

The Forum Group of Companies Pty Limited

ABN 72 151 964 626

Consolidated Financial Statements

For the Year Ended 30 June 2017

The Forum Group of Companies Pty Limited
ABN 72 151 964 626

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For the Year Ended 30 June 2017

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Directors' Report

30 June 2017

The directors present their report, together with the consolidated financial statements of the Group, being the Company and its controlled entities, for the financial year ended 30 June 2017.

1. General information

Information on directors

The names of each person who has been a director during the year and to the date of this report are:

- Basile Papadimitriou
- David Alan Pinker
- Vincenzo Francesco Tesoriero

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

Principal activities

The principal activities of the Group during the financial year were providing print managed services, fleet, IT and environmental solutions.

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

2. Operating results and review of operations for the year

Operating results

The consolidated profit of the Group amounted to \$1,557,744 (2016: loss of \$733,526).

Dividends paid or recommended

No dividends were paid or declared since the start of the financial year. No recommendation for payment of dividends has been made.

3. Other items

Significant changes in state of affairs

The following significant changes in the state of affairs of the Group occurred during the financial year:

On 1 April 2017, Forum Group acquired national print business, Imagetec Solutions Australia, to further its place as a significant player in the Australian Managed Print Services market. The combined entity will have approximately 6,000 customers and revenues exceeding \$70m.

Events after the reporting date

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

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Directors' Report

30 June 2017

3. Other items (continued)

Future developments and results

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

Environmental issues

The Group's operations are not regulated by any significant environmental regulations under a law of the Commonwealth or of a state or territory of Australia.

Indemnification and insurance of officers and auditors

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of The Forum Group of Companies Pty Limited.

Auditor's independence declaration

The lead auditor's independence declaration in accordance with section 307C of the *Corporations Act 2001*, for the year ended 30 June 2017 has been received and can be found on page 3 of the financial report.

Signed in accordance with a resolution of the Board of Directors:

Director: 
Basile Papadimitriou

Director: 
David Alan Pinker

Dated: 29 September 2017



AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

As lead auditor of The Forum Group of Companies Pty Limited and Controlled Entities for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

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

Rothsay Chartered Accountants

A handwritten signature in black ink, appearing to read "Frank Vrachas".

Frank Vrachas

Partner

Sydney, 29 September 2017

The Forum Group of Companies Pty Limited
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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 30 June 2017

		Consolidated	
		2017	2016
	Note	\$	\$
Revenue	4	60,285,017	65,451,956
Other income	4	19,066	7,708
Gain on disposal of assets	4	-	2,028
Direct operating expenses		(33,637,362)	(42,055,737)
Employee benefits expense		(11,521,452)	(11,958,130)
Stock write off		(240,812)	(496,862)
Depreciation and amortisation expense	11	(824,403)	(1,131,372)
Foreign exchange loss		(12,575)	(43,839)
Accounting fees		(388,014)	(280,893)
Advertising/ Selling		(2,488,851)	(2,650,653)
Bad debts	5	(1,681,528)	(2,831,685)
Travel		(828,775)	(549,771)
Occupancy costs		(1,466,711)	(1,341,300)
Administration expense		(3,843,679)	(2,889,615)
Finance costs	5	(563,936)	(695,464)
Profit/ (Loss) before income tax	5	2,805,985	(1,463,629)
Income tax (expense)/ benefit	6	(1,248,241)	730,103
Profit/ (Loss) for the year		1,557,744	(733,526)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		1,557,744	(733,526)

The accompanying notes form part of these financial statements.

The Forum Group of Companies Pty Limited
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Consolidated Statement of Financial Position
As At 30 June 2017

		Consolidated	
		2017	2016
	Note	\$	\$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	2,160,117	2,600,696
Trade and other receivables	8	12,562,371	6,423,032
Inventories	9	9,688,975	1,148,906
Other assets	13	954,413	310,204
TOTAL CURRENT ASSETS		25,365,876	10,482,838
NON-CURRENT ASSETS			
Trade and other receivables	8	7,652,000	4,241,252
Financial assets	10	-	1,083,334
Property, plant and equipment	11	1,589,633	2,042,432
Tax assets	21	955,767	1,339,232
Intangible assets	12	13,488,970	11,489,581
TOTAL NON-CURRENT ASSETS		23,686,370	20,195,831
TOTAL ASSETS		49,052,246	30,678,669
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	10,676,688	7,049,905
Borrowings	15	568,992	1,113,143
Tax liabilities	21	829,314	-
Provisions	17	1,053,724	437,473
Other Liabilities	16	12,228,269	4,509,066
TOTAL CURRENT LIABILITIES		25,356,987	13,109,587
NON-CURRENT LIABILITIES			
Trade and other payables	14	150,000	150,000
Borrowings	15	8,200,088	3,496,027
Provisions	17	72,690	-
TOTAL NON-CURRENT LIABILITIES		8,422,778	3,646,027
TOTAL LIABILITIES		33,779,765	16,755,614
NET ASSETS		15,272,481	13,923,055
EQUITY			
Issued capital	18	19,379,951	19,588,270
Reserves		(899,999)	(900,000)
Accumulated losses		(3,207,471)	(4,765,215)
TOTAL EQUITY		15,272,481	13,923,055

The accompanying notes form part of these financial statements.

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Consolidated Statement of Changes in Equity
For the Year Ended 30 June 2017

2017

2017		Consolidated			
	Note	Ordinary Shares	Accumulated Losses	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2016		19,588,270	(4,765,215)	(900,000)	13,923,055
Shares issued during the year		4,951	-	-	4,951
Profit attributable to members of the parent entity		-	1,557,744	-	1,557,744
Shares redeemed during the year		(213,270)	-	1	(213,269)
Balance at 30 June 2017		19,379,951	(3,207,471)	(899,999)	15,272,481

2016

2016		Consolidated			
	Note	Ordinary Shares	Accumulated Losses	Reserves	Total
		\$	\$	\$	\$
Balance at 1 July 2015		18,646,087	(4,031,689)	-	14,614,398
Shares issued during the year		967,183	-	(900,000)	67,183
Loss attributable to members of the parent entity		-	(733,526)	-	(733,526)
Shares redeemed during the year		(25,000)	-	-	(25,000)
Balance at 30 June 2016		19,588,270	(4,765,215)	(900,000)	13,923,055

The accompanying notes form part of these financial statements.

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Consolidated Statement of Cash Flows

For the Year Ended 30 June 2017

		Consolidated	
		2017	2016
	Note	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Receipts from customers		65,238,270	68,635,938
Payments to suppliers and employees		(63,028,405)	(65,424,017)
Interest received		11,266	2,058
Interest paid		-	(413,533)
Income taxes paid		392,962	(16,224)
Net cash provided by operating activities	27	2,614,093	2,784,222
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale of property, plant and equipment		-	21,522
Purchase of property, plant and equipment		(266,678)	(356,070)
Payment for intangible assets		(46,521)	-
Loans to related parties – payments made		(2,560,858)	(2,170,143)
Payments to acquire business, net of cash acquired	25	(4,345,477)	-
Net cash (used in) investing activities		(7,219,534)	(2,504,691)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issue of shares and other equity securities		4,951	-
Proceeds from borrowings		7,500,000	928,828
Payments for shares bought back		-	(320,904)
Repayment of borrowings		(3,340,089)	(486,787)
Net cash provided by financing activities		4,164,862	121,137
Net increase/(decrease) in cash and cash equivalents held		(440,579)	400,668
Cash and cash equivalents at beginning of year		2,600,696	2,200,028
Cash and cash equivalents at end of financial year	7	2,160,117	2,600,696

The accompanying notes form part of these financial statements.

The Forum Group of Companies Pty Limited
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Notes to the Financial Statements

For the Year Ended 30 June 2017

The financial report covers The Forum Group of Companies Pty Limited and its controlled entities ('the Group'). The Forum Group of Companies Pty Limited is a for-profit proprietary Company, incorporated and domiciled in Australia.

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

Comparatives are consistent with prior years, unless otherwise stated.

1 Basis of Preparation

In the Directors opinion, the Company is not a reporting entity since there are unlikely to exist users of the financial report who are not able to command the preparation of reports tailored so as to satisfy specifically all of their information needs. This special purpose financial report has been prepared to meet the reporting requirements of the *Corporations Act 2001*.

The financial statements have been prepared in accordance with the recognition and measurement requirements of the Australian Accounting Standards and Accounting Interpretations, and the disclosure requirements of AASB 101 *Presentation of Financial Statements*, AASB 107 *Statement of Cash Flows*, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* and AASB 1054 *Australian Additional Disclosures*.

2 Summary of Significant Accounting Policies

(a) Basis for consolidation

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

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

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

A list of controlled entities is contained in Note 33 to the financial statements.

(b) Business combinations

Business combinations are accounted for by applying the acquisition method which requires an acquiring entity to be identified in all cases. The acquisition date under this method is the date that the acquiring entity obtains control over the acquired entity.

The fair value of identifiable assets and liabilities acquired are recognised in the consolidated financial statements at the acquisition date.

Goodwill or a gain on bargain purchase may arise on the acquisition date, this is calculated by comparing the consideration transferred and the amount of non-controlling interest in the acquiree with the fair value of the net identifiable assets acquired. Where consideration is greater than the net assets acquired, the excess is recorded as goodwill. Where the net assets acquired are greater than the consideration, the measurement basis of the net assets are reassessed and then a gain from bargain purchase recognised in profit or loss.

All acquisition-related costs are recognised as expenses in the periods in which the costs are incurred except for costs to issue debt or equity securities.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(b) Business combinations continued

Any contingent consideration which forms part of the combination is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity then it is not remeasured and the settlement is accounted for within equity. Otherwise subsequent changes in the value of the contingent consideration liability are measured through profit or loss.

(c) Revenue and other income

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

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

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

Sale of goods

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

Interest revenue

Interest is recognised using the effective interest method.

Rendering of services

Revenue in relation to rendering of services is recognised depending on whether the outcome of the services can be estimated reliably. If the outcome can be estimated reliably then the stage of completion of the services is used to determine the appropriate level of revenue to be recognised in the period.

If the outcome cannot be reliably estimated then revenue is recognised to the extent of expenses recognised that are recoverable.

Other income

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

(d) Income Tax

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(d) Income Tax continued

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

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

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

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

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

(e) Leases

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

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

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

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

(f) Finance costs

Finance cost includes all interest-related expenses, other than those arising from financial assets at fair value through profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(g) Borrowing costs

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

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

(h) Goods and services tax (GST)

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

Receivables and payable are stated inclusive of GST.

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

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

(i) Cash and cash equivalents

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

Bank overdrafts also form part of cash equivalents for the purpose of the consolidated statement of cash flows and are presented within current liabilities on the consolidated statement of financial position.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost of inventory is determined using the first-in-first-out basis and is net of any rebates and discounts received.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the costs necessary to make the sale. Net realisable value is estimated using the most reliable evidence available at the reporting date and inventory is written down through an obsolescence provision if necessary.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(k) Financial instruments

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

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

Financial Assets

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

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets; and
- held-to-maturity investments.

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

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

Loans and receivables

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

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

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

Significant receivables are considered for impairment on an individual asset basis when they are past due at the reporting date or when objective evidence is received that a specific counterparty will default.

The amount of the impairment is the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable.

In some circumstances, the Group renegotiates repayment terms with customers which may lead to changes in the timing of the payments, the Group does not necessarily consider the balance to be impaired, however assessment is made on a case-by-case basis.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(k) Financial instruments continued

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets:

- acquired principally for the purpose of selling in the near future
- designated by the entity to be carried at fair value through profit or loss upon initial recognition or
- which are derivatives not qualifying for hedge accounting.

The Group has some derivatives which are designated as financial assets at fair value through profit or loss.

Assets included within this category are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in finance income or expenses in profit or loss.

Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity. Investments are classified as held-to-maturity if it is the intention of the Group's management to hold them until maturity.

Held-to-maturity investments are subsequently measured at amortised cost using the effective interest method, with revenue recognised on an effective yield basis. In addition, if there is objective evidence that the investment has been impaired, the financial asset is measured at the present value of estimated cash flows. Any changes to the carrying amount of the investment are recognised in profit or loss.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that do not qualify for inclusion in any of the other categories of financial assets or which have been designated in this category. The Group's available-for-sale financial assets comprise listed securities.

All available-for-sale financial assets are measured at fair value, with subsequent changes in value recognised in other comprehensive income.

Gains and losses arising from financial instruments classified as available-for-sale are only recognised in profit or loss when they are sold or when the investment is impaired.

In the case of impairment or sale, any gain or loss previously recognised in equity is transferred to the profit or loss.

Losses recognised in the prior period consolidated statement of profit or loss and other comprehensive income resulting from the impairment of debt securities are reversed through the consolidated statement of profit or loss and other comprehensive income, if the subsequent increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(k) Financial instruments continued

Financial liabilities

Financial liabilities are classified as either financial liabilities 'at fair value through profit or loss' or other financial liabilities depending on the purpose for which the liability was acquired. Although the Group uses derivative financial instruments in economic hedges of currency and interest rate risk, it does not hedge account for these transactions.

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

Impairment of financial assets

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

Financial assets at amortised cost

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

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

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

Available-for-sale financial assets

A significant or prolonged decline in value of an available-for-sale asset below its cost is objective evidence of impairment, in this case, the cumulative loss that has been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Any subsequent increase in the value of the asset is taken directly to other comprehensive income.

(l) Property, plant and equipment

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

Where the cost model is used, the asset is carried at its cost less any accumulated depreciation and any impairment losses. Costs include purchase price, other directly attributable costs and the initial estimate of the costs of dismantling and restoring the asset, where applicable.

Depreciation

Property, plant and equipment, excluding freehold land, is depreciated on a mix of straight-line and reducing balance over the assets useful life to the Group, commencing when the asset is ready for use.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(l) Property, plant and equipment continued

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

Fixed asset class	Depreciation rate
Plant and Equipment	2.5% - 66.67%
Leased plant and equipment	33.33%
Furniture, Fixtures and Fittings	8% - 66.67%
Motor Vehicles	20% - 25%
Office Equipment	8% - 66.67%
Improvements	2.5% - 25%
Low Value Asset Pool	37.50%

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

(m) Impairment of non-financial assets

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

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

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

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

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(n) Intangibles

Goodwill

Goodwill is calculated as the excess of the sum of:

- i) the consideration transferred;
- ii) any non-controlling interest; and
- iii) the acquisition date fair value of any previously held equity interest;

over the acquisition date fair value of net identifiable assets acquired in a business combination.

The value of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the aforementioned non-controlling interest. The Group can elect to measure the non-controlling interest in the acquiree either at fair value ('full goodwill method') or at the non-controlling interest's proportionate share of the subsidiary's identifiable net assets ('proportionate interest method'). The Group determines which method to adopt for each acquisition.

Under the 'full goodwill method', the fair values of the non-controlling interests are determined using valuation techniques which make the maximum use of market information where available.

Refer to Note 12 for information on the goodwill policy adopted by the Group for each acquisition.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is not amortised but is tested for impairment annually and is allocated to the Group's cash generating units or groups of cash generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying values of goodwill.

Amortisation

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(o) Employee benefits

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

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

(p) Provisions

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

Provisions are measured at the present value of management's best estimate of the outflow required to settle the obligation at the end of the reporting period. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the unwinding of the discount is taken to finance costs in the consolidated statement of profit or loss and other comprehensive income.

(q) Share capital

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

2 Summary of Significant Accounting Policies continued

(r) New Accounting Standards and Interpretations

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

Standard Name	Effective date for entity	Requirements	Impact
AASB 9 Financial Instruments	1 January 2018	Significant revisions to the classification and measurement of financial assets, reducing the number of categories and simplifying the measurement choices, including the removal of impairment testing of assets measured at fair value. The amortised cost model is available for debt assets meeting both business model and cash flow characteristics tests. All investments in equity instruments using AASB 9 are to be measured at fair value.	Management is currently assessing the impact of applying AASB 9.
AASB 15 Revenue from Contracts with Customers	1 January 2018	This standard will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.	The impact of AASB 15 has not yet been determined as the entire standard has not been released.
AASB 16 Leases	1 January 2019	AASB 16 replaces AASB 117 Leases and some lease-related interpretations - requires all leases to be accounted for 'on-balance sheet' by lessees, other than short-term and low value asset leases - provides new guidance on the application of the definition of lease and on sale and lease back accounting - largely retains the existing lessor accounting requirements in AASB 117 - requires new and different disclosures about leases	Management is currently assessing the impact of applying AASB 16.

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Notes to the Financial Statements

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3 Critical Accounting Estimates and Judgments

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

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

The significant estimates and judgements made have been described below.

Key estimates - impairment of property, plant and equipment

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

Key estimates - fair value of financial instruments

The Group has certain financial assets and liabilities which are measured at fair value. Where fair value has not able to be determined based on quoted price, a valuation model has been used. The inputs to these models are observable, where possible, however these techniques involve significant estimates and therefore fair value of the instruments could be affected by changes in these assumptions and inputs.

Key estimates - revenue recognition - long term contracts

The Group undertakes long term contracts which span a number of reporting periods. Recognition of revenue in relation to these contracts involves estimation of future costs of completing the contract and the expected outcome of the contract. The assumptions are based on the information available to management at the reporting date, however future changes or additional information may mean the expected revenue recognition pattern has to be amended.

Key estimates - provisions

As described in the accounting policies, provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. These estimates are made taking into account a range of possible outcomes and will vary as further information is obtained.

Key estimates - receivables

The receivables at reporting date have been reviewed to determine whether there is any objective evidence that any of the receivables are impaired. An impairment provision is included for any receivable where the entire balance is not considered collectible. The impairment provision is based on the best information at the reporting date.

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Notes to the Financial Statements

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4 Revenue and Other Income

Revenue from continuing operations

	Consolidated	
	2017	2016
	\$	\$
Sales revenue		
- sale of goods	45,067,752	50,367,134
- provision of services	12,709,205	13,361,139
	<u>57,776,957</u>	<u>63,728,273</u>
- finance income	11,266	2,058
- finance brokerage	2,460,958	1,363,523
- other revenue	35,836	358,102
Total Revenue	<u>60,285,017</u>	<u>65,451,956</u>

	Consolidated	
	2017	2016
	\$	\$
Other Income		
- other income	19,066	7,708
- net gain on disposal of property, plant and equipment	-	2,028
	<u>19,066</u>	<u>9,736</u>

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Notes to the Financial Statements
For the Year Ended 30 June 2017

5 Result for the Year

The result for the year was derived after charging / (crediting) the following items:

	Consolidated	
	2017	2016
	\$	\$
Finance Costs		
Financial liabilities measured at amortised cost:		
- Interest on obligations under finance leases	85,569	107,627
- Other interest expense	478,367	587,837
Total finance cost	563,936	695,464

The result for the year includes the following specific expenses:

	Consolidated	
	2017	2016
	\$	\$
Cost of sales	33,637,362	42,055,737
Bad debts expense:		
- Bad debts - Forum International	1,083,334	2,172,341
- Bad debts - Trade Receivables	213,977	442,134
- Bad debts written off	384,217	217,210
- Total bad debts	1,681,528	2,831,685
Minimum lease payments	842,530	880,286

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Notes to the Financial Statements
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6 Income Tax Expense

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

Note	Consolidated	
	2017	2016
	\$	\$
- Current	829,314	-
- Prior periods	46,285	(89,539)
- Future periods	160,970	(428,892)
- Utilisation/ (Recognition) of tax losses	211,672	(211,672)
(c)	<u>1,248,241</u>	<u>(730,103)</u>

(b) Reconciliation of income tax to accounting profit:

	Consolidated	
	2017	2016
	\$	\$
Profit	2,805,985	(1,463,629)
Tax	30%	30%
Expected income tax expense/ (benefit)	<u>841,796</u>	<u>(439,089)</u>
Add:		
Tax effect of:		
- Debt forgiven	325,000	374,135
- Entertainment	30,575	41,559
- Tax losses brought forward	-	(611,780)
- Other	50,870	(94,928)
Income tax expense/ (benefit)	<u>1,248,241</u>	<u>(730,103)</u>

(c) Utilisation of tax losses

As at the time of signing this financial report, the tax consolidation for the acquisition of Imagetec Solutions Australia had not been finalised. Accordingly, tax losses carried forward by Imagetec Solutions Australia have not been recognised in finalising the reconciliation of income tax expense for The Forum Group of Companies.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

7 Cash and Cash Equivalents

	Consolidated	
	2017	2016
	\$	\$
Cash on hand	682	605
Cash at Bank	2,159,435	2,600,091
	<u>2,160,117</u>	<u>2,600,696</u>

Reconciliation of cash

Cash and Cash equivalents reported in the consolidated statement of cash flows are reconciled to the equivalent items in the consolidated statement of financial position as follows:

	Consolidated	
	2017	2016
	\$	\$
Cash and cash equivalents	2,160,117	2,600,696

8 Trade and Other Receivables

	Note	Consolidated	
		2017	2016
		\$	\$
CURRENT			
Trade receivables		9,846,972	6,857,470
Provision for Doubtful Debts		(1,182,965)	(1,100,000)
Rental bonds		585,452	307,819
Other debtors	(a)	669,368	61,839
Related party receivable		2,643,492	295,904
		<u>12,562,371</u>	<u>6,423,032</u>

	Consolidated	
	2017	2016
	\$	\$
NON-CURRENT		
Trade receivables	7,652,000	4,241,252
	<u>7,652,000</u>	<u>4,241,252</u>

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

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

(a) Other Debtors

\$500,000 of the other debtors balance is an amount held in escrow by WIN Finance No. 227 Pty Ltd. Provided the conditions in the loan agreement are met, this will be refunded on 31 March 2018.

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Notes to the Financial Statements

For the Year Ended 30 June 2017

9 Inventories

	Consolidated	
	2017	2016
	\$	\$
CURRENT		
At cost:		
Stock on Hand	5,642,989	1,226,495
Stock in Transit	339,858	-
Toner in the Field	1,297,359	-
Work in Progress	2,822,612	-
Provision for Stock Obsolescence	(413,843)	(77,589)
	<u>9,688,975</u>	<u>1,148,906</u>

Write downs of inventories to net realisable value during the year were \$NIL (2016: \$NIL).

10 Other financial assets

	Consolidated	
	2017	2016
	\$	\$
NON-CURRENT		
Forum Enviro UK Limited	4,248,112	4,248,112
Pacific Enviro Pty Limited	164,381	164,381
Provision for doubtful debt	(4,412,493)	(3,329,159)
	<u>-</u>	<u>1,083,334</u>

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Notes to the Financial Statements
For the Year Ended 30 June 2017

11 Property, plant and equipment

	Consolidated	
	2017	2016
	\$	\$
Plant and equipment		
At Cost	1,196,554	836,386
Accumulated Depreciation	(970,074)	(568,547)
Total plant and equipment	226,480	267,839
Leased plant and equipment		
At Cost	950,000	950,000
Accumulated Depreciation	(655,738)	(459,562)
Total leased plant and equipment	294,262	490,438
Furniture, fixtures and fittings		
At Cost	1,044,956	440,325
Accumulated Depreciation	(832,290)	(190,838)
Total furniture, fixtures and fittings	212,666	249,487
Motor vehicles		
At Cost	484,216	411,600
Accumulated Depreciation	(319,364)	(264,916)
Total motor vehicles	164,852	146,684
Office equipment		
At Cost	3,555,771	1,303,307
Accumulated Depreciation	(3,092,454)	(649,544)
Total office equipment	463,317	653,763
Formation and Borrowing Costs		
At Cost	2,842	2,842
Accumulated Depreciation	(1,263)	(1,206)
Total formation and borrowing costs	1,579	1,636
Improvements		
At Cost	1,868,122	241,452
Accumulated Depreciation	(1,649,251)	(21,036)
Total improvements	218,871	220,416
Low value asset pool		
Low value asset pool	7,606	12,169
Total property, plant and equipment	1,589,633	2,042,432

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Notes to the Financial Statements

For the Year Ended 30 June 2017

11 Property, plant and equipment continued

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

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

	Plant and Equipment	Assets Under Lease	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Property Improvements	Low Value Pool	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2017								
Balance at the beginning of the year	267,839	490,438	249,487	146,684	653,763	220,416	13,806	2,042,433
Additions	91,548	-	4,070	58,312	105,268	7,480	-	266,678
Disposals	-	-	-	-	-	-	-	-
Additions through business combinations	1,249	-	3,839	-	5,449	4,399	-	14,936
Depreciation expense	(134,156)	(196,176)	(44,731)	(40,143)	(301,163)	(13,424)	(4,621)	(734,414)
Balance at the end of the year	226,480	294,262	212,665	164,853	463,317	218,871	9,185	1,589,633

	Plant and Equipment	Assets Under Lease	Furniture, Fixtures and Fittings	Motor Vehicles	Office Equipment	Property Improvements	Low Value Pool	Total
Consolidated	\$	\$	\$	\$	\$	\$	\$	\$
Year ended 30 June 2016								
Balance at the beginning of the year	630,358	889,566	290,823	211,717	848,132	229,120	21,358	3,121,074
Additions	24,015	-	12,242	-	131,307	3,530	-	171,094
Disposals	-	-	-	(16,884)	(1,181)	-	-	(18,065)
Depreciation expense	(386,534)	(399,128)	(53,578)	(48,149)	(324,495)	(12,234)	(7,552)	(1,231,670)
Balance at the end of the year	267,839	490,438	249,487	146,684	653,763	220,416	13,806	2,042,433

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Notes to the Financial Statements

For the Year Ended 30 June 2017

12 Intangible Assets

	Consolidated	
	2017	2016
	\$	\$
Goodwill		
Cost	11,343,381	11,343,381
Net carrying value	11,343,381	11,343,381
Computer software		
Cost	593,787	256,157
Accumulated amortisation and impairment	(488,354)	(109,957)
Net carrying value	105,433	146,200
Database		
Cost	2,040,156	-
Net carrying value	2,040,156	-
Total Intangibles	13,488,970	11,489,581

(a) Movements in carrying amounts of intangible assets

Consolidated	Computer software \$	Goodwill \$	Database \$	Total \$
Year ended 30 June 2017				
Balance at the beginning of the year	146,200	11,343,381	-	11,489,581
Additions	46,518	-	2,040,156	2,086,674
Additions through business combinations	2,704	-	-	2,704
Amortisation	(89,989)	-	-	(89,989)
Closing value at 30 June 2017	105,433	11,343,381	2,040,156	13,488,970

Consolidated	Computer software \$	Goodwill \$	Database \$	Total \$
Year ended 30 June 2016				
Balance at the beginning of the year	40,082	11,343,381	-	11,383,463
Additions	184,974	-	-	184,974
Additions through business combinations	-	-	-	-
Amortisation	(78,856)	-	-	(78,856)
Closing value at 30 June 2016	146,200	11,343,381	-	11,489,581

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Notes to the Financial Statements
For the Year Ended 30 June 2017

13 Other Assets

	Consolidated	
	2017	2016
	\$	\$
CURRENT		
Prepayments	237,971	226,939
Accrued income	11,291	1,429
Loss Reserves	705,151	81,836
	<u>954,413</u>	<u>310,204</u>

14 Trade and Other Payables

	Consolidated	
	2017	2016
	\$	\$
CURRENT		
Unsecured liabilities		
Trade payables	6,291,618	6,715,500
Other payables	4,385,070	334,405
	<u>10,676,688</u>	<u>7,049,905</u>

	Consolidated	
	2017	2016
	\$	\$
NON-CURRENT		
Unsecured liabilities		
Related party payables	150,000	150,000
	<u>150,000</u>	<u>150,000</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

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Notes to the Financial Statements
For the Year Ended 30 June 2017

15 Borrowings

	Note	Consolidated	
		2017	2016
		\$	\$
CURRENT			
Unsecured liabilities:			
Bank loans		-	377,416
Other financial liabilities		-	304
		-	377,720
Secured liabilities:			
Lease liabilities	19	568,992	735,423
		568,992	735,423
		568,992	1,113,143
		2017	2016
		\$	\$
NON-CURRENT			
Lease liabilities	19	700,088	1,205,691
Bank loans		-	491,167
Other financial liabilities		7,500,000	1,799,169
		8,200,088	3,496,027

16 Other Liabilities

	Consolidated	
	2017	2016
	\$	\$
CURRENT		
Accrued income	12,228,269	4,509,066

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17 Provisions

	Consolidated	
	2017	2016
	\$	\$
Current		
Annual Leave	749,970	414,537
Long Service Leave	303,754	22,936
	1,053,724	437,473
Non Current		
Long Service Leave	72,690	-

	Long service leave	Annual Leave	Total
	\$	\$	\$
Current			
Balance at 1 July 2016			437,47
	22,936	414,537 3	
Additional provision			688,94
	353,508	335,433 1	
Balance at 30 June 2017	376,444	749,970 4	1,126,41

18 Issued Capital

	Consolidated	
	2017	2016
	\$	\$
18,379,950 (2016: 15,264,142) Ordinary shares	19,379,951	19,588,270

(a) Ordinary shares

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

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

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Notes to the Financial Statements

For the Year Ended 30 June 2017

19 Capital and Leasing Commitments

(a) Finance Leases

	Consolidated	
	2017	2016
	\$	\$
Minimum lease payments:		
- not later than one year	246,980	225,974
- between one year and five years	394,744	577,604
	<u>641,724</u>	<u>803,578</u>

(b) Operating Leases

	Consolidated	
	2017	2016
	\$	\$
Minimum lease payments under non-cancellable operating leases:		
- not later than one year	1,405,121	1,094,785
- between one year and five years	2,344,367	2,182,009
	<u>3,749,488</u>	<u>3,276,794</u>

Operating leases have been taken out for the rental of premises. Lease payments are increased on an annual basis to reflect market rentals.

20 Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the company can fund its operations and continue as a going concern.

The Group's debt and capital includes ordinary share capital, and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manage the Group capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the Group since incorporation.

The gearing ratio for the year ended 30 June 2017 and 30 June 2016 are as follows:

	Note	Consolidated	
		2017	2016
		\$	\$
Total Borrowings	15	8,769,080	4,609,170
Less Cash and cash equivalents	7	(2,160,117)	(2,600,696)
Net debt		<u>6,608,963</u>	<u>2,008,474</u>
Equity		<u>15,272,481</u>	<u>13,923,055</u>
Total capital		<u>21,881,444</u>	<u>15,931,529</u>
Gearing ratio		30.00%	13.00%

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Notes to the Financial Statements

For the Year Ended 30 June 2017

21 Tax Assets/ (Liabilities)

Recognised deferred tax assets and liabilities

	Consolidated	
	2017	2016
	\$	\$
Tax Asset		
Deferred tax assets	955,767	899,995
Tax Liability		
Provision for income tax	(829,314)	439,247

22 Dividends

Franked dividends declared or paid during the year were franked at the tax rate of 30%.

No final dividend for 2017 was declared after the end of the reporting period.

Franking account

	Consolidated	
	2017	2016
	\$	\$
The franking credits available for subsequent financial years at a tax rate of 30%	513,083	808,408

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

- (a) Franking credits that will arise from the payment of the current tax liabilities;
- (b) Franking debits that will arise from the payment of dividends recognised as a liability at the year end;
- (c) Franking credits that will arise from the receipt of dividends recognised as receivables at the end of the year.

The ability to use the franking credits is dependent upon the Company's future ability to declare dividends.

23 Auditors' Remuneration

	Consolidated	
	2017	2016
	\$	\$
Remuneration of the auditor, Rothsay Chartered Accountants, for:		
- auditing or reviewing the financial statements	163,673	131,883
- other services	50,450	142,597
Total	214,123	274,480

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Notes to the Financial Statements

For the Year Ended 30 June 2017

24 Interests in Subsidiaries

(a) Composition of the Group

	Principal place of business / Country of Incorporation	Percentage Owned (%) [*] 2017	Percentage Owned (%) [*] 2016
Subsidiaries:			
Forum Group Pty Ltd	Australia	100	100
Forum (QLD) Pty Ltd	Australia	100	100
Forum (VIC) Pty Ltd	Australia	100	100
Forum Fleet Pty Ltd	Australia	100	100
Forum Direct Pty Ltd	Australia	100	100
Forum Group Finance Pty Ltd	Australia	100	100
Impressions Finance Pty Ltd	Australia	100	100
Chilli Print Finance Pty Ltd	Australia	100	100
Forum Finance Pty Ltd	Australia	100	100
Forum Security Pty Ltd	Australia	100	100
Save My Records Pty Ltd	Australia	100	100
Forum Enviro Pty Ltd	Australia	100	-
Imagetec Solutions Australia	Australia	100	-
Imagetec Solutions Australasia	Australia	100	-
Imagetec Distributors	Australia	100	-
Onesource Australia Holdings	Australia	100	-
Onesource Australia	Australia	100	-

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

Effective 1 April 2017, all of the shares in Imagetec Solutions Australia, Imagetec Solutions Australasia, Imagetec Distributors, Onesource Australia Holdings, and Onesource Australia were acquired.

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Notes to the Financial Statements

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25 Business Combinations

On 1 April 2017, the parent Company acquired the business and assets of Imagetec Solutions Australia. The acquisition was made to further its place as a significant player in the Australian Managed Print Services market.

The following table shows the assets acquired, liabilities assumed and the purchase consideration at the acquisition date.

	Fair value
	\$
Fair value of consideration transferred:	
Cash	5,000,000
Total purchase consideration	5,000,000
Assets and liabilities acquired:	
Cash and cash equivalents	654,523
Trade and other receivables	2,571,522
Inventories	2,185,587
Other assets	37,361
Property, plant and equipment	17,640
Deferred tax asset	428,424
Intangible asset	2,040,156
Trade and other payables	(2,100,877)
Provisions	(834,336)
Total net identifiable assets	5,000,000
Less: Cash and cash equivalents acquired	(654,523)
Identifiable assets acquired and liabilities assumed	4,345,477
Acquisition costs charged to expenses	540,000
Net cash paid relating to the acquisition	4,885,477

Acquisition-related costs amounting to \$540,000 are not included as part of consideration transferred and have been recognised as an expense in the consolidated statement of profit or loss and other comprehensive income, as part of administration expenses.

26 Contingencies

In the opinion of the Directors, the Company did not have any contingencies at 30 June 2017 (30 June 2016: None).

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Notes to the Financial Statements

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27 Cash Flow Information

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

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

	Consolidated	
	2017	2016
	\$	\$
Profit/ (Loss) for the year	1,557,744	(733,526)
Cash flows excluded from profit attributable to operating activities		
Non-cash flows in profit:		
- depreciation and amortisation	824,403	1,309,099
- net loss/(gain) on disposal of property, plant and equipment	-	(2,028)
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries:		
- decrease/(increase) in trade and other receivables	47,257	(135,188)
- (increase)/decrease in other debtors	(3,594,897)	1,211,030
- (increase)/decrease in other assets	(633,177)	855,556
- decrease/(increase) in prepayments	26,329	(70,757)
- (increase)/decrease in inventories	(6,354,482)	2,166,485
- decrease/(increase) in deferred tax assets	372,641	(307,079)
- (decrease)/increase in trade and other payables	(1,614,054)	648,031
- increase/(decrease) in accrued expenses	3,139,961	(740,284)
- increase/(decrease) in provision for income taxes payable	1,268,562	(439,248)
- (decrease) in provision for employee benefits	(145,397)	(7,128)
- increase/(decrease) in other liabilities	7,719,203	(970,741)
Cashflow from operations	<u>2,614,093</u>	<u>2,784,222</u>

The Forum Group of Companies Pty Limited
ABN 72 151 964 626

Notes to the Financial Statements

For the Year Ended 30 June 2017

28 Parent entity

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

The financial information for the parent entity, The Forum Group of Companies Pty Limited has been prepared on the same basis as the financial statements except as disclosed below.

Investments in subsidiaries, associates and joint ventures

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

Tax consolidation legislation

The Forum Group of Companies Pty Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group.

Each entity in the tax consolidated group accounts for their own current and deferred tax amounts. These tax amounts are measured using the 'stand-alone taxpayer' approach to allocation.

Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the parent entity.

The tax consolidated group has entered into a tax funding agreement whereby each entity within the group contributes to the income tax payable by the Group in proportion to their contribution to the Group's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding agreement are recognised as either a contribution by, or distribution to the head entity.

	2017 \$	2016 \$
Consolidated Statement of Financial Position		
Assets		
Current assets	975,493	570,528
Non-current assets	3,359,360	20,231,562
Total Assets	<u>4,334,853</u>	<u>20,802,090</u>
Liabilities		
Current liabilities	1,264,199	675,264
Non-current liabilities	8,126,122	1,827,870
Total Liabilities	<u>9,390,321</u>	<u>2,503,134</u>
Equity		
Issued capital	19,379,950	19,588,270
Retained earnings	(611,543)	(389,314)
Reserve for own shares/Share repurchase reserve	(899,999)	(900,000)
Total Equity	<u>17,868,408</u>	<u>18,298,956</u>
Statement of Profit or Loss and Other Comprehensive Income		
Total profit or loss for the year	2,394,963	310,766
Total comprehensive income	<u>2,394,963</u>	<u>310,766</u>

The Forum Group of Companies Pty Limited
ABN 72 151 964 626

Notes to the Financial Statements
For the Year Ended 30 June 2017

29 Company Details

The registered office of the company is:
The Forum Group of Companies Pty Limited
Sydney, NSW, 2000

The principal place of business are:
Unit 20, 39 Herbert Street
St Leonards, NSW, 2065

The Forum Group of Companies Pty Limited
ABN 72 151 964 626

Directors' Declaration

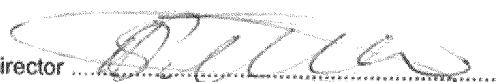
The directors have determined that the Company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 2 to the financial statements.

The directors of the Company declare that:

1. The financial statements and notes, as set out on pages 4 to 37, are in accordance with the *Corporations Act 2001* and:
 - (a) comply with Accounting Standards as stated in Note 2; and
 - (b) give a true and fair view of the Company's financial position as at 30 June 2017 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director



Basile Papadimitriou

Director



David Alan Pinker

Date: 29 September 2017



THE FORUM GROUP OF COMPANIES PTY LIMITED

INDEPENDENT AUDITOR'S REPORT

To the members of The Forum Group of Companies Pty Limited.

Report on the Financial Report

We have audited the accompanying financial report being a special purpose financial report of The Forum Group of Companies Pty Limited (the "Company") and its controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view and have determined that the basis of preparation described in Note 1 to the financial report is appropriate to meet the requirements of the Corporations Act 2001 and is appropriate to meet the needs of the members.

The directors' responsibility also includes such internal control as the directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

ROTHSAY

CHARTERED ACCOUNTANTS

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion the financial report of The Forum Group of Companies Pty Limited is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2017 and of their performance for the year ended on that date; and
- (b) complying with Australian Accounting Standards to the extent described in Note 2, and the *Corporations Regulations 2001*.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 2 to the financial report which describes the basis of accounting. The financial report is prepared for the purpose of fulfilling the directors' financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose.

Rothsay Chartered Accountants



Frank Vrachas

Partner

Sydney, 29 September 2017