

Project Quill Holding Limited  
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**Annual Report and Financial Statements**

PE QIQ Holding Limited

Registration number: 10866567

For the period ended 29 December 2018



PE QIQ Holding Limited  
For the period ended 29 December 2018

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## Company Information

<b>Directors</b>	I Downie E Kalawski M Sigler
<b>Company Secretary</b>	E Kalawski
<b>Registered Number</b>	10866567
<b>Registered Office</b>	100 New Bridge Street London EC4V 6JA
<b>Independent Auditor</b>	Ernst & Young LLP 1 More London Place London SE1 2AF

PE QIQ Holding Limited  
Strategic Report  
For the period ended 29 December 2018

## Introduction

The directors present their strategic report for PE QIQ Holding Limited (the Company), for the period ended 29 December 2018. The comparative period was from the date of incorporation on 14 July 2017 to 30 December 2017.

## Business review

The principal activity of the Company was that of a holding company. The principal activity of the Company and its subsidiaries (the Group) was the distribution and sale of goods and services for the office, in Australia and New Zealand.

## Financial key performance indicators

The key financial and other performance indicators during the period were as follows:

	2018	2017
	\$000	\$000
Revenue	1,165,208	489,028
Gross profit	371,887	146,804
Loss for the period	(66,292)	(29,259)

## Management discussion and analysis

Revenue of the Group was \$1,165,208,000 (2017: \$489,028,000) and cost of sales \$793,321,000 (2017: \$342,224,000), the increase in the current year reflecting the accretive effect of revenue contribution from acquisitions of OfficeMax International Pty Limited in February 2018 and OfficeMax Holding Limited (New Zealand) in May 2018, as well as a full 12 months operating result of the Winc Australia business (8 months operating result in prior comparative period). The reported loss for the reporting period of \$66,292,000 reflects ongoing spend related to acquisitions, transaction and transformation costs.

## Principal risks and uncertainties

The principal risks and uncertainties facing the Group are broadly grouped as competitive/technological risks and financial instrument risks.

### *Competitive/technological risks*

The Group's sales and distribution activities are exposed to the risk of competitive pressure, as customers 'shop around' through digital channels to quickly compare product. To limit the impact of this customer behaviour, and also to limit its exposure to the decline in traditional stationery categories, the Group continues to diversify its product offering and invest in its services offerings.

### *Financial instrument risks*

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

*Liquidity risk*

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term debt finance.

*Interest rate risk*

The Group is exposed to interest rate risk on its outstanding borrowings from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed interest rate financial instruments.

*Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for that other party by failing to discharge an obligation. The Group's principal financial assets are bank balances and cash, trade and other receivables.

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

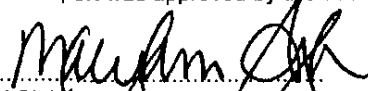
The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

*Foreign currency risk*

The Group incurs foreign currency risk mainly on borrowings denominated in a currency other than the functional currency of the respective group companies. The major currency giving rise to currency risk is the US dollar.

This report was approved by the board and signed on its behalf.

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.....  
M Sigler  
  
Director

Date                      29 MAY 2019

PE QIQ Holding Limited  
Director' Report  
For the period ended 29 December 2018

The Directors of PE QIQ Holding Limited and its subsidiaries (collectively the "Group") present their report together with the Group's consolidated Financial Statements for the 52 week period from 31 December 2017 to 29 December 2018 ("financial period"). The comparative period was from the date of incorporation on 14 July 2017 to 30 December 2017.

#### Principal activity

The principal activities of the Group were the distribution and sale of goods and services for the office, in Australia and New Zealand.

Apart from noted in changes in state of affairs note below, there have been no changes to the nature of the Group's activities during the period.

#### Results and dividends

The loss for the period, after taxation, amounted to \$66,292,000 (2017: \$29,259,000).

No dividends have been paid or proposed during the period.

#### Directors

The names and details of the Company's directors in office during the financial period and until the date of this report are set out below. Directors were in office for the entire period unless stated.

Directors of the Company for the period ended 29 December 2018 were:

I Downie  
E Kalawski  
M Sigler

#### Qualifications of Company Secretary

E Kalawski was appointed as Company Secretary on 14 July 2017 and continues to be in office at the date of this report.

#### Future developments

At the date of this report the Directors are not aware of any other likely developments that would significantly affect the operations of the economic entity or its results over the next financial period.

#### Indemnification and insurance of officers and auditors

##### *Indemnification*

Under the Company's constitution, every person who is or has been an officer of the Company or a subsidiary of the Company, is entitled to be indemnified out of the property of the Company to the relevant extent against:

- (i) every liability incurred by the person in the capacity as an officer (except a liability for legal costs); and
- (ii) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil, criminal or of an administrative or investigatory nature, in which the officer becomes involved in that capacity,

unless:

- (i) the Company is forbidden by statute to indemnify the person against the liability or legal costs; or
- (ii) an indemnity by the Company of the person against the liability or legal costs would, if given, be made void by statute

The Directors and a Company Secretary have entered into a Deed of Access and Indemnity which reflects

PE QIQ Holding Limited  
Director' Report  
For the period ended 29 December 2018

the terms of the constitution as set out above. No indemnity agreement, the terms of which are beyond that which is contained in the Company's constitution, has been entered into with a director, officer or auditor of the Company. No amounts have been paid under any of these indemnities.

#### *Insurance*

During the financial period the Company paid a premium in respect of a contract insuring all directors and officers against a liability incurred as such a director or officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium paid.

#### *Auditor indemnification*

To the extent permitted by law, the company has agreed to indemnify its auditors, Ernst & Young LLP, as part of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount), other than a loss arising from Ernst & Young's LLP's negligent, wrongful or willful acts or omissions. No payment has been made to indemnify Ernst & Young LLP during the period ended 29 December 2018 and up to the date of this report.

#### *Environment*

The Company operates predominantly in the distribution sector, and is committed to conducting its business with respect for the environment. During the financial period no particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory has applied to the Company or its operations.

#### *Changes in state of affairs*

On 6 February 2018 Project Quill Holding Limited (a subsidiary of PE QIQ Holding Limited) acquired OfficeMax International Pty Limited which includes, OfficeMax Australia Limited and its subsidiaries.

On 21 March 2018, Project Quill Holdings Limited, together with Project Quill I Pty Limited, OfficeMax International Pty Limited and Project Inkquill I Pty Limited (added on 24 October 2018) (all related parties of the Group and wholly owned subsidiaries of the Ultimate Parent PE QIQ Holding Limited (UK)) entered into a credit facility agreement with Bank of America Merrill Lynch and its syndicate of lenders, with the principal facility of up to \$200 million for a period of 5 years. The agreement and facility is shared with the related body corporates disclosed above.

On 4 May 2018, Project Inkquill NZ I (a subsidiary of PE QIQ Holding Limited) acquired OfficeMax Holdings Limited and its subsidiaries in New Zealand.

In June 2018 the Company disposed of its New Zealand operations consisting of Winc New Zealand Limited and its subsidiaries, for a loss of \$9,054,000.

Apart from noted above, there was no significant change in the state of affairs of the Company other than any referred to in the Financial Statements or notes thereto.

#### *Going concern*

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As at 29 December 2018, the Group had a net deficit of \$43,347,000 (2017: net deficit of \$29,212,000) and net current assets of \$204,306,000 (2017: \$104,423,000).

The Group's forecasts and projections taking account of reasonable possible changes in trading performance and the Group's management of its principal risk and uncertainties, show that the Group and its subsidiaries should be able to operate within the level of its current facilities and resources and also meet forecast covenant measures.

The Directors believe the Group and its subsidiaries has adequate resources to continue in operational existence for the foreseeable future and will be able to meet its commitments as and when they fall due for a period of 12 months from the date when this financial report was approved. Therefore, the Directors have

PE QIQ Holding Limited  
Director' Report  
For the period ended 29 December 2018

prepared the financial report on a going concern basis.

Employees

The Group is committed to promoting equal opportunities in employment and maintains an Equal Opportunities Policy. The Board believes that diversity improves effectiveness and enhances the success of the Company. *Employment opportunities are given to disabled people equally.*

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

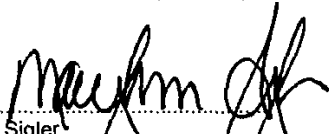
Post year end events

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

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the Board and signed on its behalf.

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M Sigler  
Director

Date: 29 MAY 2019



PE QIQ Holding Limited  
Directors' Responsibilities Statement  
For the period ended 29 December 2018

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Consolidated and Company financial statements in accordance with applicable United Kingdom law and regulation.

Company law requires the directors to prepare consolidated and company financial statements for each financial period. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union ("EU") and the company financial statements in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the Financial Reporting Council.

Under company law the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. Under company law the directors must not approve the company financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company for that period.

In preparing the consolidated and the company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether, for the consolidated financial statements they have been prepared in accordance with IFRS as adopted by the EU, subject to any material departures disclosed and explained in the financial statements and for the company financial statements they have been prepared in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the Financial Reporting Council, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and of the Company and enable them to ensure that both the consolidated financial statements and the Company financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements and company financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and the Company and to prevent and detect fraud and other irregularities.

## **Independent Auditor's Report to the Members of PE QIQ Holding Limited**

We have audited the financial statements of PE QIQ Holding Limited (the Company") and its subsidiaries ("the Group") for the year ended 29 December 2018 which comprise the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with Financial Reporting Standard 101, Reduced Disclosure Framework (FRS 101) and the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Company's affairs as at 29 December 2018 and of the Group's loss for the period then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with FRS 101 and in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent Auditor's Report to the Members of PE QIQ Holding Limited**

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

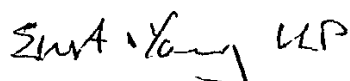
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) 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 these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report

**Independent Auditor's Report to the Members of PE QIQ Holding Limited**

**Use of our report**

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Handwritten signature of Philip Young in black ink, followed by the text 'LLP'.

Philip Young (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
29 May 2019

PE QIQ Holding Limited  
Consolidated Statement of profit or loss

	Note	Period ended 29 December 2018 \$'000	Period ended 30 December 2017 \$'000
<b>Continuing Operations</b>			
Revenue from contracts with customer	5	1,165,208	489,028
Cost of goods sold		(793,321)	(342,224)
<b>Gross profit</b>		<b>371,887</b>	<b>146,804</b>
Other operating income	5	1,843	707
Distribution expenses	6	(55,227)	(19,637)
Administration expenses	6	(358,290)	(153,410)
<b>Loss from operations before exceptional items</b>		<b>(39,787)</b>	<b>(25,536)</b>
Bargain purchase gain on acquisition of subsidiary	24	22,431	-
Loss on disposal of subsidiary	25	(9,054)	-
<b>Loss from operations</b>		<b>(26,410)</b>	<b>(25,536)</b>
Finance income	7	208	107
Finance expense	7	(42,435)	(6,936)
<b>Loss before tax from continuing operations</b>		<b>(68,637)</b>	<b>(32,365)</b>
Income tax benefit	8	2,474	4,333
<b>Net loss after income tax from continuing operations</b>		<b>(66,163)</b>	<b>(28,032)</b>
<b>Discontinued Operations</b>			
Profit / (loss) after tax for the year from discontinued operations		(129)	(1,227)
<b>Loss for the year</b>		<b>(66,292)</b>	<b>(29,259)</b>
<b>Loss for the year attributable to:</b>			
Owners of the parent		(43,876)	(27,314)
Non-controlling interest		(22,416)	(1,945)
		<b>(66,292)</b>	<b>(29,259)</b>

PE QIQ Holding Limited

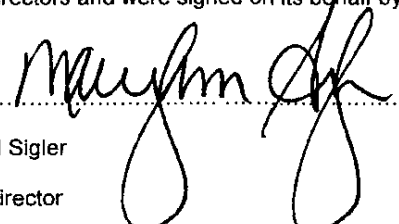
Consolidated Statement of Other Comprehensive Income

	Note	Period ended 29 December 2018 \$'000	Period ended 30 December 2017 \$'000
<b>Loss for the period</b>		(66,292)	(29,259)
<b>Items that will be or may be reclassified to profit or loss:</b>			
Exchange gains arising on translation of foreign currency operations		529	47
<b>Other comprehensive income for the year, net of tax</b>		529	47
<b>Total comprehensive loss for the year</b>		<u>(65,763)</u>	<u>(29,212)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the parent		(43,347)	(27,267)
Non-controlling interest		<u>(22,416)</u>	<u>(1,945)</u>
		<u>(65,763)</u>	<u>(29,212)</u>

PE QIQ Holding Limited  
Consolidated Statement of Financial Position

	Note	29 December 2018 \$'000	30 December 2017 \$'000
<b>Assets</b>			
<b>Non – Current Assets</b>			
Property, plant and equipment	11	24,455	6,175
Intangible assets	13	54,009	62,378
Goodwill	14	43,245	35,871
Deferred tax assets	12	10,198	4,058
<b>Total non-current assets</b>		<b>131,907</b>	<b>108,482</b>
<b>Current Assets</b>			
Inventories	10	161,106	86,435
Trade and other receivables	9	219,640	156,457
Cash and cash equivalents		53,820	6,482
Other current assets		19,561	-
<b>Total Current Assets</b>		<b>454,127</b>	<b>249,374</b>
<b>Total Assets</b>		<b>586,034</b>	<b>357,856</b>
<b>Liabilities</b>			
<b>Non current liabilities</b>			
Borrowings	17	362,426	232,737
Defined benefit liability	19	404	-
Provisions	18	16,730	9,380
<b>Total non-current liabilities</b>		<b>379,560</b>	<b>242,117</b>
<b>Current Liabilities</b>			
Trade and other payables	15	233,454	130,970
Borrowings	17	122	2,833
Provisions	18	16,245	11,147
<b>Total current liabilities</b>		<b>249,821</b>	<b>144,950</b>
<b>Total liabilities</b>		<b>629,381</b>	<b>387,067</b>
<b>Net assets</b>		<b>(43,347)</b>	<b>(29,211)</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	20	38,256	1
Foreign exchange reserve		576	47
Retained deficit		(71,190)	(27,314)
		<b>(32,358)</b>	<b>(27,266)</b>
Non-controlling interest		(10,989)	(1,945)
<b>Total equity</b>		<b>(43,347)</b>	<b>(29,211)</b>

The financial statements on pages 13 to 53 were approved and authorised for issue by the board of directors and were signed on its behalf by:

•   
 M Sigler  
 Director  
 Date . 29 MAY 2019

PE QIQ Holding Limited  
Consolidated Statement of Changes in Equity

	Share Capital \$'000	Foreign Exchange Reserve \$'000	Retained Deficit \$'000	Total attributable to equity holders of parent \$'000	Non- controlling interest \$'000	Total Equity \$'000
<b>As at 14 July 2017</b>	-	-	-	-	-	-
Loss for the period	-	-	(27,314)	(27,314)	(1,945)	(29,259)
Other comprehensive income	-	47	-	47	-	47
<b>Total comprehensive income for the period</b>	-	47	(27,314)	(27,267)	(1,945)	(29,212)
<b>Contributions by and distributions to owners</b>						
Issue of share capital	1	-	-	1	-	1
<b>As at 30 December 2017</b>	<b>1</b>	<b>47</b>	<b>(27,314)</b>	<b>(27,266)</b>	<b>(1,945)</b>	<b>(29,211)</b>
<b>As at 31 December 2017</b>	<b>1</b>	<b>47</b>	<b>(27,314)</b>	<b>(27,266)</b>	<b>(1,945)</b>	<b>(29,211)</b>
Loss for the period	-	-	(43,876)	(43,876)	(22,416)	(66,292)
Other comprehensive income	-	529	-	529	-	529
<b>Total comprehensive income for the period</b>	-	<b>529</b>	<b>(43,876)</b>	<b>(43,347)</b>	<b>(22,416)</b>	<b>(65,763)</b>
<b>Contributions by and distributions to owners</b>						
Issue of share capital	38,255	-	-	38,255	-	38,255
Transactions with non- controlling interests	-	-	-	-	13,372	13,372
<b>Balance as at 29 December 2018</b>	<b>38,256</b>	<b>576</b>	<b>(71,190)</b>	<b>(32,358)</b>	<b>(10,989)</b>	<b>(43,347)</b>



PE QIQ Holding Limited  
Consolidated Statement of Cash Flows

	Note	Period ended 29 December 2018 \$'000	Period ended 30 December 2017 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)		1,291,177	554,641
Payments to suppliers and employees (inclusive of GST)		(1,256,006)	(562,220)
Interest received		208	110
Interest paid		(15,951)	(5,064)
Income taxes paid		(2,753)	-
<b>Net cash used in operating activities</b>	<b>15</b>	<b>16,675</b>	<b>(12,533)</b>
<b>Cashflows from investing activities</b>			
Acquisition of subsidiary, net of cash acquired		(92,863)	(139,769)
Proceeds from divestment of business combination		4,522	-
Purchase of subsidiary, deposit paid		-	(10,000)
Purchase of property, plant and equipment		(9,581)	(1,064)
Proceeds from disposal of PPE		-	158
Purchase of intangibles		(6,906)	(4,155)
<b>Net cash used in investing activities</b>		<b>(104,828)</b>	<b>(154,830)</b>
<b>Cashflows from financing activities</b>			
Net proceeds from borrowings		-	173,845
Proceeds from issue of shares		38,256	-
Proceeds from external borrowings		457,293	-
Repayment of external borrowings		(374,821)	-
Proceeds from related party borrowings		130,344	-
Repayment of related party borrowings		(115,581)	-
<b>Net cash from financing activities</b>		<b>135,491</b>	<b>173,845</b>
<b>Net cash increase in cash and cash equivalents</b>		<b>47,338</b>	<b>6,482</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>6,482</b>	<b>-</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>53,820</b>	<b>6,482</b>

Under *IAS 7 Statement of Cashflows* the Group can elect to present cashflows from operating activities using either of the Direct or Indirect method. During the period the Group changed its accounting policy choice available under the *IAS 7 Statement of Cashflows* electing to present Cashflows from operating activities using the direct method, the Group considers the direct method to give a more accurate presentation of the Group's operating cash flows.

The change in accounting policy did not give rise to any material change in the net cashflows from operating activities disclosed above in the current or prior reporting period, a reconciliation from net loss after tax to net cash flows from operations for the current and prior period is included in Note 16 to these consolidated financial statements.

## Note 1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. The financial report includes financial statements for the consolidated entity consisting of PE QIQ Holding Limited (the "Company") and its subsidiaries (collectively, "the Group") were authorised for issue in accordance with a resolution of the Directors.

The Company's immediate holding company is Platinum Equity Capital Partners International IV (Cayman), L.P. and Platinum Quill Principals International (Cayman), LLC., as at 29 December 2018.

### (A) Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The consolidated financial statements have been prepared on a historical cost basis, except for goodwill which has been valued at the lower of cost and net realisable value. The consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand (\$000), except when otherwise indicated.

The consolidated financial statements provide comparative information in respect of the previous period. The 2018 financial period relates to the 52 week period ended 31 December 2017 to the 29 December 2018. The 2017 financial period relates to the period 14 July 2017 to 30 December 2017.

### (B) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 29 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

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

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are:

- changes to one or more of the three elements of control.
- Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.
- Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### (C) Group reorganization and comparative information

On 28 April 2017, Project Quill Holding Limited acquired Winc Australia Holdings Pty Limited (the 'legal subsidiary'). Subsequent to this transaction there was a group reorganisation whereby a newly incorporated holding company PE QIQ Holding Limited (incorporated on 14 July 2017) became the legal parent company of Project Quill Holding Limited on 21 July 2017 through its intermediate subsidiaries (refer to note 15 for listing of subsidiaries).

The reorganisation has been accounted for as a capital reorganisation. The consolidated financial statements are therefore presented as if PE QIQ Holding Limited had been the parent company of the group throughout the period presented. Retained earnings and other equity balances in the financial statements at acquisition date are those of Project Quill Holding Limited. No 'new' goodwill was recognised as a result of the combination and the results for the financial year ended 30 December 2017 comprise the consolidated results for the year of Project Quill Holding Limited together with the results of PE QIQ and its subsidiaries from 28 April 2017 to 30 December 2017.

No reclassifications or adjustments to reported figures and no changes in the operations of the group resulted from this change. Refer to 'Business combinations' accounting policy (Note 1C) for further explanation of the accounting for this transaction.

### (D) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

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 IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Noncurrent 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 that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling

## PE QIQ Holding Limited

### Notes to the financial statements

*interests are measured at fair value or, when applicable, on the basis specified in another IFRS.*

When 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 and included as part of the consideration transferred in a business combination. 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 the 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 a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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 at the acquisition date that, if known, would have affected the amounts recognised at that date.

#### (E) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1D) 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 an 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. 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) Rounding off of amounts

All values in the financial report are rounded to the nearest thousand (\$000), except when otherwise indicated.

#### (G) Revenue recognition

Revenue from sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods. Revenue from services provided is recognised at the point in time when the service has been delivered in full to the customer. The normal credit term is 30 days upon delivery.

## PE QIQ Holding Limited

### Notes to the financial statements

The Group considers whether there are multiple and separable performance obligations contained within a contract to supply goods and services to a customer, and if the transaction price can be separately allocated to each performance obligations in the contract. In determining the transaction price for the sale of equipment, the Group considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

#### **(i) Variable consideration**

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration

#### **(ii) Rights of return**

Certain contracts provide a customer with a right to return the goods within a specified period. The Group uses the expected value method to estimate the goods that will not be returned because this method best predicts the amount of variable consideration to which the Group will be entitled. The requirements in AASB 15 on constraining estimates of variable consideration are also applied in order to determine the amount of variable consideration that can be included in the transaction price. For goods that are expected to be returned, instead of revenue, the Group recognises a refund liability. A right of return asset (and corresponding adjustment to cost of sales) is also recognised for the right to recover products from a customer.

#### **(iii) Rebates**

Under certain contracts the Group pays a rebate to customers. To estimate the variable consideration for the expected future rebates, the Group uses a combination of actual and forecast sales multiplied by the contractual rebate earn rates contained in the specific customer contract.

### **(H) Foreign currency translation**

#### **(i) Foreign currencies**

The Group's consolidated financial statements are presented in Australian dollars, which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### **(ii) Transactions and balances**

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

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

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose

## PE QIQ Holding Limited

### Notes to the financial statements

fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

#### **(iii) Group companies**

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

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

#### **(I) Other financial assets**

##### **(i) Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance date which are classified as non-current assets. Loans and receivables are included in receivables in the Statement of Financial Position (Note 8).

#### **(J) Fair value estimation**

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

#### **(K) Employee benefits**

##### **(i) Short-term and other 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 at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

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

**(ii) Defined contribution superannuation funds**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an employee benefit expense in profit or loss in periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

**(iii) Defined benefit superannuation funds**

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to remeasure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to the defined benefit plans are recognised in the profit or loss.

When benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

**(iv) Other long-term employee benefits**

The Group's net obligation in respect of long-term employee benefits, other than defined benefit superannuation funds, is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on Australian Corporate Bonds that have maturity dates approximating to the terms of the Group's obligations.

**(v) Termination benefits**

Termination benefits are recognised as an expense when the group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than twelve months from reporting date, they are discounted to their present value.

**(L) Property, plant and equipment**

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment and work in progress

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of

## PE QIQ Holding Limited

### Notes to the financial statements

comprehensive income during the financial period in which they are incurred

Depreciation is calculated using the straight line method to allocate their cost amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Plant and equipment	3 - 8 years
Fixtures and fittings	4 - 10 years
Leasehold improvements	6 - 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

#### (M) Non-current assets held for sale

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sale will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; Or
- Is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit or loss.

All other notes to the financial statements include amounts for continuing operations, unless indicated otherwise

#### (N) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other long-term payables. Each lease payment is allocated between the liability and finance cost. The interest element of the finance cost is charged to the statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (Note 13). Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease.



(O) Leasehold improvements

The cost of improvements to or on leasehold properties is amortised over the unexpired period of the lease or the estimated useful life of the improvement to the consolidated entity, whichever is the shorter. Leasehold improvements held at the reporting date are being amortised over six to ten periods.

(P) Intangible assets

*(i) IT software and other research and development*

Costs incurred in the development of products and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to intangible assets. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from two to five years.

Information Technology development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where the Group has an intention and ability to use the asset.

*(ii) Trademarks and brands*

Trademarks and brands have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of trademarks and brands over their estimated useful lives, which vary from two to five years.

*(iii) Other intangible assets*

Customer relationships and restraint of trade clauses are recognised as other intangible assets at acquisition of new businesses. These have a finite useful life and are carried at fair value at date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate their costs over their estimated useful lives, which vary from three to seven years.

(Q) Impairment of intangible assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units).

(R) Website costs

Costs in relation to websites are treated as an expense in the period in which they are incurred unless they relate to the acquisition of an asset, in which case they are capitalised and amortised over their period of expected benefit. Generally, ongoing costs of maintenance during the operating phase are considered to be expenses.

(S) Maintenance and repairs

The costs of routine operating maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 1(K).

(T) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(i) Current and deferred tax for the period**

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.

**(ii) Current tax**

The tax currently payable or receivable is based on taxable profit or loss of the period. The Taxable profit or loss differs from 'profit or loss before tax' as reported in the Consolidated Statement of Profit and Loss 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.

**(iii) 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 liabilities and assets 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.

(U) Cash and short-term deposits

Cash and short-term deposits in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

## PE QIQ Holding Limited

### Notes to the financial statements

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

#### (V) Trade receivables

Trade receivables are recognised initially at fair value. Trade receivables are generally due for settlement 30 days (but no more than 90 days) from date of recognition. Collectability of trade receivables is reviewed on an ongoing basis. A provision for impairment is established when there is objective evidence that the Group will not be able to collect an amount outstanding. Debts are written off when all avenues for collection have been exhausted.

#### (W) Inventories

Inventories are valued at the lower of cost and net realisable value. Costs are assigned to inventory on hand using the average cost basis.

#### (X) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are recognised at fair value and subsequently carried at amortised cost, they are unsecured and are usually paid within 60 days of recognition.

#### (Y) Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

#### (Z) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

#### (AA) Borrowing costs

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

#### (BB) Dividends

The Company recognises a liability to pay a dividend when the distribution is authorised and the distribution is no longer at the discretion of the Company. A distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**(CC) Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

**(DD) Contributed equity**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options, or for the acquisition of a business, are included in the cost of the acquisition as part of the purchase consideration.

## **Note 2: Reporting Entity**

PE QIQ Holding Limited (the 'Company') is a limited company incorporated in the United Kingdom under the Companies Act. The Company's registered office is at 100 New Bridge Street, London, England, EC4V 6JA. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in the distribution and sale of goods and services for the office, in Australia and New Zealand.

## **Note 3: Critical Accounting Estimates**

Critical accounting estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

**(A) Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1E. The recoverable amounts of cash-generating units have been determined based on fair value less cost to sell model. These calculations require the use of assumptions.

**(B) Use of estimates and judgements**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the following notes:

- Note 19 – measurement of defined benefit obligations
- Note 18 – provisions
- Note 28 – contingencies

### (C) Going Concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the normal course of business. As at 29 December 2018, the Group had a net deficit of \$43,347,000 (2017: net deficit of \$29,212,000) and net current assets of \$204,306,000 (2017: \$104,423,000).

The Group's forecasts and projections taking account of reasonable possible changes in trading performance and the Group's management of its principal risk and uncertainties, show that the Group and its subsidiaries should be able to operate within the level of its current facilities and resources and also meet forecast covenant measures.

The Directors believe the Group and its subsidiaries has adequate resources to continue in operational existence for the foreseeable future and will be able to meet its commitments as and when they fall due for a period of 12 months from the date when this financial report was approved. Therefore, the Directors have prepared the financial report on a going concern basis.

## Note 4: New Accounting Standards

The Group's assessment of the impact of new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

### New and amended standards and interpretations applied for the first time in 2018

The Group applied IFRS 15 and IFRS 9 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective

#### *IFRS 15 Revenue from Contracts with Customers*

IFRS 15 supersedes IAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The Group did not apply any the other available optional practical expedients.

Based on the Group's review of IFRS 15, Revenue from contracts with customers, there were no adjustments identified that would significantly impact the Profit and Loss for December 2017

## PE QIQ Holding Limited

### Notes to the financial statements

#### *IFRS 9 Financial Instruments*

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 31 December 2017, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied IFRS 9 retrospectively, with the initial application date 31 December 2017.

Based on the Group's review of IFRS 9, there were no adjustments identified that would significantly impact the Profit and Loss for 2017.

#### **Standards issued but not yet effective**

International Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 29 December 2018.

#### *IFRS 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces IAS 7 Leases and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 7. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The group will adopt this standard in financial period 2019, ending 28 December 2019, but the impact of the adoption of IFRS 16 is yet to be assessed by the Group.

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## Note 5: Revenue from Contracts with Customers

The following is an analysis of the Group's revenue for the period from continuing operations:

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
<b>Revenue from contracts with customers</b>		
Revenue from sale of goods	1,135,681	474,698
Revenue from services	29,527	14,330
<b>Total revenue</b>	<b>1,165,208</b>	<b>489,028</b>
<b>Other income</b>		
Freight recovery	1,634	707
Other revenue	209	-
<b>Total other income</b>	<b>1,843</b>	<b>707</b>
<b>Total revenue and other income</b>	<b>1,167,051</b>	<b>489,735</b>

Analysis of revenue by country of destination:

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
Australia	977,392	489,735
New Zealand	189,659	-
	<b>1,167,051</b>	<b>489,735</b>

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## Note 6: Operating loss

Operating loss is stated after charging:

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
Employee benefits expense	199,973	83,420
Travel and entertainment expenses	6,886	1,947
Transport and distribution expenses	55,227	19,637
Occupancy expenses	34,555	14,242
Depreciation and amortisation expenses	17,091	11,414
Advertising and marketing expenses	6,005	1,563
Administration expenses	30,162	6,893
Restructuring expenses	11,283	2,913
Repairs and maintenance expenses	2,642	473
Professional and legal fees	14,997	22,268
Contract labor cost	16,813	5,587
Insurance Expenses	3,190	1,645
Other expenses	14,693	1,045
	<b>413,517</b>	<b>173,047</b>

## Note 7: Expenses

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
<b>(a) Finance income and expense</b>		
<b>Finance income</b>		
Interest on:		
Other interest receivable	208	107
<b>Total finance income</b>	<b>208</b>	<b>107</b>
<b>Finance expense</b>		
Bank interest payable	15,951	6,680
Net foreign currency (gains)/losses	21,038	(375)
Borrowing costs amortised	5,446	631
<b>Total finance costs</b>	<b>42,435</b>	<b>6,936</b>
<b>Net finance income/(expense) recognised in profit or loss</b>	<b>(42,227)</b>	<b>(6,829)</b>

The above financial income and expense include the following in respect of assets (liabilities) not at fair value through profit or loss:

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
Total interest income on financial assets	208	107
Total interest expense on financial liabilities	(42,435)	(6,936)
	<b>(42,227)</b>	<b>(6,829)</b>



## Note 7: Expenses (continued)

	For the period ended 29 December 2018 \$'000	For the period ended 30 December 2017 \$'000
<b>(b) Employee benefit expense</b>		
Wages and salaries	185,850	75,972
Defined contribution superannuation expense	11,850	6,560
Other employee benefit expense	2,273	888
<b>Total employee benefit expense</b>	<b>199,973</b>	<b>83,420</b>
<b>(c) Depreciation and amortisation</b>		
Trademark	3	41
Software	9,177	6,372
Customer relationship	1,921	1,397
Leased assets	463	213
Leasehold improvements	727	600
Buildings	90	-
Property, plant and equipment	4,710	2,791
<b>Total depreciation and amortisation</b>	<b>17,091</b>	<b>11,414</b>

## Note 8: Income Tax

### (a) Income Tax Benefit

	29 December 2018 \$'000	30 December 2017 \$'000
Current Tax	1,032	324
Adjustments in respect of current income tax of previous year (benefit)	(489)	-
Deferred Tax	(3,017)	(4,657)
	<b>(2,474)</b>	<b>(4,333)</b>
Deferred income tax benefit included in income tax expense comprises:		
Decrease/(Increase) in deferred tax assets (Note 12)	1,351	(4,571)
Increase/(Decrease) in deferred tax liabilities (Note 12)	1,629	(86)
	<b>2,980</b>	<b>(4,657)</b>

**Note 8: Income Tax (continued)**

(b) Numerical reconciliation of income tax benefit to prima facie tax payable

	29 December 2018 \$'000	30 December 2017 \$'000
Loss from continuing operations before income tax	(68,637)	(32,365)
Loss from discontinued operations before tax	(129)	(1,227)
	<b>(68,766)</b>	<b>(33,592)</b>
Tax at the Australian tax rate of 30%	(20,630)	(10,078)
Add tax effect of:		
Utilisation of previously unrecognised tax losses	-	(92)
Differences in tax rates in jurisdictions	1,561	145
Sundry permanent differences	750	561
Deferred tax assets not recognised	14,280	5,131
Costs relating to acquisitions and disposals	4,276	-
Bargain Purchase gain	(6,729)	-
Stock revaluation	(1,650)	-
Non deductible Interest	2,167	-
Loss on disposal of Subsidiary	2,716	-
Adjustment of deferred tax balances from prior year	1,274	-
income tax return	(489)	-
Over provision prior years	(2,474)	(4,333)
Income tax benefit		

## Note 9: Current Trade and Other Receivables

	Note	29 December 2018 \$'000	30 December 2017 \$'000
Trade receivables		180,449	112,788
Allowance for expected credit loss	9(a)	(2,817)	(3,069)
Trade receivables – net		<b>177,632</b>	<b>109,719</b>
Other receivables and prepayments		40,206	44,587
Related party trade receivables		1,802	2,151
		<b>219,640</b>	<b>156,457</b>

### (a) Allowance for expected credit loss

Trade receivable have been shown net of impairment losses of \$2,809,000 (2017: \$3,069,000) for the Group has been recognised based on expected credit losses where collection is considered impaired

Movements in the provision for impairment of receivables are as follows:

	29 December 2018 \$'000	30 December 2017 \$'000
Opening balance	3,069	-
Transfer from business acquisition	-	3,090
Provision for impairment recognised during the period as a (credit)/expense	(493)	325
Receivables written off during the year as uncollectible	(431)	(346)
Transfer from business acquisition	1,139	-
Disposed of as a part of discontinued operations	(467)	-
Closing balance	<b>2,817</b>	<b>3,069</b>

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days.

### (b) Fair Value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above

The creation and release of the provision for impaired receivables has been included in selling/marketing expense in the income statement. Amounts charged to the impairment account are generally written off when all avenues for collection have been exhausted and there is no expectation of recovering additional cash.

### (c) Foreign exchange risk

There were no carrying amounts of the Group's trade receivables denominated in foreign currencies.

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## Note 10: Inventories

	29 December 2018 \$'000	30 December 2017 \$'000
Finished Goods and goods for resale	171,790	89,941
Stock in transit	1,736	664
	<u>173,526</u>	<u>90,605</u>
<i>Provision for slow moving inventory</i>	<i>(12,420)</i>	<i>(4,170)</i>
	<u>161,106</u>	<u>86,435</u>

During the period, \$836,989,000 (2017: \$310,597,000) of inventories was recognised as an expense in cost of goods sold.

During the period, \$2,641,000 (2017: \$346,000) of inventories has been written down and recognised as an expense, in cost of goods sold.

## Note 11: Property, Plant and Equipment

	Land and Buildings \$'000	Leasehold improve- ments \$'000	Fixtures and Fittings \$'000	Plant and equipment \$'000	Total \$'000
<b>Cost</b>					
Additions	-	-	-	1,064	1,064
Acquisition of subsidiary	-	1,316	439	7,466	9,221
Disposals	-	-	-	(17)	(17)
<b>At 31 December 2017</b>	<b>-</b>	<b>1,316</b>	<b>439</b>	<b>8,513</b>	<b>10,268</b>
Additions	28	184	45	9,307	9,564
Acquisition of subsidiary	10,323	980	519	3,024	14,846
Disposal of subsidiary	-	(1,114)	-	(2,826)	(3,940)
Disposals	-	(82)	(72)	(616)	(770)
Exchange adjustments	323	159	8	1,119	1,609
<b>At 31 December 2018</b>	<b>10,674</b>	<b>1,443</b>	<b>939</b>	<b>18,521</b>	<b>31,577</b>
<b>Accumulated depreciation and impairment</b>					
Charge owned for the period	-	600	213	3,139	3,952
Exchange adjustments	-	65	-	76	141
<b>At 31 December 2017</b>	<b>-</b>	<b>665</b>	<b>213</b>	<b>3,215</b>	<b>4,093</b>
Charge owned for the period	90	727	113	5,060	5,990
Disposal of subsidiary	-	(883)	-	(2,693)	(3,576)
Disposals	-	(45)	-	(473)	(518)
Exchange adjustments	51	134	-	948	1,133
<b>At 31 December 2018</b>	<b>141</b>	<b>598</b>	<b>326</b>	<b>6,057</b>	<b>7,122</b>
<b>Net book value</b>					
At 31 December 2017	-	651	226	3,215	6,175
At 31 December 2018	10,533	845	613	12,464	24,455

## Note 12: Deferred tax assets

	29 December 2018 \$'000	30 December 2017 \$'000
Provisions	6,367	4,928
Accruals	1,689	2,281
Provisions for receivables and inventories	3,570	3,521
Lease provision	2,072	2,485
Plant, equipment and software	1,281	532
Others	5,940	2,714
Intangible assets acquired	(10,376)	(12,102)
Others	(345)	(301)
<b>Net deferred tax assets/(liabilities)</b>	<b>10,198</b>	<b>4,058</b>
<b>Movements:</b>		
Opening balance	4,058	-
Additions through business acquisition	3,142	(599)
Credited / (charged) to the income statement	2,998	4,657
Closing balance	<b>10,198</b>	<b>4,058</b>

## Note 13: Intangible Assets

Reconciliations of the carrying amounts of each class of non-current intangible assets at the beginning and end of the current financial period are set out below:

	Software \$'000	Customer Contracts \$'000	Trademarks \$'000	Total \$'000
<b>Cost</b>				
Additions	3,926	-	229	4,155
Acquisition of subsidiary	24,129	41,923	-	66,052
<b>At 31 December 2017</b>	<b>28,055</b>	<b>41,923</b>	<b>229</b>	<b>70,207</b>
Additions	6,906	-	-	6,906
Disposal of subsidiary	(58)	(4,197)	(159)	(4,414)
Exchange adjustments	-	8	-	8
<b>At 31 December 2018</b>	<b>34,903</b>	<b>37,734</b>	<b>70</b>	<b>72,707</b>
<b>Accumulated depreciation and impairment</b>				
Charge owned for the period	6,372	1,397	41	7,810
Exchange adjustments	-	-	19	19
<b>At 31 December 2017</b>	<b>6,372</b>	<b>1,397</b>	<b>60</b>	<b>7,829</b>
Charge owned for the period	9,177	1,921	3	11,101
Disposal of subsidiary	(58)	(174)	-	(232)
<b>At 31 December 2018</b>	<b>15,491</b>	<b>3,144</b>	<b>63</b>	<b>18,698</b>
<b>Net book value</b>				
At 31 December 2017	21,683	40,526	169	62,378
At 31 December 2018	19,412	34,590	7	54,009

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**Note 14: Goodwill**

	29 December 2018 \$'000	30 December 2017 \$'000
Cost	43,245	35,871
	<u>43,245</u>	<u>35,871</u>
	29 December 2018 \$'000	30 December 2017 \$'000
<b>Cost</b>		
Acquired through business combinations	43,245	35,871
	<u>43,245</u>	<u>35,871</u>
<b>Accumulated impairment</b>		
Impairment recognised in the period	-	-
	<u>-</u>	<u>-</u>

**Note 15: Trade and Other Payables**

	29 December 2018 \$'000	30 December 2017 \$'000
Trade payables	190,492	89,088
Sundry creditors and accruals	42,513	40,640
Accrued Interest	449	1,243
Total payables and accrued expenses	<u>233,454</u>	<u>130,971</u>

Trade payables are non-interest bearing and are generally on terms of 30 to 90 days.

**(a) Fair Value and credit risk**

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

**(b) Foreign exchange risk**

The Group purchases inventory in local and foreign currencies. Trade payables denominated in foreign currency are recorded at the spot rate at the date of transaction and subsequently revalued at the relevant period end spot rate with any movement in the liability recognised in profit and loss.

## Note 16: Cash flow information

	29 December 2018 \$'000	30 December 2017 \$'000
<b>Cash flow reconciliation</b>		
Reconciliation of net loss after tax to net cash flows from operations:		
Loss after tax from continuing operations	(66,163)	(28,032)
Loss before tax from discontinued operations	(129)	(1,227)
Loss after tax	<u>(66,292)</u>	<u>(29,259)</u>
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation	16,682	11,762
Charges to provision	2,049	-
Non-cash employee benefits expense	9,010	-
Loss on disposal of subsidiaries	9,054	-
Bargain purchase gain on acquisition of subsidiaries	(22,431)	-
Non-cash financing costs	116	631
Net unrealised foreign currency losses	29,627	-
Changes in assets and liabilities, net of the effect of disposals of subsidiaries		
(Increase)/decrease in receivables	7,479	-
(Increase)/decrease in inventories	(3,315)	-
Increase/(decrease) in payables	54,142	-
(Increase)/decrease in deferred taxes	(8,318)	-
Increase/(decrease) in provisions	(11,128)	-
<b>Net cash flows from operating activities</b>	<u><b>16,675</b></u>	<u><b>(12,533)</b></u>

## Note 17: Borrowings

	29 December 2018 \$'000	30 December 2017 \$'000
<b>Current</b>		
Bank Term Loan	-	2,833
Finance Lease	122	-
	<u>122</u>	<u>2,833</u>
<b>Non Current</b>		
Bank Term loan	159,710	126,913
Bank – subordinated loan	206,708	-
Bank base loan	-	109,950
Finance Lease	250	-
Less: deferred borrowing costs	(4,242)	(4,126)
<b>Net non-current interest bearing liabilities</b>	<u>362,426</u>	<u>232,737</u>

On 21 March 2018, Project Quill Holding Limited, together with Project Quill I Pty Limited, OfficeMax International Pty Limited and Project Inkquill I Pty Limited (added on 24 October 2018) (all related parties of the Group and wholly owned subsidiaries of the Ultimate Parent PE QIQ Holding Limited (UK)) entered into a credit facility agreement with Bank of America Merrill Lynch and its syndicate of lenders, with the principal facility of up to \$200 million for a period of 5 years. The agreement and facility is shared with the related body corporates disclosed above.

On 21 March 2018, Project Quill IV Pty Ltd completed a revolver loan refinance with Bank of America. A drawdown of \$90,000,000 was made from the new facility with the proceeds being used to repay the term loan of \$18,666,667 and the revolver loan of \$69,425,000 with Bank of America.

The new line facility has a line of credit of \$200,000,000, which is shared with related party corporates. Project Quill IV Pty Limited owes \$87,200,000 as at 29 December 2018, and related body corporates owe a total of \$72,510,000.

The Group entered a loan on 26 May 2017 with Bank of America for a principal amount of US\$83,750,000 at a maturity date of 9 September 2020. Additional principal amounts of US\$2,000,000 were received during the 2017 year. On 8 March 2018 the Group refinanced the external loan payable of US\$85,750,000 (held with Bank of America) with a US\$87,250,000 unsecured subordinated promissory note payable to a related party of the Group.

	29 December 2018 \$'000	30 December 2017 \$'000
<b>Financing facilities held by the Group</b>		
At balance date access was available to the following lines of credit:		
Financing facilities	2,000	2,000
Amount used	(1,666)	(1,666)
<b>Amount unused</b>	<b>334</b>	<b>334</b>
<b>Financing facilities held by the Group and related parties</b>		
At balance date access was available to the following lines of credit:		
Financing facilities	200,000	80,000
Utilised by:		
Project Quill Holdings Limited	159,710	58,175
	<u>159,710</u>	<u>58,175</u>
<b>Amount unutilised</b>	<u>40,290</u>	<u>21,825</u>



## Note 18: Provisions

	29 December 2018 \$'000	30 December 2017 \$'000
<b>Current</b>		
Annual leave	7,387	4,269
Long service leave (Current)	8,608	5,769
Lease incentives	250	1,109
	<b>16,245</b>	<b>11,147</b>
<b>Non current</b>		
Long service leave	1,882	1,578
Onerous Contracts	4,413	5,864
Lease incentives	5,980	1,440
Provision for make good	4,455	498
	<b>16,730</b>	<b>9,380</b>

	Annual leave \$'000	Long service leave \$'000	Lease incentives \$'000	Make good \$'000	Onerous Lease provision '000	Total \$000
Opening balance as at 30 December 2017	3,316	7,347	8,285	498	6,362	<b>25,808</b>
Charged to profit or loss	(216)	203	(5,559)	1,850	(2,286)	<b>(6,008)</b>
Acquired on business combination	4,165	2,960	3,494	2,108	330	<b>13,057</b>
Foreign Currency	122	(20)	10	(1)	7	<b>118</b>
At 29 December 2018	<b>7,387</b>	<b>10,490</b>	<b>6,230</b>	<b>4,455</b>	<b>4,413</b>	<b>32,975</b>
Due within one year or less	7,387	8,608	250	-	-	<b>16,245</b>
Due after more than one year	-	1,882	5,980	4,455	4,413	<b>16,730</b>
Total	<b>7,387</b>	<b>10,490</b>	<b>6,230</b>	<b>4,455</b>	<b>4,413</b>	<b>32,975</b>

### Employee entitlements

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

### Onerous lease

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfill it.

## Note 19: Defined benefit liability

	29 December 2018 \$'000	30 December 2017 \$'000
Present value of the obligation	(1,136)	(1,120)
Present value of plan assets	732	769
<b>(Deficit) in the plan</b>	<b>(404)</b>	<b>(351)</b>

These scheme are all defined benefit schemes – at least a component of the final benefit is derived from multiple of member final salary and years of membership.

The Group makes contributions to three defined benefit plans that provide benefits to employees on retirement. These schemes are included in the pooled funds that hold in trust the investments of the closed NSW public sector superannuation schemes:  
State Authorities Superannuation Scheme (SASS)  
State Superannuation Scheme (SSS)  
State Authorities Non-contributory Superannuation Scheme (SANCS)

All the schemes are closed to new members

Plan assets comprise:

	2018	2017
Australian Equities	19.3%	22.4%
International Equities	26.2%	29.6%
Other	26.7%	19.3%
Property	8.9%	8.7%
Short Term Securities	9.8%	9.5%
Australian Fixed Interest	5.6%	6.9%
International Fixed Interest	3.5%	3.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

All Pooled Fund assets are invested by SAS Trustee Corporation at arm's length through independent fund managers. There are no amounts included in the plan assets for any financial instrument of the Group or for any property occupied by or other asset used by the Group.

Movement in the present value of defined benefit obligations:

	29 December 2018 \$'000	30 December 2017 \$'000
Defined benefit obligation at the beginning of the period	1,120	1,054
Benefits paid by the plan	(56)	(54)
Other net movement in defined benefit obligation	72	120
<b>Defined benefit obligation at the end of the financial period</b>	<b>1,136</b>	<b>1,120</b>

## Note 19: Defined benefit liability (continued)

### Movement in the fair value of plan assets

	29 December 2018 \$'000	30 December 2017 \$'000
Fair value of plan assets at the beginning of the period	769	742
Benefits paid by the plan	(56)	(54)
Other net movement in plan assets	19	81
<i>Fair value of plan assets at the end of the financial period</i>	<i>732</i>	<i>769</i>

### Expense/ (income) recognized in profit or loss

	29 December 2018 \$'000	30 December 2017 \$'000
Expense / (income) recognised in profit and loss	33	(27)
Actual return on plan assets	11	73

### Actuarial gain and losses recognised in other comprehensive income

	29 December 2018 \$'000	30 December 2017 \$'000
Cumulative gains / (losses) at beginning of financial period	(521)	(588)
Recognised during the period – gains / (losses)	16	67
<i>Cumulative gains / (losses) at end of financial period</i>	<i>(505)</i>	<i>(521)</i>

### Actuarial assumptions

	29 December 2018	30 December 2017
Principal actuarial assumptions at the reporting date:		
Discount rate at 31 December	3.89%	4.0%
Expected return on plan assets at 1 January	6.9%	6.9%
Expected salary increases ( excluding promotional increases)	2.7%	2.7%
Expected rate of CPI increase	2.0%	2.2%

PE QIQ Holding Limited  
Notes to the financial statements

**Note 20: Contributed Equity**

	2018 No. of shares	2017 No. of shares	2018 \$'000	2017 \$'000
Share capital - ordinary shares fully-paid	199,999,000	99,999,000	38,256	1
Share capital – preference shares fully-paid	1,000	1,000	-	-
	<b>200,000,000</b>	<b>100,000,000</b>	<b>38,256</b>	<b>1</b>

	No. of shares	\$
<b>Balance at 31 December 2017</b>	100,000,000	1,000
Ordinary shares issued	100,000,000	38,254,951
<b>Balance at 29 December 2018</b>	<b>200,000,000</b>	<b>38,255,951</b>

PE QIQ Holding Limited issued 100,000,000 shares at \$0.3825 per share for a total amount of \$38,254,951 on 7 March 2018.

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

**Note 21: Commitments for Expenditure and Lease Liability**

The total future value of minimum lease payments due is as follows:

	2018 \$'000	2017 \$'000
Commitments under non cancellable operating leases		
Not later than 12 months	28,328	11,632
Later than 1 year but not later than 5 years	71,187	43,049
Later than 5 years	22,041	18,135
<b>Commitments in relation to leases contracted but not recognised as liabilities</b>	<b>121,556</b>	<b>72,816</b>

**Capital commitments**

At the reporting date there were no significant capital commitments for the Group entity that were contracted for but not recognised as a liability.

## Note 22: Related Parties Disclosure

### (a) Parent entities

The Company's immediate holding company is Platinum Equity Capital Partners International IV (Cayman), L.P. and Platinum Quill Principals International (Cayman), LLC. The controlling party is Platinum Equity Capital Partners International IV (Cayman), L.P., as at 29 December 2018

### (b) Ownership interests in related parties

Information in relation to ownership interests in subsidiaries is provided in Note 23

### (c) Transactions with directors and director related entities

#### *Remuneration of directors*

There were no loans to directors in existence as at the current or prior reporting date nor were any loans granted and repaid within the current or prior period.

### (d) Other transactions with key management personnel

The key management personnel compensation included in expenses for the period is as follows:

<i>In AUD</i>	<b>29 December 2018</b>	<b>30 December 2017</b>
<b>Total compensation</b>	<b>\$10,871,887</b>	<b>\$3,235,034</b>

Key management personnel of the Group and their related parties conducted transactions with entities within the Group that occur within a normal employee, customer or supplier relationship on terms and conditions no more favourable than those which it is reasonable to expect the Group would have adopted if dealing with third parties at arm's length in similar circumstances. There were no material transactions during 2018 (2017: nil) with key management personnel or their related parties

### (e) Related party transactions

	<b>Transaction amount 2018 \$'000</b>	<b>Balance Owed 2018 \$'000</b>
Loan from related parties	(149,318)	(148,576)
Loan from related parties converted to bank base rate loan	-	148,576
Interest expense accrued on related party loans	(3,182)	-
Amounts owed to related parties	(1,485)	(2,630)
Amounts owed from related parties	2,241	10,000
	<b>Transaction amount 2017 \$'000</b>	<b>Balance Owed 2017 \$'000</b>
Management fee paid to related parties	5,243	-
Expenses incurred in the purchase of goods or receipt of services from related parties	14,169	-
Revenue from sales of goods or provision of services to related parties	7,563	-
Expense recharge paid to related parties	1,902	11,891
Finance and other costs paid to related parties	5,981	502
Transaction costs paid to related parties	3,990	-

No provision for impairment of receivables has been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

PE QIQ Holding Limited  
Notes to the financial statements

## Note 23: Investments in Subsidiaries

The subsidiaries listed below are held directly by the Group and the principal activity of the entities in the Group include the distribution and sale of goods and services to the office, in Australia and New Zealand:

<b>Name of entity</b>	<b>Country of Incorporation</b>	<b>Ownership Interest % 2018</b>	<b>Ownership Interest % 2017</b>
PE QIQ Holding II Limited*#	England & Wales	74.1	83
PE QIQ Holding III Limited*#	England & Wales	100	100
Project Quill Holding Limited*	England & Wales	100	100
Project Quill I Pty Limited	Australia	100	100
Project Quill II Pty Limited*	Australia	100	100
Project Quill III Pty Limited*	Australia	100	100
Project Quill IV Pty Limited	Australia	100	100
Winc Australia Holdings Pty Limited*	Australia	100	100
Winc Australia Bid Company Pty Limited*	Australia	100	100
Winc Australia Pty Limited	Australia	100	100
Corporate Express Supply Chain Pty Limited*	Australia	100	100
CE Direct Pty Limited*	Australia	100	100
CER New Zealand Limited*	New Zealand	-	100
Corporate Express Employee Share Plan Company Pty Limited*	Australia	100	100
Winc New Zealand Limited	New Zealand	-	100
Corporate Express Print Management Limited*	New Zealand	-	100
Restructure (Vic) Pty Limited*	Australia	100	100
Teacher Direct Limited *	New Zealand	100	100
The Educational Experience Pty Limited	Australia	100	100
Project Inkquill I Pty Ltd	Australia	100	100
Project Inkquill II Pty Ltd*	Australia	100	100
Project Inkquill (NZ) I	New Zealand	100	100
OfficeMax Holdings Limited	New Zealand	100	-
Croxley Stationary Limited	New Zealand	100	-
OfficeMax New Zealand Limited	New Zealand	100	-
New Zealand Office Products Limited*	New Zealand	100	-
OfficeMax International Pty Limited	Australia	100	-
OfficeMax Australia Limited	Australia	100	-
Milford Global Pty Ltd	Australia	100	-
Australia Associated Packaging Pty Limited*	Australia	100	-

\* Indicates the subsidiary is a dormant entity, a holding entity or an employee share plan trustee company.

# Indicates the subsidiary company is entitled to exemption from audit under section 479a of the Companies Act 2006. No members have required these subsidiaries to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

## Note 23: Investments in Subsidiaries (continued)

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

<b>Name of entity</b>	<b>Registered Office</b>
PE QIQ Holding III Limited*	100 New Bridge Street, London, United Kingdom, EC4V6JA
Project Quill Holding Limited*	100 New Bridge Street, London, United Kingdom, EC4V6JA
Project Quill I Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia
Project Quill IV Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia
Winc Australia Holdings Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
Winc Australia Bid Company Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
Winc Australia Pty Limited	163 O'Riordan St Mascot NSW 2020, Australia
Corporate Express Supply Chain Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
CE Direct Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
CER New Zealand Limited*	49 Waiouru Road, Highbrook Business Park, Auckland, 2013 New Zealand
Corporate Express Employee Share Plan Company Pty Limited*	163 O'Riordan St Mascot NSW 2020, Australia
The Educational Experience Pty Limited	49 Oakdale Road, Gateshead, NSW 2290, Australia
OfficeMax International Pty Ltd	Building 3, Level 1, 658 Church Street Richmond Victoria 3121
OfficeMax Australia Limited	Building 3, Level 1, 658 Church Street Richmond Victoria 3121
Milford Global Pty Ltd	Building 3, Level 1, 658 Church Street Richmond Victoria 3121
Australia Associated Packaging Pty Limited	Building 3, Level 1, 658 Church Street Richmond Victoria 3121
Project Inkquill I Pty Limited	Tower One - International Towers Sydney, 100 Barangaroo Avenue, NSW, 2000, Australia Australia
Project Inquill (NZ) Limited	Level 22, Vero Centre, 48 Shortland Street, Auckland 1010 New Zealand
OfficeMax Holdings Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
Croxley Stationary Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
OfficeMax New Zealand Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand
New Zealand Office Products Limited	30 Sir Woolf Fisher Drive East Tamaki, Auckland 2013 New Zealand

## Note 23: Investments in Subsidiaries (continued)

### (b) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

<b>Name of entity</b>	<b>Country of Incorporation</b>	<b>2018</b>	<b>2017</b>
PE QIQ Holding II Limited*	England & Wales	25.9%	17%
<b>Accumulated balances of material non-controlling interest</b>		<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
PE QIQ Holding II Limited*		(10,989)	(1,945)

\*Indicates the subsidiary is a dormant entity, holding entity or an employee share plan trustee company



## Note 24: Acquisition of controlled entities

### (a) Acquisitions in 2018

On 6 February 2018, Project Quill Holding Limited, acquired 100% of issued share capital of OfficeMax International Pty Ltd.

<b>Assets and liabilities held at acquisition date:</b>	<b>Provisional \$'000</b>
Cash and cash equivalents	10,703
Trade and other receivables	56,989
Inventories	37,556
Other current assets	19,501
<b>Total Current Assets</b>	<b>124,749</b>
Other non-current assets	141
<b>Total Non-current assets</b>	<b>141</b>
<b>Total assets</b>	<b>124,890</b>
Trade and other payables	38,285
Provisions	4,456
<b>Total Current Liabilities</b>	<b>42,741</b>
Borrowings	2,936
Provisions	1,505
<b>Total Non-Current Liabilities</b>	<b>4,441</b>
<b>Total liabilities</b>	<b>47,182</b>
<b>Net Assets</b>	<b>77,708</b>
<b>Bargain purchase gain on acquisition of subsidiaries</b>	<b>22,431</b>

The values identified in relation to OfficeMax International Pty Limited are provisional at 29 December 2018.

## Note 24: Acquisition of controlled entities (continued)

### (a) Acquisitions in 2018 (continued)

On the 4 May 2018, Project Inkquill (NZ) I, a subsidiary of the Company, acquired 100% of issued share capital of OfficeMax Holdings Limited.

<b>Assets and liabilities held at acquisition date:</b>	<b>Provisional \$'000</b>
Cash and cash equivalents	50,557
Trade and other receivables	35,259
Inventories	36,758
Other current assets	271
<b>Total Current Assets</b>	<b>122,845</b>
Property, plant and equipment	14,846
Deferred tax asset	3,025
<b>Total Non-current assets</b>	<b>17,871</b>
<b>Total assets</b>	<b>140,716</b>
Trade and other payables	33,785
Provisions	3,196
<b>Total Current Liabilities</b>	<b>36,981</b>
Borrowings	263
Provisions	1,418
<b>Total Non-Current Liabilities</b>	<b>1,681</b>
<b>Total liabilities</b>	<b>38,662</b>
<b>Net Assets</b>	<b>102,054</b>
<b>Goodwill recognised on acquisition</b>	<b>7,374</b>

The values identified in relation to OfficeMax Holdings Limited are provisional at 29 December 2018.

## Note 24: Acquisition of controlled entities (continued)

### (b) Acquisitions in 2017

On the 29 April 2017, Project Quill IV Pty Limited, a subsidiary of the Company acquired 100% of issued share capital of Staples Australia Holdings Pty Limited, which subsequently changed its name to Winc Australia Holdings Pty Limited.

<b>Fair value of purchase consideration:</b>	<b>\$'000</b>
Cash payable	13,082
Loans acquired	205,000
	<b>218,082</b>

There is no cash flow movement caused by loan acquired for the business combination

	<b>Final</b>
<b>Assets and liabilities held at acquisition date:</b>	<b>'000</b>
Cash and cash equivalents	8,808
Trade and other receivables	149,804
Inventories	84,610
Other current assets	1,720
<b>Total Current Assets</b>	<b>244,942</b>
Property, plant and equipment	9,221
Deferred tax asset	61
Intangible assets	66,054
<b>Total Non-current assets</b>	<b>75,336</b>
<b>Total assets</b>	<b>320,278</b>
Trade and other payables	(112,141)
Deferred lease incentive	(924)
Provisions	(13,749)
<b>Total Current Liabilities</b>	<b>(126,814)</b>
Deferred Lease Incentive	(2,351)
Deferred tax liabilities	(760)
Provisions	(8,142)
<b>Total Non-Current Liabilities</b>	<b>(11,253)</b>
<b>Total liabilities</b>	<b>(138,067)</b>
<b>Net Assets</b>	<b>182,211</b>
<b>Goodwill recognised on acquisition</b>	<b>35,871</b>

## Note 25: Discontinued Operations

### Description

On 30 June 2018, the Group sold its investment in Winc New Zealand Limited and its subsidiary and has reported these entities in the current period as a discontinued operation.

## Note 26: Financial instruments – fair values and risk management

### Financial risk management objectives

The Group's principal financial instruments comprise bank loans and other borrowings and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

The Group's principal financial instruments comprise cash and short-term deposits, receivables, payables, interest bearing liabilities, and other financial liabilities. The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The main risks arising from the Group's financial instruments are liquidity risk, interest rate risk, credit risk and foreign currency risk.

### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Group uses long-term debt finance. Since the period, due to refinancing, the Group repaid its existing debt in full and entered into a new loan facility with Bank of America N.A.

### Interest rate risk

The Group is exposed to interest rate risk because the entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings, and by the use of interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied.

### Credit risk

The Group's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

### Foreign currency risk

The Group is exposed to currency risk on foreign currency risk mainly on borrowings denominated in a currency other than the functional currency of the respective group risk. The major currency giving rise to currency risks is the US dollar. However the borrowings in US dollar is long term, only interest is paid monthly.

## Note 27: Subsequent events

There were no matters or circumstances that have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

## Note 28: Contingent Liabilities

The Group is subject to litigation in the ordinary course of operations. The Group does not believe that it is engaged in any legal proceedings for which provision has not been made which would be likely to have a material effect on its business, consolidated statement of financial position or consolidated statement of profit or loss.

## Note 29: Auditor's Remuneration

The auditor of the Group is Ernst & Young LLP United Kingdom

	2018 \$'000	2017 \$'000
Amounts received or due and receivable by Ernst & Young LLP or its affiliates for:		
An audit of the financial report of the entity and any other entity in the consolidated group	968	471
Other services in relation to the entity or any other entity in the Group		
Tax compliance	195	29
<b>Total auditor's remuneration</b>	<b>1,163</b>	<b>500</b>

PE QIQ Holding Limited  
Separate Financial Statements  
Company statement of financial position

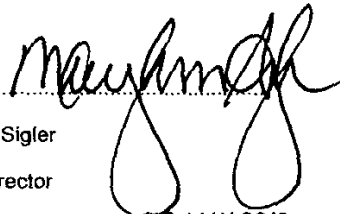
		2018 \$	2017 \$
<b>Assets</b>			
<b>Non-current assets</b>			
Fixed asset investments	29	38,262,361	100
		38,262,361	100
<b>Current assets</b>			
Trade and other receivables	30	1,000	1,000
		1,000	1,000
<b>Total assets</b>		<b>38,263,361</b>	<b>1,100</b>
<b>Liabilities</b>			
Current liabilities	31	100	100
		100	100
<b>Total liabilities</b>		<b>100</b>	<b>100</b>
<b>Net assets</b>		<b>38,263,261</b>	<b>1,000</b>
<b>Issued capital and reserves attributable to owners of the parent</b>			
Share capital	32	38,255,951	1,000
Retained deficit		(7,310)	-
<b>Total equity</b>		<b>38,263,261</b>	<b>1,000</b>

Profit for the year

As permitted by Section 408 of the Companies Act 2006 the Company has elected not to present to present its own profit loss account for year. PE QIQ Holding Limited reported a loss for the period ended 29 December 2018 \$7,310 of (2017: Nil).

The only employees of the Company are the Directors who are not remunerated through the Company.

The financial statements on were approved and authorised for issue by the board of directors and were signed on its behalf by:

•   
M Sigler  
Director  
Date 29 MAY 2019

PE QIQ Holding Limited  
Separate Financial Statements  
Company Statement of Changes in Equity

	Share Capital \$	Retained deficit \$	Total Equity \$
<b>As at 14 July 2017</b>	-	-	-
<b>Comprehensive income for the period</b>			
Loss for the period	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-
<b>Contributions by and distributions to owners</b>			
Issue of share capital	1,000	-	1,000
<b>Total contributions by and distributions to owners</b>	<b>1,000</b>	-	<b>1,000</b>
<b>As at 30 December 2017</b>	<b>1,000</b>	-	<b>1,000</b>
<b>As at 31 December 2017</b>	1,000	-	1,000
<b>Comprehensive income for the period</b>			
Loss for the period	-	(7,310)	7,310
<b>Total comprehensive income for the period</b>	-	(7,310)	(7,310)
<b>Contributions by and distributions to owners</b>			
Issue of share capital	38,254,951	-	38,254,951
<b>Total contributions by and distributions to owners</b>	<b>38,254,951</b>	-	<b>38,254,951</b>
<b>As at 29 December 2018</b>	<b>38,255,951</b>	(7,310)	<b>38,263,261</b>

PE QIQ Holding Limited  
Separate Financial Statements

### Note 30: Significant accounting policies

Please refer to Note 2 for full details of the Company's incorporation, registered office, operations and principal activity.

Please refer to Note 22 regarding the Company's ultimate controlling party.

The separate financial statements of the Company are prepared as required by the Companies Act 2006. The Company meets the definition of a qualifying entity under FRS101 (Financial Reporting Standard 101) Issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with FRS101 (Financial Reporting Standard 101) 'Reduced disclosure Framework' as issued by the Financial Reporting Council.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under that Standard in relation to share-based payments, financial instruments, capital management, presentation of a cash flow statement and certain related party transactions. Where required, equivalent disclosures are given in the Group financial statements except as noted below. These have been applied consistently throughout the year.

### Note 31: Fixed asset investments

Fixed asset investments in subsidiaries and associates are shown at cost less provision for impairment.

	29 December 2018	30 December 2017
	\$	\$
<b>Assets Cost</b>		
Additions	38,262,261	100
	<u>38,262,361</u>	<u>100</u>
<b>Net book value</b>	38,262,361	100

Details of the principal subsidiaries can be found in Note 21 of the Consolidated financial statements of the Group.

### Note 32: Trade and other receivables

	29 December 2018	30 December 2017
	\$	\$
Other receivables	1,000	1,000
Total trade and other receivables	<u>1,000</u>	<u>1,000</u>
Less: current portion - other receivables	(1,000)	(1,000)
<b>Total current portion</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>Total non-current portion</b>	<b>-</b>	<b>-</b>



### Note 33: Trade and other payables

	29 December 2018	30 December 2017
<b>Trade and other payables</b>	<b>\$</b>	<b>\$</b>
Other payables	100	100
<b>Total financial liabilities, excluding loans and borrowings, classified as financial liabilities measured at amortised cost</b>	<b>100</b>	<b>100</b>
Less: current portion - other payables	(100)	(100)
<b>Total current portion</b>	<b>(100)</b>	<b>(100)</b>
<b>Total non-current position</b>	<b>-</b>	<b>-</b>

### Note 34: Share capital

Details of share capital are included in Note 20 of the Consolidated financial statements of the Group.

### Note 35: Subsequent Events

Details of events after the reporting date are included in Note 27 of the Consolidated financial statements of the Group.