-bearing receivable for $1,797k (2017:$1,640k) relating to the issue of B-Class Shares to Chemstralia Pte Ltd. The loan attracts interest of 8%p.a which is capitalised to the value of the loan. The loan must be repaid on divestment or conversion of the B-Class shares.

Notes to the Consolidated Financial Statements

26. Cash and cash equivalents

(a) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial period as shown in the consolidated statement of cash flow is reconciled to the related items in the consolidated statement of financial position as follows:

	2018 $'000s	2017 $'000s
Cash at bank and on hand	88,999	48,558
Cash and cash equivalents	**88,999**	**48,558**

(b) Reconciliation of profit for the period to net cash flows from operating activities

Profit/(Loss) for the period	42,665	51,173
Depreciation and amortisation	34,354	31,412
(Profit)/Loss on disposal of Property, plant and equipment	69	(273)
Expense recognised in respect of share-based payments	273	273
Non-cash finance costs	2,920	2,225
Change in operating assets and liabilities		
(Increase)/decrease in debtors	19,526	(9,997)
(Increase)/decrease in inventory	7,311	(23,567)
(Increase)/decrease in other assets	406	(1,543)
Increase/(decrease) in operating creditors and accruals	(11,580)	21,896
Increase/(decrease) in operating provisions	450	(7,189)
Increase/(decrease) in provision for income tax	6,863	(6,828)
Movement in deferred taxes	2,181	13,149
Net cash inflow from operating activities	**105,438**	**70,731**

27. Key management personnel compensation

The aggregate compensation made to directors and other members of key management personnel of the Group is set out below:

	$'s	$'s
Short-term employee benefits	4,923,401	3,602,089
Post-employment benefits	122,782	141,503
Termination benefits	-	202,226
Share-based payments	218,283	202,339
	5,264,466	**4,148,157**

During and since the end of the financial year, nil share options (2017:nil), under the management executive plan (MEP), were granted to directors and to the five highest remunerated officers of the company and its controlled entities.

Further information about the MEP, including the issuing entity and details of the unissued shares or interests under option, can be found at note 35.

Disclosures relating to related party transactions with director or key management personnel are set out in note 25.

Notes to the Consolidated Financial Statements

28. Business combinations

On 31 January 2018, the Group, through subsidiary Ixom Operations Pty Ltd, acquired the chemical business from LogiChem Pty Ltd. The business supplies reagents and equipment essential to the daily functioning of many mine processing plants in the Kalgoorlie region. It provides a unique bulk chemical blending and storage beach-head in the heart of the Western Australia Goldfields region, delivering strategic benefits and synergies through the capacity to offer localised chemical blending and service.

Purchase consideration transferred

	2018 $'000s
Cash paid	10,138
Deferred consideration	3,600
Total Purchase consideration	**13,738**

The deferred consideration identified above is contingent upon the business achieving certain performance milestones in the 12 months post acquisition, including retention of customers, and growth targets. The range of outcomes is expected to be from $3.0-$3.6m, with $3.6m being the maximum payment for which the Group may be required to pay.

Acquisition related costs
The Group incurred acquisition costs of $623k on external legal fees, stamp duty and due diligence costs. These costs have been included in "Administration costs" in the Group's statement of profit or loss and other comprehensive income.

Assets acquired and liabilities assumed at the date of acquisition

Assets	
Trade Receivables	2,764
Inventories	2,543
Property, plant and equipment	1,669
	6,976
Liabilities	
Employee provisions	24
	24
Net identifiable assets acquired	**6,952**

The initial accounting for the acquisition of the LogiChem business has been provisionally determined at the end of the reporting period. The following amounts have been measured on a provisional basis:

- The fair value of potential intangible assets are pending completion of an independent valuation.
- The fair value of plant and equipment are pending completion of an independent valuation.

If new information obtained within one year from the acquisition date about the facts and circumstances that existed at the acquisition date identified adjustments to the above amounts, or any additional provision that existed at the acquisition date, then the acquisition accounting will be revised.

Provisional goodwill arising on acquisition

Total consideration	13,738
Less: Fair value of identifiable net assets acquired	(6,952)
Provisional goodwill arising on acquisition	**6,786**

The provisional goodwill value potentially includes identifiable intangibles such as customer contracts acquired. The final value will be determined via an independent valuation to be finalised in the coming months.

Impact of acquisition on the Group

Included in the Group's revenue and profit after tax for the year is $10.8m and $1.8m respectively attributable to the additional business generated by the LogiChem business acquisition. Had the business combination been affected at 1 Octobers 2017, the revenue of the Group would have been $1,230.8m and the profit from the year would have been $43.563m. The directors consider these pro-forma numbers to represent an approximate measure of the performance of the combined group on annualised basis and to provide a reference point for comparison in future periods.

Notes to the Consolidated Financial Statements

29. Subsidiaries

Details of the Group's material subsidiaries at the end of the reporting period are as follows:

Name of subsidiary	Country of incorporation	Ownership Interest 2018	Ownership Interest 2017
Ixom Pty Ltd (i)(iii)	Australia	100%	100%
Ixom Holdings Pty Ltd (i)(iii)	Australia	100%	100%
Ixom Finco LLC (i)	Australia	100%	100%
Ixom Finance Pty Ltd (ii)	Australia	100%	100%
Ixom International Holdings Pty Ltd (ii)(iii)	Australia	100%	100%
Ixom Operations Pty Ltd (ii)(iii)	Australia	100%	100%
Ixom Watercare International Holdings Pty Ltd (ii)	Australia	100%	100%
Marplex Australia (Holdings) Pty Ltd (v)	Australia	N/A	100%
Marplex Australia Pty Ltd (iv)	Australia	N/A	100%
Bronson & Jacobs Pty Ltd (ii)(iii)	Australia	100%	100%
Ixom Finance New Zealand Limited	New Zealand	100%	100%
Ixom Watercare Inc	USA	100%	100%
Miex UK Limited	UK	100%	100%
Central Pacific Chemicals Ltd	Fiji	100%	100%
Ixom Chemicals Trading Agency (Beijing) Co, Ltd	China	100%	100%
Bronson & Jacobs (Shanghai) International Trading Co Ltd	China	100%	100%
Bronson & Jacobs (H.K.) Ltd	Hong Kong	100%	100%
Bronson & Jacobs (S.E. Asia) Pte Ltd	Singapore	100%	100%
PT Bronson & Jacobs Indonesia	Indonesia	100%	100%
Bronson & Jacobs (Malaysia) Sdn Bhd	Malaysia	100%	100%
Bronson & Jacobs International Company Ltd (vi)	Thailand	49%	49%
Ixom Chile SA	Chile	100%	100%
Active Chemicals Chile SA	Chile	100%	100%
Ixom Argentina SA	Argentina	100%	100%
Ixom Brasil Produtos Quimícos Ltda	Brazil	100%	100%
Forbusi Importadora e Exportadora Ltda	Brazil	100%	100%
Ixom Peru SA	Peru	100%	100%
Ixom Colombia SAS	Colombia	100%	100%

(i) These companies joined the tax-consolidated group on 6 November 2014. Ixom Holdco Pty Ltd is the head entity within the tax-consolidated group.

(ii) These companies joined the tax-consolidated group on 28 February 2015.

(iii) These wholly-owned subsidiaries have entered into a deed of cross guarantee with Ixom Holdco Pty Ltd pursuant to ASIC Class Order 2016/785 and are relieved from the requirement to prepare and lodge an audited financial report.

(iv) Marplex Australia Pty Ltd was summarily wound-up and deregistered on 11 October 2017.

(v) Marplex Australia (Holdings) Pty Ltd was summarily wound-up and deregistered on 27 December 2017.

(vi) Management has determined the existence of control based on the right to appoint and remove a majority of board members and the relevant activities are determined based on simple majority votes.

Notes to the Consolidated Financial Statements

30. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to note 2 for a summary of the significant accounting policies relating to the Group.

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Note	2018 $'000s	2017 $'000s
Financial Position			
Current assets		-	-
Non-current assets		294,674	298,078
Total assets		294,674	298,078
Current liabilities		-	-
Non-current liabilities		116	3,793
Total liabilities		116	3,793
Net assets		**294,558**	**294,285**
Equity			
Issued capital	19	292,202	292,202
Accumulated losses		(116)	(116)
Reserves	23	2,472	2,199
Total equity		**294,558**	**294,285**

Financial Performance		
Profit/(Loss) for the period	-	-
Other comprehensive income	-	-
Total comprehensive income for the period	**-**	**-**

(b) Guarantees entered into by the parent entity

Ixom Holdco Pty Ltd has entered into a deed of cross guarantee with Ixom Pty Limited, Ixom Holdings Pty Limited, Ixom Operations Pty Limited, Bronson & Jacobs Pty Limited, and Ixom International Holdings Pty Ltd. The closed group of entities which are party to the Deed are disclosed in note 29.

(c) Contingent liabilities of the parent entity

There have been no events or circumstances arising during the period that have given rise to either contingent assets or liabilities for the parent entity.

Notes to the Consolidated Financial Statements

31. Deed of cross guarantee

Pursuant to ASIC Class Order 2016/785 the wholly-owned Australian controlled entities listed in Note 29 are relieved from the Corporations Act requirements for the preparation, audit and lodgement of financial reports. These entities which are also referred to in the Directors' Declaration are, together with the Company, all members of the 'Extended Closed Group' as defined under the Class Order and are parties to a Deed of Cross Guarantee dated 30 September 2015 which provides that the parties to the Deed will guarantee to each creditor payment in full of any debt of these entities on winding up of that entity.

A consolidated statement of profit or loss and other comprehensive income and statement of financial position comprising the Company and those Australian controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee are set out below:

For the year ended 30 September	**2018 $'000s**	**2017 $'000s**
Revenue	959,287	957,571
Cost of goods sold	(713,492)	(712,593)
Gross profit	**245,795**	**244,978**
Other gains	187	1,666
Administration expenses	(36,748)	(29,453)
Personnel expenses	(81,172)	(77,968)
Occupancy expenses	(16,204)	(17,264)
Related party loan forgiveness	2,753	(19,239)
Depreciation and amortisation expense	(33,222)	(30,443)
Other expenses	242	(492)
Profit from operations	**81,631**	**71,785**
Finance income	1,563	764
Finance expense	(30,699)	(32,241)
Net finance expense	**(29,136)**	**(31,477)**
Profit before income tax	**52,495**	**40,308**
Income tax expense	(16,045)	(19,225)
Profit for the period	**36,450**	**21,083**
Profit for the period attributable to:		
Owners of the Company	36,450	21,083
Non-controlling interest	-	-
Profit for the period	**36,450**	**21,083**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Net fair value gain on cash flow hedges	1,813	1,623
Exchange gain on translation of foreign operations	259	1,014
Income tax relating to items that may be reclassified subsequently	-	-
	2,072	2,637
Items that will not be reclassified subsequently to profit or loss:		
Re-measurement of defined benefit obligation	(2,230)	5,253
Income tax relating to items that will not be reclassified subsequently	669	(717)
	(1,561)	4,536
Other comprehensive income for the period, net of tax	**511**	**7,173**
Total comprehensive profit for the period	**36,961**	**28,256**

Notes to the Consolidated Financial Statements

31. Deed of cross guarantee (cont'd)

As at 30 September	2018 $'000s	2017 $'000s
Current assets		
Cash and cash equivalents	74,412	40,378
Trade and other receivables	131,353	143,574
Inventories	113,295	111,589
Derivative asset	3,194	1,225
Other assets	3,103	4,187
Total current assets	**325,357**	**300,953**
Non-current assets		
Trade and other receivables	1,797	1,659
Investments	129,344	129,344
Property, plant and equipment	288,123	286,456
Goodwill and other intangible assets	224,336	221,731
Loans to related parties	2,266	3,841
Derivative asset	87	612
Deferred tax assets	17,160	20,190
Total non-current assets	**663,113**	**663,833**
Total assets	**988,470**	**964,786**
Current liabilities		
Trade and other payables	136,760	143,118
Provisions	26,330	24,867
Derivative liability	278	763
Loans from related parties	24,662	22,300
Borrowings	18,737	18,631
Current tax payable	5,329	633
Total current liabilities	**212,096**	**210,312**
Non-current liabilities		
Provisions	14,109	13,750
Derivative liability	130	-
Loans from related parties	100,829	96,692
Borrowings	408,080	428,789
Defined benefit obligation	10,976	10,039
Deferred tax liability	218	406
Total non-current liabilities	**534,342**	**549,676**
Total liabilities	**746,438**	**759,988**
Net assets	**242,032**	**204,798**
Equity		
Share capital	292,202	292,202
Accumulated losses	(55,314)	(91,764)
Reserves	5,144	4,360
Total equity	**242,032**	**204,798**

32. Lease arrangements

	2018 $'000s	2017 $'000s
Non-cancellable operating lease commitments		
- Payable not later than one year	8,766	7,751
- Payable later than one year but not later than five years	14,419	14,762
- Payable later than five years	3,191	3,021
Total non-cancellable operating lease commitments	**26,376**	**25,534**

Assets that are the subject of operating leases include property, plant and equipment and motor vehicles.

The Group leased certain storage and distribution equipment under finance lease with an average lease term of six years after which the Group will own the assets. Underlying interest rates are approximately 4.5-5%. The Group's obligations under finance leases are secured by lessors title to the leased assets.

Finance Lease Liabilities	Minimum Lease Payments		Present value of minimum lease payments	
	2018 $'000s	**2017 $'000s**	**2018 $'000s**	**2017 $'000s**
- Not later than one year	375	375	337	321
- Later than one year but not later than five years	667	1,042	639	976
- Later than five years	-	-	-	-
	1,042	1,417	976	1,297
Less future finance charges	(66)	(120)		
Total lease commitments	**976**	**1,297**	**976**	**1,297**

	2018	2017
Included in consolidated financial statements as (note 15)		
- current borrowings	337	321
- non-current borrowings	639	976
	976	**1,297**

33. Capital expenditure commitments

	2018 $'000s	2017 $'000s
Software expenditure	612	321
Property, Plant and Equipment expenditure	4,169	1,754
Total capital expenditure commitments	**4,781**	**2,075**

34. Remuneration of auditors

Auditor of the parent entity	**$**	**$**
Audit and review of the financial statements	544,000	433,975
Other advisory services		
- Taxation	68,851	62,000
- Consulting services	59,900	48,869
- Accounting advice	-	14,500
Total auditor remuneration	**672,751**	**559,344**

The auditor of Ixom Holdco Pty Ltd is Deloitte Touche Tohmatsu.

Notes to the Consolidated Financial Statements

35. Share-based payments

Management Executive Share Plan

The Group has a Management Executive Plan (MEP). During the period, share options were on issue to certain executives, directors and key management personnel of the Group. Each share option converts into one ordinary share of Ixom Holdco Pty Ltd on vesting. At grant date, each option had an exercise price of $1. The options vest only on a change in ownership of the Company providing the participants are in the service of the Group at that time.

The following share-based payment arrangements were in existence during the current and prior reporting periods:

Option Series	Grant Date	Fair Value at Grant Date	Exercise Price	Expiry Date	Vesting Date
Management Executive Plan (MEP)	13-Dec-16	$0.04	$1.00	6-Nov-22	Vests on change of ownership of the Company providing participant still in service.
Management Executive Plan (MEP)	30-Nov-15	$0.04	$1.00	6-Nov-22	Vests on change of ownership of the Company providing participant still in service.

There has been no alteration to the terms and conditions of the above share-based payment arrangements since grant date.

Fair value of share options grants in the year

The weighted average fair value of the share options granted during the financial year is Nil (2017:$0.04). Options were priced using a binomial option pricing model. Where relevant, the expected life used in the model has been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions (including the probability of meeting market condition attached to the option), and behavioral considerations. Expected volatility is based on historical share price volatility of identified benchmark listed companies over the past seven years.

Inputs into the model	2018	2017 MEP
Grant date share price	NIL	$0.58
Exercise price		$1.00
Expected volatility		32.5%
Option life		6 years
Dividend yield		Nil
Risk-free interest rate		2.26%
Other		N/A

Movements in share options grants in the year

The following reconciles the share options outstanding at the beginning and end of the year.

	2018		2017	
	No. of Options	Weighted Avg Exercise Price	No. of Options	Weighted Avg Exercise Price
Balance at beginning of period	24,889,078	$1.00	25,694,063	-
Grants during the year	-	-	800,000	$1.00
Forfeited during the year	-	-	(1,604,985)	$1.00
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
Balance at end of the period	24,889,078	$1.00	24,889,078	$1.00
Exercisable at end of the period	-	-	-	-

	2018 $'000s	2017 $'000s
Share-based payment expense		
Management Executive Plan	273	273

36. Contingent liabilities

From time to time, entities in the Group are the subject to actions for product specification and performance issues in the ordinary course of business. At the date of this report, no actions against the Group that would result in a material impact have been identified or would be considered probable.

37. Events subsequent to reporting date

On 15 November 2018, Keppel Infrastructure Management Pte Ltd (“Keppel”), in its capacity as Trustee-Manager of Keppel Infrastructure Trust (“KIT”), through its wholly-owned subsidiary entered into a share sale agreement to acquire 100% of the shares in the Company. The sale is subject to regulatory approval and approval of KIT unitholders and is expected to complete in the first quarter of 2019.

Apart from the above, there have been no other events subsequent to 30 September 2018 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.

38. General information

Ixom Holdco Pty Ltd (the Company) is a proprietary company incorporated in Australia. The immediate parent of the Company is Chemstralia Pte. Ltd., a company incorporated in Singapore and ultimately owned by Blackstone Capital Partners (Cayman III) VI LP, a Cayman Islands partnership. The addresses of its registered office and principal place of business are as follows:

Registered office	Principal place of business
Level 8, 1 Nicholson Street	Level 8, 1 Nicholson Street
East Melbourne VIC 3002	East Melbourne VIC 3002
Telephone: +613 9906 3000	Telephone: +613 9906 3000