Village National Holdings Limited & Controlled Entities

ACN 158 332 284

Annual Financial Report
For the year ended 31 December 2018

Table of Contents

Chairman's Report

I am very pleased to report on 2018 as a year of achievement, both financially and operationally, due to the dedication and commitment of my fellow Board members and operational staff.

We have remained focussed on key Coal companies in the Moranbah region as the demand for accommodation increases in the area. The outlook for Metallurgical coal remains strong as a core non-replaceable input for steel production and Australia currently supplies 60% of the world's consumption. Dating back to the 1850 gold rush days, mining is one of our most well-established sectors and accounts for more than 50% of our total exports. Accordingly, the demand for workforce accommodation continues to remain high.

Our cost-reduction and revenue improvement strategies in recent years have been instrumental in achieving our 2018 financial performance. This result is also a tribute to our operational team in our Coal Country and Pritchard Road resorts. These teams are highly focussed on customer service, engage with our workforce customers as hotel guests and take pride in providing a home away from home environment with healthy, generous meals. This has positioned Village National as a preferred supplier in the workforce accommodation sector.

Revenue from continuing operations increased significantly in 2018 to almost $10m, an increase of 67% over the 2017 year, while EBITDA from continuing activities was in excess of $2.3m.

In the 2018 year, Village National invested over $1.5m in capital expenditure on our properties.

Coal Country Resort facilities were expanded to include a conference centre seating 30 people, a new reception area and new staff offices. A garden gazebo was constructed which includes a BBQ area with seating and ice machines for our guests to socialise and relax. We also refurbished 24 heritage cabins to upgrade our accommodation and mid-year installed an additional 36 new rooms. With the increased accommodation, new washing machines and dryers were added to the laundry. To optimise the health and safety of our guests, additional outdoor lighting provides more coverage across the grounds and security cameras were installed in the laundry. More recently we embarked on a project to upgrade smoke alarms in rooms. Presentation of the grounds was enhanced by laying new bitumen, new fencing and undertaking a general clean-up of the grounds.

In Pritchard Road Resort, we have been modifying the rooms to upgrade our king single beds to premium quality double sized beds with luxury bedding. An additional 9 rooms were installed during the year and security improved with security cameras mounted in key areas.

In December, Emerald Tourist Park was sold as the cost of upgrading the park was deemed to outweigh the benefits. This allowed a $1m debt reduction on our bank facilities.

In addition to upgrading our existing assets, we identified and reviewed several expansion opportunities. I am pleased to announce that Village National will soon acquire a closely aligned company servicing the oil and gas industry. OICS (Oil Industry Catering & Services) supplies mobile camps and catering to Tier 1 companies in the oil industry, is ISO certified and has significant contracts in place. The company has a national footprint and services remote areas as well as being present in our existing locations.

CHAIRMAN'S REPORT

OICS has strong financial forecasts and the combined group will not only benefit in cost-saving through synergies but be a stronger group able to provide clients with either fixed or mobile camps servicing both the oil & gas and coal sectors enabling our group full coverage of energy suppliers.

The year in Review

- Revenue from continuing activities of $9.830m, a 67% increase on 2017 Revenue of $5.893m
- Net Profit after Tax of $3.056m after recognising Deferred Tax Assets for tax losses
- Over $770k raised from rights issues during the year
- The divestment of Emerald Tourist Park from our assets allowed a $1m reduction in bank facilities
- An additional 60 rooms refurbished or installed in Coal Country Resort at Moranbah
- Secured an additional 49 rooms in off-site accommodation in Moranbah
- Exceptional results on guest surveys on food and service

The 2019 year has begun strongly with increased demand for accommodation in the mining sector. Our financial targets are being achieved and the mining sector is continuing to thrive. We will continue to increase the number and quality of our accommodation and provide exceptional service and facilities to our clients.

Focus for 2019

- Full coverage of the energy sector
- Integration of Village National and OICS systems
- Harnessing cost saving synergies from combined group
- Leveraging existing clients' relationships in both Village National and OICS
- Maintaining strong relationship with our existing clients and expanding our client base
- Installation of 24 rooms at Coal Country in March 2019
- Installation of another 156 rooms in Coal Country resort
- Secured an additional 3 rooms in off-site accommodation
- Capital expenditure for the year includes extending the kitchen, installing an additional cold room and freezer and installing sprinklers systems in the grounds
- Installation of another 36 rooms in Pritchard Road Resort
- Continual upgrading of facilities
- Raise $1.5m via Convertible notes for the acquisition of OICS
- Raise a further $1.5m to assist with the installation of additional rooms

As we continue to improve our company's performance, I would like to extend my gratitude to our exceptional team. Our CEO, David Franklyn resigned effective 31 December 2018 and I wish him well in his future endeavours. I take this opportunity to announce that Andrew Hudson, the CEO of OICS will step into this critical role. Andrew brings significant industry experience and enthusiasm to the role, together with a great support team. We welcome them to the Village National group with confidence that our combined team is very well placed as a significant player in the workforce accommodation sector.

Noel J Griffin
30 April 2019

Directors Report

The directors present their report together with the financial report of the group, being the company and its controlled entities, for the year ended 31 December 2018 and auditor's report thereon.

Directors names

The names of the directors in office at any time during or since the end of the year are:

Noel J Griffin (Chairman)
David J Franklyn (resigned 31 December 2018)
Graeme M Yukich
Richard J Nelson
Brett McDonald (appointed 23 September 2018)

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

Results

The profit of the group for the year after providing for income tax amounted to $3,056,729. (2017: $380,967).

Review of operations

The group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements. Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairperson's Report which is included within this annual report.

Significant changes in state of affairs

There were no significant changes in the group's state of affairs that occurred during the financial year, other than those referred to elsewhere in this report.

Principal activities

The principal activity of the group during the year was providing accommodation solutions to Australia's mining regions.

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

After balance date events

The following matters have arisen since the end of the financial year which affect future operations of the group:

Acquisition of OICS Holdings Pty Ltd and controlled entities

The group has entered a contract for the acquisition of 100% of shares in OICS Holdings Pty Ltd and its subsidiaries (OICS). The transaction was ratified by special resolution passed by shareholders approving the financial assistance provided by OICS at the Extraordinary General Meeting on 24 April 2019. Based on OICS forecasts revenue and EBITDA will increase substantially in future years.

Issue of shares

In January 2019, 14,000,000 ordinary shares were issued to Mr David Franklyn in satisfaction of achieving EBITDA hurdles during the 2018 year, which had been set for the 2016 – 2018 years (Note 25).

After balance date events (Continued)

Equipment finance facility

The Bank has provided additional funding support for the Group through a $530,000 equipment loan to fund the growth in accommodation facilities in February 2019.

Extension of bank debt facility

At 31 January 2019, when the bank debt facility was due to be renewed, the Group was in negotiations to acquire a subsidiary and the bank debt facility was temporarily extended beyond its 31 January 2019 maturity date pending the outcome.

The Group was in negotiations with the OICS shareholders to acquire the OICS group of companies ("OICS") which required the bank's support to fund this acquisition. On 18 April 2019, an Amendment Deed was executed extending the maturity date of the bank debt facility existing at 31 December 2018 to 30 September 2020.

The timing of this Amendment Deed not being in place by 31 December 2018 has resulted in the bank debt being reclassified to a current liability at the reporting date. On execution of the Amendment Deed subsequent to the reporting date the bank debt has since reverted back to a non-current liability. Had the Amendment Deed been executed on or before 31 December 2018 the net current position of the Group would have been a current asset position of $447,087 at the reporting date.

Issue of convertible notes

As at the date of this report, the Group issued the following convertible notes:

Convertible Note	Drawdown Date	Principal	Repayment Date	Interest Rate
1	8 March 2019	$200,000	1 December 2021	12% p.a
2	6 March 2019	$200,000	1 December 2021	12% p.a
3	1 March 2019	$250,000	1 December 2021	12% p.a

The key terms and conditions of the notes include the following:

- A noteholder may require the conversion of all of its notes by giving a conversion notice to the Company but only in the event the Company is in default under the terms of the convertible note deed;
- Interest is paid in arrears at the end of each financial quarter. Unpaid accrued interest will attract further interest if not paid by the due date;
- The convertible notes can be repaid prior to their repayment date, at the election of the Company;
- Where early repayment occurs, minimum interest is payable on the note, calculated as interest payable on the principal for a minimum of 12 months;
- The notes may be converted to a variable number of ordinary shares calculated as the balance of any outstanding unpaid principal, unpaid accrued interest and unpaid other payments, divided by 80% of the market value of the ordinary shares in the Company at the conversion date;
- Conversion rights are at the option of the noteholder only on the occurrence of an event of default by the Company or upon the occurrence of an early redemption event, which is at the Company's discretion; and
- The convertible notes are secured by a general security deed granted by Village National Holdings Limited and are subordinate to the bank debt facility.

Likely developments

The present level of operations of the Group will increase substantially in future years from the acquisition of OICS noted above.

Environmental regulation

The group's operations are subject to environmental regulations under a law of the Commonwealth or of a State or Territory. Details of the group's performance in relation to such environmental regulation are as follows:

No incidents have been recorded and the Directors are not aware of any environmental issues which have had, or are likely to have, a material impact on the Group's business.

Dividends paid, recommended and declared

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

Information on directors

Noel J Griffin *Non-Executive Chairman; Interim Managing Director*		
Experience and expertise	Noel has extensive experience in management, operation and ownership of transport and agricultural businesses. From 1982 to 1995, Noel was Managing Director of Refrigerated Roadways Pty Ltd, which at one stage was the largest refrigerated carrier in Australia. The business was sold to TNT in 1995. Noel was a major shareholder and Managing Director of Table Grape Growers Pty Ltd from 1997 to 2003 and has served as a Director on several unlisted and listed companies. Noel was also a director of Centrepoint Alliance Finance Ltd from 2005 to 2014.	
Special Responsibilities	Chairman of the Board, Remuneration Committee	
Interest in shares and options	Ordinary shares - Village National Holdings Limited	45,681,685

Richard J Nelson FAICD *Non-Executive Director*		
Experience and expertise	Rick was a founder of Centrepoint Finance Group in 1982, which then grew to become one of Australia's largest commercial finance brokers. In 2005 it merged with Alliance Finance to form the ASX listed group Centrepoint Alliance. Rick served as Managing Director of this business until 2007 when he became the non-executive Deputy Chairman. In 2008, he assumed the role of non-executive Chairman until his retirement in 2015. Rick brings strong financial and business analysis skills to Village National. He is a director of a number of unlisted companies.	
Special Responsibilities	Audit Committee Chairman, Remuneration Committee	
Interest in shares and options	Ordinary shares - Village National Holdings Limited	13,448,480

Graeme M Yukich B.Com, ICAA, Dip. Financial Planning *Non-Executive Director*		
Experience and expertise	Graeme founded Entrust Private Wealth Management in 2003 with the business providing financial and investment advice to high net worth clients. The business was sold to the ASX listed Euroz Securities Limited in 2015, by which time funds under management had grown to in excess of $600 million. Graeme is now actively involved in family business interests which include property development, vineyards, wine production and coffee roasting.	
Special Responsibilities	None	
Interest in shares and options	Ordinary shares - Village National Holdings Limited	18,255,133

Information on directors (continued)

Brett McDonald FDIA, GAICD BT (Surveying), AD Engineering Civ B&C, Qld Builders Licence (Low Rise) - *Non-Executive Director*		
Experience and expertise	Currently the Executive Director of Public Housing and Public Works for the Queensland Government, Brett has a career of experience in Property, Projects, Construction, Engineering, Telecommunication, Operations and Maintenance and Manufacturing. Brett was previously the President of Australasia for Red Sea Housing Services where he organised the procurement and modular construction of a 1400 person camp in Malaysia and a 432 person camp on Manus Island.	
Special Responsibilities	None	
Interest in shares and options	Ordinary shares - Village National Holdings Limited	None

Meetings of directors		
	Number eligible to attend	Number attended
Noel Griffin	13	13
Richard J Nelson	13	13
Graeme M Yukich	13	12
Brett McDonald (appointed 23 September 2018)	5	3
David J Franklyn (resigned 31 December 2018)	13	13

Remuneration report

The directors present the 2018 remuneration report, outlining key aspects of our remuneration policy and framework and remuneration awarded this year.

The report is structed as follows:

(a) Key management personnel (KMP) covered in this report
(b) Remuneration policy and link to performance
(c) Elements of remuneration
(d) Link between remuneration and performance
(e) Remuneration expense for executive KMP
(f) Contractual arrangements for executive KMP
(g) Non-executive director arrangements
(h) Other transactions with KMPs and their related entities
(i) Shareholdings of KMPs

(a) Key management personnel covered in this report

Non-executive and executive directors
Noel J Griffin
Richard J Nelson
Graeme M Yukich
Brett McDonald (from 23 September 2018)
David J Franklyn (until 31 December 2018)

(b) Remuneration policy and link to performance

Our remuneration committee is made up of non-executive directors. The committee reviews and determines our remuneration policy and structure to ensure it remains aligned to business needs and meets the following remuneration principles:

- Competitive and reasonable, enabling the company to attract and retain key talent
- Aligned to the company’s strategic and business objectives and the creation of shareholder value
- Transparent and easily understood; and
- Acceptable to shareholders

(b) Remuneration policy and link to performance (Continued)

Element	**Purpose**	**Performance Metric**	**Potential Value**	**Changes for FY2019**
Fixed remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at median market rate	Reviewed in line with market positioning
STI	Reward for monthly performance	EBITDA	MD: Bonus of 10% of EBITDA	To be reviewed
LTI	Alignment to long-term shareholder value	EBITDA Hurdles	MD: Issue of up to 7.5% equity in Group on achievement of EBITDA performance hurdles	To be reviewed

(c) Elements of remuneration

(i) Fixed annual remuneration (FR)

Executives may receive their fixed remuneration as cash, or cash with non-monetary benefits such as salary sacrifice and car allowances. FR is reviewed annually, or on promotion. It is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation. The committee aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual. For most executives, superannuation is included in FR. In FY 2018, no remuneration increases were given to executive KMP.

(ii) Short-term incentives

Feature	Description			
Max opportunity	MD: 10% of EBITDA			
erformance metrics	The STI metrics align with our strategic priorities of operational excellence, engaging staff & increasing shareholder value.			
	Metric	**Target**	**Weighting**	**Reason for selection**
	Increased EBITDA	Not specified	100%	Increase in revenue, cost reduction, improve shareholder value
Delivery of STI	100% of STI paid in cash following Board approval of monthly EBITDA.			
Board Discretion	The Board has discretion to withhold part of the STI at year end pending confirmation of annual bonus entitlement.			

(iii) Long-term incentives

Feature	Description
Opportunity /Allocation	Rights were was granted to the MD in July 2016 to receive ordinary shares based on performance with a maximum allocation of 7.5% of issued capital at the grant date (July 2016).
Performance hurdle	Improving EBITDA to exceed $1m in any calendar year between 2017 and 2019, gave rise to an entitlement to 2.5% of issued capital to be issued. EBITDA exceeding $2m in any calendar year between 2017 and 2019, entitled the MD to an additional 2.5% of the issued capital, and a further 2.5% of issued capital would be issued if EBITDA exceeded $3m in any calendar year between 2017 and 2019. Maximum allocation 7.5%
Exercise Price	The rights were exercised for no consideration.
Forfeiture and termination	Rights would lapse if EBITDA did not reach $1m by 31 December 2019. Rights are forfeited on cessation of employment.

(d) Link between remuneration and performance

FY 2018 performance and impact on remuneration

Management delivered an EBITDA result in excess of $2m while not compromising on our core values of customer satisfaction and employee engagement. As a result, the rights issued to Mr David Franklyn were exercised in January 2019 and 14m shares were issued in the company which equated to 5% of the issued capital as at July 2016.

(e) Remuneration expenses for executive KMP

The following table shows details of the remuneration expense recognised for the group's executive key management personnel for the current and previous financial year measured in accordance with the requirements of accounting standards.

		Fixed Remuneration				Variable Remuneration				
Name	Year	Cash salary	Non-monetary benefits	AL & LSL	Post employ-ment benefits	Cash Bonus	Rights to deferred shares	Options	Total	Perf Relat -ed
David J Franklyn (resigned 31 Dec 2018)	**2018**	**100,000**	**-**	**27,933**	**35,224**	**260,746**	**-**	**-**	**423,903**	**62%**
	2017	100,000	-	7,795	20,905	120,056	-	-	248,756	48%

The cash bonuses were paid after Board approval of monthly EBITDA generally within a month of month-end.
The bonuses were salary and wage bonuses based on 10% EBITDA. 100% of the bonus for the 2017 year has been paid to David Franklyn. The 2018 bonus is subject to auditor confirmation of the EBITDA for the 2018 year and $6,907 (2.5%) remains unpaid at the date of this report. No bonuses were forfeited during the financial year.

(f) Contractual arrangements with executive KMPs

David Franklyn resigned effective 31 December 2018 and the MD role is temporarily being filled by Chairman Noel Griffin. No contractual arrangement is in place for the incoming MD.

(g) Non-executive director arrangements

Non-executive directors receive a board fee exclusive of superannuation between $30,000 and $50,000. They do not receive performance-based pay or additional fees for chairing committees. The chairman receives a fee between $50,000 and $65,000 per annum excluding superannuation. Fees are reviewed annually by the board taking into account comparable roles. The current base fees were reviewed with effect from 1 January 2018 and are reviewed annually.

Name	Year	Fee	Super-annuation	Share Based Payments	Total
Noel J Griffin	**2018**	**63,350**	**6,018**	**-**	**69,368**
	2017	28,348	3,643	10,000	41,991
Richard J Nelson	**2018**	**34,171**	**3,246**	**-**	**37,417**
	2017	31,673	4,909	20,000	56,582
Graeme Yukich	**2018**	**33,350**	**3,168**	**-**	**36,518**
	2017	23,348	3,168	10,000	36,516
Brett McDonald (appointed 23 Sept 2018)	**2018**	**12,291**	**1,168**	**-**	**13,459**
	2017	-	-	-	-
Total non-executive director remuneration	**2018**	**143,162**	**13,600**	**-**	**156,762**
	2017	83,369	11,720	40,000	135,089

Directors are not contracted and have no termination benefits. They are required to stand for re-election every 2 years.

h) Other transactions with KMPs and their related entities

Loans from directors, or associates of directors during the year are summarised as follows:

	Balance 31 Dec 17	Interest	Repayment	Balance 31 Dec 18	# of KMP
Short term loan	66,355	2,500	68,855	-	2

Interest payable on the loans was at a maximum of 5.18%.

Consulting fees were paid to associates of directors to compensate for additional services contributed during the year in relation to financial or operational advice as required..

Entity	Related party	Consulting Fee $	Outstanding at 31 Dec 18 $
Consulting fees			
NGR Enterprises Pty Ltd	Noel J Griffin	58,300	16,720
Atlas Consulting Pty Ltd	Brett McDonald	10,098	-
Burnel Capital Pty Ltd	Richard J Nelson	81,262	20,875

Other amounts unpaid to Key Management Personnel at 31 December 2018:

Brett McDonald	Directors fee	$12,291
David Franklyn	Performance Bonus	$ 6,907

h) Shareholdings of KMPs

A summary of shareholdings of KMPs is presented below.

Name	Position	Shares held at 31 December 2017	Shares issued in lieu of cash	Shares acquired during the year	Shares acquired under debt /equity swap	Share based payments	Shares held 31 December 2018
D Franklyn (a)	Director	5,765,118	-	-	-	-	5,765,118
N Griffin (a)	Director	45,681,685	-	-	-	-	45,681,685
G Yukich (a)	Director	18,255,133	-	-	-	-	18,255,133
R Nelson (a)	Director	10,948,480	-	2,500,000	-	-	13,448,480

(a) Includes only ordinary shares held by associates and shares held in capacity as a Director of an associate

Interests under option

No options or rights over unissued shares or interests in the group were granted during or since the end of the year and there were no options or rights outstanding at the date of this report.

Indemnification of officers

During or since the end of the year, the group has paid or agreed to pay an insurance premium of $8,000 in order to indemnify the directors of the group against all loss up to an aggregate of $2 million.

DIRECTORS' REPORT

Indemnification of auditors

No indemnities have been given or insurance premiums paid, during or since the end of the year, for any person who is or has been an auditor of the group.

Auditor's independence declaration

A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the group

No person has applied for leave of Court to bring proceedings on behalf of the group or intervene in any proceedings to which the group is a party for the purpose of taking responsibility on behalf of the group for all or any part of those proceedings.

Non-audit Services

During the period the Group's auditor has performed certain other services in addition to their statutory duties. The Board has considered the non-audit services provided during the period by the auditor and in accordance with written advice provided by resolution of the audit committee, is satisfied that the provision of those non-audit services during the period by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001.

Signed on behalf of the board of directors.

Noel J Griffin

30 April 2019

Level 38, 345 Queen Street
Brisbane, Queensland 4000

Postal Address
GPO Box 1144
Brisbane, Queensland 4001

Tel +61 7 3222 8444
Fax +61 7 3221 7779
www.pitcher.com.au
info@pitcherpartners.com.au

The Directors
Village National Holdings Limited
35 Pritchard St
Emerald QLD 4720

Auditor's Independence Declaration

In relation to the independent audit for the year ended 31 December 2018, to the best of my knowledge and belief there have been:

(i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Village National Holdings Limited and the entities it controlled during the year.

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
30 April 2019

VILLAGE NATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES
ACN 158 332 284

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Revenue and other income			
Revenue	4	9,830,530	5,893,017
Less: expenses			
Materials and consumables used		(2,669,175)	(1,241,389)
Depreciation and amortisation expense	12	(619,596)	(858,648)
Employee benefits expense	5	(3,024,846)	(2,173,159)
Occupancy expenses		(942,855)	(956,460)
Finance costs		(426,055)	(410,759)
Revaluation of assets	12	520,430	1,500,000
Administrative costs		(799,379)	(469,653)
Loss on disposal of assets		(17,682)	-
Total Expenses		(7,979,158)	(4,610,068)
Profit before tax		**1,851,372**	**1,282,949**
Income tax (expense) / benefit	7	1,430,146	(37,003)
Profit from continuing operations		**3,281,518**	**1,245,946**
Loss from discontinued operations	34	(224,789)	(864,979)
Profit for the period		**3,056,729**	**380,967**
Other comprehensive income for the year		-	-
Total comprehensive income		**3,056,729**	**380,967**
Earnings / (loss) per share from continuing operations:			
Basic earnings per share	32	0.89	0.43
Diluted earnings per share	32	0.84	0.40
Earnings / (loss) per share attributable to ordinary equity holders:			
Basic earnings per share	32	0.83	0.13
Diluted earnings per share	32	0.78	0.12

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 $	2017 $
Current assets			
Cash and cash equivalents	8	479,117	160,913
Receivables	9	1,192,856	785,529
Inventories	10	54,901	55,259
Other assets	11	194,227	102,808
Total current assets		1,921,101	1,104,509
Non-current assets			
Intangible assets	13	8,276	4,386
Deferred tax assets	7	2,971,912	1,801,927
Property, plant and equipment	12	28,899,515	28,364,645
Other non-current assets	11	24,084	23,572
Total non-current assets		31,903,787	30,194,530
Total assets		33,824,888	31,299,039
Current liabilities			
Payables	14	997,915	777,878
Borrowings	15	7,051,924	543,081
Provisions	16	186,381	199,217
Other liabilities	17	1,503	6,000
Total current liabilities		8,237,723	1,526,176
Non-current liabilities			
Borrowings	15	61,384	8,002,760
Provisions	16	25,538	16,871
Total non-current liabilities		86,922	8,019,631
Total liabilities		8,324,645	9,545,807
Net assets		25,500,243	21,753,232
Equity			
Share capital	18	50,008,323	49,318,041
Accumulated losses	19	(24,508,080)	(27,564,809)
Total equity		25,500,243	21,753,232

The accompanying notes form part of these financial statements.

VILLAGE NATIONAL HOLDINGS LIMITED AND CONTROLLED ENTITIES
ACN 158 332 284

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

	Contributed equity $	Reserves $	Accumulated losses $	Total equity $
Balance as at 1 January 2017	48,043,181	-	(27,945,776)	20,097,405
Profit for the year	-	-	380,967	380,967
Total comprehensive income for the year	-	-	380,967	380,967
Transactions with owners in their capacity as owners:				
Shares issued, net of share issue costs	1,274,860	-	-	1,274,860
Balance as at 31 December 2017	49,318,041	-	(27,564,809)	21,753,232
Balance as at 1 January 2018	49,318,041	-	(27,564,809)	21,753,232
Profit for the year	-	-	3,056,729	3,056,729
Total comprehensive income for the year	-	-	3,056,729	3,056,729
Transactions with owners in their capacity as owners:				
Shares issued, net of share issue costs	690,282	-	-	690,282
Balance as at 31 December 2018	50,008,323	-	(24,508,080)	25,500,243

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 $	2017 $
Cash flow from operating activities			
Receipts from customers (inclusive of GST)		10,416,023	6,056,062
Payments to suppliers and employees (inclusive of GST)		(8,374,747)	(5,501,440)
Finance costs		(387,540)	(337,700)
Net cash flow provided by operating activities – continuing operations		1,653,736	216,922
Net cash flow provided by / (used in) discontinued operations		(77,322)	73,049
Total net cash provided by operating activities	23(b)	1,576,414	289,971
Cash flow from investing activities			
Payment for property, plant and equipment		(1,672,485)	(909,935)
Net cash flow provided by / (used in) investing activities – continuing operations		(1,672,485)	(909,935)
Net cash flow provided by / (used in) discontinued operations		1,103,555	(61,470)
Total net cash used in investing activities		(568,930)	(971,405)
Cash flow from financing activities			
Proceeds from share issue, net of share issue costs		690,481	987,520
Proceeds (repayment) of borrowings (net)		(1,379,761)	(231,730)
Net cash provided by financing activities – continuing operations		(689,280)	755,790
Net cash flow used in discontinued operations		-	(11,362)
Total net cash provided by / (used in) financing activities		(689,280)	744,428
Reconciliation of cash			
Cash at beginning of the financial year		160,913	97,919
Net increase in cash held		318,204	62,994
Cash at end of financial year	23(a)	479,117	160,913

The accompanying notes form part of these financial statements.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board and International Financial Reporting Standards.

The consolidated financial statements of Village National Holdings Limited ("the Company") for the year ended 31 December 2018 comprise the Company and its controlled entities (together referred to as the "Group" and individually as "Group entities"). The Group is a for-profit entity and is involved in delivering master-planned accommodation solutions to Australia's mining regions.

The financial report is for Village National Holdings Limited and its consolidated entities. Village National Holdings Limited is a company limited by shares, incorporated and domiciled in Australia. Village National Holdings Limited is a for-profit entity for the purpose of preparing the financial statements.

The accounting policies set out below have been applied consistently by Group entities.

(a) Basis of preparation of the financial report

Statement of Compliance

The financial report also complies with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency, unless otherwise stated.

(d) Principles of consolidation

The consolidated financial statements incorporate all the assets, liabilities and results of the parent, Village National Holdings Limited, and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 31.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group. The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains and losses on transactions between the Group entities are eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary, to ensure conformity of the accounting policies adopted by the Group.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Use of estimates and judgements

The preparation of consolidated financial statements in conformity with AASB's requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Estimates and underlying assumptions are particularly relevant in calculating value-in-use for the purposes of assessing impairment on property, plant and equipment.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

(g) Finance income and finance costs

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions.

(h) Financial instruments

i) Non-derivative financial assets:

The Group has the following non-derivative financial assets:

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 are carried at amortised cost less any allowance for expected losses. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

ii) Non-derivative financial liabilities:
The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

iii) Share capital:
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(i) 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 any accumulated impairment losses.

Freehold land and buildings

Land and buildings are measured at fair value. At each balance date the carrying amount of each asset is reviewed to ensure that it does not differ materially from the asset's fair value at reporting date. Where necessary, the asset is revalued to reflect its fair value. Increases in the carrying amounts arising on revaluation of land and buildings are recognised in other comprehensive income and accumulated in equity under the heading of revaluation surplus. To the extent that the increase reverses a decrease of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. Decreases that offset previous increases of the same asset are recognised in other comprehensive income under the heading of revaluation surplus; all other decreases are charged to profit and loss.

Property is measured on a cost basis.

Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance are expensed as incurred.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Hire purchased assets are depreciated over the shorter of the hire purchase term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the hire purchase term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for significant items of property, plant and equipment are as follows:

Class of fixed asset	**Useful lives**	**Depreciation basis**
Buildings and improvements	5 - 45 years	Straight line
Motor vehicles	5 years	Straight line
Office equipment	1 - 5 years	Straight line
Furniture, fixtures and fittings	5 - 10 years	Straight line

Depreciation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Leases

Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Impairment of assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

(l) Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Employee benefits

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled. The expected cost of short-term employee benefits in the form of compensated absences such as annual leave and accumulated sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the consolidated statement of financial position.

(ii) Long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation. For currencies in which there is no deep market in such high quality corporate bonds, the market yields (at the end of the reporting period) on government bonds denominated in that currency are used. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

Other long-term employee benefit obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur. All other long-term employee benefit obligations are presented as non-current liabilities in the consolidated statement of financial position.

(iii) Defined contribution plans

The group makes superannuation contributions (currently 9.50% of the employee’s average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the consolidated statement of financial position.

(m) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Revenue Recognition

The Group recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer, identifies the performance obligations in the contract; determines the transaction prices which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

The contractual terms and the way in which the Group operates its revenue from contracts with customers is predominantly derived from one performance obligation that is the provision of accommodation services. The Group also generates dining revenue, which is considered incidental to their stay in the Group's properties.

Accommodation Services
Revenue is recognised at a point in time when the services are provided to the customers, which generally occurs upon the nightly accommodation being rendered to the customer.

Dining revenue
Dining revenue is recognised at the point in time when the service is rendered to the customer.

(o) Income tax

Tax expense comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets relating to capital losses has not be recognised.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

(p) Segment reporting

Segment results that are reported to the Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Group's headquarters), head office expenses, and income tax assets and liabilities.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Going concern

The financial report has been prepared on a going concern basis.

(r) Comparatives

Where necessary, comparative information has been reclassified and repositioned for consistency with current year disclosures.

(s) Goods and services tax (GST)

Revenues, expenses and purchased assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the consolidated statement of financial position are shown inclusive of GST.

Cash flows are presented in the consolidated statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(t) New and amended accounting standards adopted by the Group

(i) AASB 15 *Revenue from Contracts with Customers*

The Group has adopted AASB 15 *Revenue from Contracts with Customers* ("AASB 15") which establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It has replaced AASB 118 *Revenue*, AASB 111 *Construction Contracts* and related interpretations. The core principle of AASB 15 is that an entity shall recognise revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred rather than on transfer of risk and rewards. The Group notes that the adoption of AASB 15 has not had a significant impact on the consolidated financial statements.

(ii) AASB 9 *Financial Instruments*

This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement* ("AASB 139"). AASB 9 Financial Instruments ("AASB 9") includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment of financial assets, and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from ASSB 139.

Classification and measurement – financial assets and liabilities

AASB 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

AASB 9 contains three principal classification categories for financial assets: measure at amortised cost; fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVTPL"). The standard eliminates the existing AASB 139 categories of held to maturity, loans and receivables and available for sale, whilst the existing requirements for the classification of financial liabilities in AASB 139 is retained.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment

AASB 9 replaces the "incurred loss" model in AAASB 139 with a forward looking "expected credit loss" ("ECL") model. The new impairment model will apply to financial assets measured at amortised costs or FVOCI (except for investments in equity instruments).

Under AASB 9, loss allowances will be measured on either of the following bases:
- 12 month ECL: where there are ECLs that result from possible default events within 12 months from the reporting date: and
- Lifetime ECLs: these are ECLs that result from possible default events over the expected life of a financial instrument.

The Group notes that the impact from application of expected credit loss model of AASB 9 is not material.

NOTE 2: ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the group. The group has decided not to early adopt any of these new and amended pronouncements. The group's assessment of the new and amended pronouncements that are relevant to the group but applicable in future reporting periods is set out below.

AASB 16: Leases (applicable for annual reporting periods commencing on or after 1 January 2019)

AASB 16 will replace AASB 117: *Leases* ("AASB 117")and introduces a single lessee accounting model that will require a lessee to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Right-of-use assets are initially measured at their cost and lease liabilities are initially measured on a present value basis. Subsequent to initial recognition:

- right-of-use assets are accounted for on a similar basis to non-financial assets, whereby the right-of-use asset is accounted for in accordance with a cost model unless the underlying asset is accounted for on a revaluation basis, in which case if the underlying asset is:
- investment property, the lessee applies the fair value model in AASB 140: *Investment Property* to the right-of-use asset; or
- property, plant or equipment, the lessee can elect to apply the revaluation model in AASB 116: *Property, Plant and Equipment* to all of the right-of-use assets that relate to that class of property, plant and equipment; and
- lease liabilities are accounted for on a similar basis as other financial liabilities, whereby interest expense is recognised in respect of the liability and the carrying amount of the liability is reduced to reflect lease payments made.

AASB 16 substantially carries forward the lessor accounting requirements in AASB 117. Accordingly, under AASB 16 a lessor would continue to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and would account for each type of lease in a manner consistent with the current approach under AASB 117. Although the directors anticipate that the adoption of AASB 16 may have an impact on the group's accounting for its operating leases, it is impracticable at this stage to provide a reasonable estimate of such impact.

NOTE 3: ONGOING OPERATIONS

At 31 December 2018, the Group was in a net current liability position of $6,316,622 (2017: $421,667 liability) due to the bank debt facility of $6,763,717 having a maturity date of 31 January 2019.

The net current liability position exists at 31 December 2018 due to the bank debt facility reaching maturity within a 12month period of 31 December 2018, requiring the bank debt to be reclassified from non-current to current liabilities under accounting standards.

At 31 January 2019, when the bank debt was due to be renewed, the Group was in negotiations to acquire a subsidiary and the bank debt facility was temporarily extended beyond its 31 January 2019 maturity date pending the outcome.

The Group was in negotiations with the OICS shareholders to acquire the OICS group of companies ("OICS") which required the bank's support to fund this acquisition. On 18 April 2019, an Amendment Deed was executed extending the maturity date of the bank debt facility existing at 31 December 2018 to 30 September 2020.

The timing of this Amendment Deed not being in place by 31 December 2018 has resulted in the bank debt to be reclassified to a current liability at the reporting date. On execution of the Amendment Deed subsequent to the reporting date the bank debt has since reverted back to a non-current liability. Had the Amendment Deed been executed on or before 31 December 2018 the net current position of the Group would have been a current asset position of $447,095 at the reporting date.

The Group's ongoing operations, and its ability to meet its repayment obligations with existing creditors and lenders, is dependent on a number of factors including the ongoing support of its bank, its ability to raise additional equity for expansion and achieving budgeted operating results. The Bank has provided additional funding support for the Group through a $530,000 equipment loan to fund the growth in accommodation facilities in February 2019 and has also indicated a willingness to support the acquisition of OCIS through the provision of further debt facilities.

With the divestment of Emerald Tourist Park during December 2018, the Directors believe the required financial results will be achieved in 2019. The group is now focused on increasing its existing accommodation capacity to meet expected growth in the demand for short-term accommodation services to various companies servicing the local mining industry.

Management believe the Group is well placed to achieve their strategy, and if successful, the group's operating results will be positively impacted.

The Directors are of the opinion that the Group is a going concern and will be able to pay its debts as and when they become due and payable.

The parent entity's ongoing operations are also dependent on the factors noted above, and its controlled entities providing sufficient funds to enable the parent entity to meet its debts as and when they fall due.

The financial statements have been prepared on a going concern basis which assumes that the parent entity and Group will realise their assets and extinguish their liabilities in the normal course of business.

	Note	2018 $	2017 $
NOTE 4: REVENUE AND OTHER INCOME			
Sales revenue			
Accommodation and dining services		9,830,530	5,892,145
Other revenue			
Interest income		-	872
		9,830,530	5,893,017
NOTE 5: EMPLOYEE BENEFITS EXPENSE			
Employee benefits include the following significant items:			
Wages and salaries		2,760,978	2,091,869
Superannuation contributions		254,842	159,582
		3,015,820	2,251,451
NOTE 6: FINANCE INCOME AND FINANCE COSTS			
Interest expense on financial liabilities measured at amortised cost		426,055	411,621
		426,055	411,621
NOTE 7: INCOME TAX			
(a) Components of Income Tax Expense / (Benefit):			
Deferred tax		(1,169,985)	37,003
		(1,169,985)	37,003
Income Tax Expense / (Benefit) is attributable to:			
Continuing operations		(1,430,145)	37,003
Discontinued operations	34	260,160	-
		(1,169,985)	37,003

	Note	2018 $	2017 $
NOTE 7: INCOME TAX (CONTINUED)			
(b) Reconciliation of income tax expense to prima facie tax payable:			
Profit from continuing operations before income tax expense		1,851,372	1,282,949
Profit / (loss) from discontinued operations before income tax expense		35,371	(864,979)
		1,886,743	417,970
Prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie income tax payable on profit before income tax at 27.5% (2017: 30.0%)		518,854	125,391
Add / (less) tax effect amounts which are not deductible / (taxable) in calculating taxable income:			
Non-deductible expenses		1,357	72
Impact of reduction in tax rate on opening balances of Deferred Tax Assets		150,160	-
Tax effect of DTA not previously recognised		(1,840,356)	(88,460)
Income tax expense / (benefit) attributable to profit		(1,169,985)	37,003

(c) Deferred tax

Deferred tax relates to the following:

		2018 $	2017 $
Deferred tax asset balance comprises:			
Employee benefits		65,618	74,920
Income tax losses		2,859,333	1,714,065
Other provisions		6,457	3,944
Accrued expenses		54,382	6,114
Other		6,387	12,247
		2,992,177	1,811,290
Deferred tax liabilities balance comprises:			
Borrowing costs		-	(5,294)
Prepayments		(20,265)	(3,539)
Capital raising costs		-	(530)
		(20,265)	(9,363)
Net Deferred Tax Assets / (Liabilities)		2,971,912	1,801,927

	Note	2018 $	2017 $

NOTE 7: INCOME TAX (CONTINUED)

(d) Deferred income tax (revenue)/expense included in income tax expense comprises

Decrease / (increase) in deferred tax assets	(1,180,887)	43,007
(Decrease) / increase in deferred tax liabilities	10,902	(6,004)
	(1,169,985)	37,003

(e) Deferred income tax related to items charged or credited directly to equity

Decrease / (increase) in deferred tax assets	-	-
(Decrease) / increase in deferred tax liabilities	-	1,349
	-	1,349

(f) Deferred tax assets not brought to account

Temporary differences	2,872,516	2,952,000
Capital losses	1,117,294	3,392,423
	3,989,810	6,344,423

NOTE 8: CASH AND CASH EQUIVALENTS

Cash on hand	1,900	1,500
Cash at bank	477,217	159,413
	479,117	160,913

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities is included at Note 20.

NOTE 9: RECEIVABLES

CURRENT		
Trade and other receivables	1,192,856	798,677
Provision for impairment	-	(13,148)
	1,192,856	785,529

	Note	2018	2017
		$	$

NOTE 9: RECEIVABLES (CONTINUED)

Impairment of trade receivables

Trade receivables are non interest bearing with 30 days terms. An impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. The impairment losses have been included within administrative expenses within profit or loss. Trade receivables that are not impaired are expected to be received within trading terms.

Aging analysis and impaired trade receivables

As at 31 December 2018 no trade receivables of the group were assessed as doubtful (2017: $13,148).

	Gross 2018 $	Provision 2018 $	Gross 2017 $	Provision 2017 $
Not past due	868,435	-	720,703	-
Past due 31-60 days	323,164	-	61,850	-
Past due 61-90 days	1,150	-	16,124	(13,148)
Past due more than 90 days	107	-	-	-
	1,192,856	-	798,677	(13,148)

	Note	2018	2017
		$	$

NOTE 10: INVENTORIES

	2018 $	2017 $
CURRENT		
At cost		
Stock on hand	54,901	55,259

NOTE 11: OTHER ASSETS

	2018 $	2017 $
CURRENT		
Prepayments	73,692	82,032
Other current assets	120,535	20,776
	194,227	102,808
NON CURRENT		
Other non-current assets	24,084	23,572

	Note	2018 $	2017 $
NOTE 12: PROPERTY, PLANT AND EQUIPMENT			
Land and buildings			
At cost		41,570,600	45,257,153
Accumulated depreciation and impairment		(13,647,632)	(18,130,852)
		27,922,968	27,126,301
Plant and equipment			
Motor vehicles at cost		46,782	77,774
Accumulated depreciation		(8,656)	(37,826)
		38,126	39,948
Office equipment at cost		143,259	145,338
Accumulated depreciation		(124,989)	(130,605)
		18,270	14,733
Furniture, fixtures and fittings at cost		2,212,247	3,264,168
Accumulated depreciation		(1,292,096)	(2,080,505)
		920,151	1,183,663
Total plant and equipment		976,547	1,238,344
Total property, plant and equipment		28,899,515	28,364,645

(a) Reconciliations

Reconciliation of the carrying amounts of property, plant and equipment at the beginning and end of the current financial year

		2018 $	2017 $
Land and buildings			
Opening carrying amount		27,126,301	25,883,536
Additions		1,437,144	1,125,576
Disposals		(950,815)	(7,290)
Depreciation expense		(467,372)	(535,897)
Impairment reversal (charge)		(310,230)	712,964
Transfers in (out)		1,087,940	(52,588)
Closing carrying amount		27,922,968	27,126,301
Motor vehicles			
Opening carrying amount		39,948	21,691
Additions		18,891	23,540
Disposals		(14,686)	-
Impairment reversal (charge)		(853)	-
Depreciation expense		(5,174)	(5,283)
Closing carrying amount		38,126	39,948

	Note	2018 $	2017 $

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Reconciliations (Continued)

		2018 $	2017 $
Office equipment			
Opening carrying amount		14,733	8,377
Additions		13,888	6,521
Disposals		(5,066)	(158)
Impairment reversal (charge)		5,140	-
Depreciation expense		(10,425)	(7)
Closing carrying amount		18,270	14,733
Furniture, fixtures and fittings			
Opening carrying amount		1,183,663	1,266,705
Additions		164,074	240,290
Disposals		(29,993)	(4,214)
Transfers in (out)		(1,087,940)	-
Depreciation expense		(136,026)	(371,706)
Impairment reversal (charge)		826,373	52,588
Closing carrying amount		920,151	1,183,663

(b) Property, plant and equipment pledged as security

All property, plant and equipment owned by the Group is pledged as security under the loan facility agreement dated 13 September 2017 with National Australia Bank with a maturity date of 31 January 2019. Refer to Note 15.

(c) Impairment

Impairment charges/reversals in relation to property plant and equipment are recorded in revaluation of assets line within the consolidated statement of profit or loss and other comprehensive income. Each individual property operated by the group is considered to be a separate cash generating unit (CGU).

The recoverable amount of each CGU has been determined using the value in use discounted cash flow valuation model by applying a capitalisation of future maintainable earnings before interest, tax, depreciation and amortisation (EBITDA) approach for each CGU. Accordingly, an impairment reversal of $520,430 (2017: $712,964 net reversal being $1,500,000 gain under continuing operations and $787,036 loss under discontinued operations) has been recognised during the year ended 31 December 2018.

The total provision for impairment on land and building assets held by the group at 31 December 2018 is $10,445,512 (2017: $15,553,548) due to a reversal of the impairment provision resulting from the disposal of Emerald Tourist Park during the year.

The discounted cash flow valuation models applied discount rates ranging from 12% to 14% with the higher discount rate reflective of increased levels of uncertainty in cash flow estimates for the properties that are most dependent on the mining and resources sector and seasonal cash flows.

Long-term perpetuity growth rates used in the value in use models ranged between 2% to 3%.

	Note	2018 $	2017 $
NOTE 13: INTANGIBLE ASSETS			
Trademarks at cost		1,800	1,800
Website development at cost		9,130	4,642
Accumulated amortisation and impairment		(2,654)	(2,056)
		6,476	2,586
Total intangible assets		8,276	4,386

(a) Reconciliations

Reconciliation of the carrying amounts of intangible assets at the beginning and end of the current financial year

	2018 $	2017 $
Trademarks		
Opening balance	1,800	1,800
Closing balance	1,800	1,800
Website development		
Opening balance	2,586	3,476
Additions	4,488	-
Amortisation expense	(598)	(890)
Closing balance	6,476	2,586

Amortisation expense in relation to intangible assets has been recognised in depreciation and amortisation expense within the statement of comprehensive income.

NOTE 14: PAYABLES

	2018 $	2017 $
CURRENT		
Unsecured liabilities		
Trade creditors	620,449	358,290
Sundry creditors and accruals	377,466	419,588
	997,915	777,878

NOTE 15: BORROWINGS

	Note	2018 $	2017 $
CURRENT			
Unsecured liabilities			
Notes payable		107,985	310,119
Insurance premium funding		32,392	43,581
Amounts payable to:			
Related parties		-	51,155
		140,377	404,855
Secured liabilities			
Bank loans		6,763,717	-
Hire purchase liability		147,830	138,226
		6,911,547	138,226
		7,051,924	543,081
NON CURRENT			
Unsecured liabilities			
Amounts payable to:			
Related parties		-	15,200
Total - Non-current		-	15,200
Secured liabilities			
Bank loans		-	7,777,354
Prepaid Borrowing Costs		(994)	-
Hire purchase liability		62,378	210,206
		61,384	7,987,560
		61,384	8,002,760

At 31 December 2018, the Group's bank debts were under a facility agreement dated 13 September 2017 which stipulated a maturity date of 31 January 2019. At 31 January 2019, when the bank debt was due to be renewed, the Group was in negotiations to acquire a subsidiary and therefore the bank debt was temporarily extended beyond the 31 January 2019 maturity date pending the outcome.

The Group was in negotiations with the OICS shareholders to acquire the OICS group of companies ("OICS") which required the bank's support to fund this acquisition. On 18 April 2019, an Amendment Deed was executed extending the maturity date of the bank debt facility that existed at 31 December 2018 to 30 September 2020.

The timing of the Deed not being in place at 31 December 2018 has caused the bank loan to be reclassified as a current liability under accounting standards. It has since reverted bank to a non-current liability subsequent to the reporting date upon execution of the Amendment Deed on 18 April 2019.

	Note	2018	2017
		$	$

NOTE 15: BORROWINGS (CONTINUED)

(a) Terms and conditions and assets pledging as security relating to the above financial instruments

The bank loan facility was subject to a variation of terms on 13 September 2017, maturing on 31 January 2019. The bank has prepared an Amendment Deed dated 18 April 2019 extending facilities until 30 September 2020.

The bank loan is secured by a registered first mortgage over each property owned by the Group as well as a first priority general security agreement over the Group's assets. Additionally, each company within the Group has provided cross-guarantees to the other companies within the Group.

The bank loan facility is an interest only loan and the interest rate is variable (BBSY). Interest is paid 90 days in arrears. A facility fee of 2.75% of the facility limit is charged per annum, which is also paid every 90 days in arrears. In addition, commencing 31 March 2019, the group will repay principal at the rate of $250,000 per quarter.

The primary covenants imposed under the NAB finance agreement require management to provide quarterly management accounts to the bank in addition to meeting quarterly financial covenants in respect of Debt Service Coverage Ratio, Loan to Value ratio and Operating Leverage Ratio.

The Directors expect to comply with all reporting covenants and undertakings required by NAB.

Finance leases and hire purchase loans are effectively secured by the asset(s) under lease or hire purchase and by guarantees provided by related entities within the Group.

Refer to Note 20(c) for information about the Group's exposure to variable interest rate risk.

(b) Defaults and breaches

During the year there have been no defaults or breach of any reporting covenant or undertaking required by NAB.

NOTE 16: PROVISIONS

	2018	2017
CURRENT		
Employee benefits	162,901	175,737
Decommissioning	23,480	23,480
	186,381	199,217
NON CURRENT		
Employee benefits	25,538	16,871

	Note	2018 $	2017 $
NOTE 17: OTHER LIABILITIES			
CURRENT			
Deposits held		1,503	6,000
		1,503	6,000
NOTE 18: SHARE CAPITAL			
Issued and paid-up capital		50,008,323	49,318,041

	2018 Number	2018 $	2017 Number	2017 $
(a) Ordinary shares				
Consolidated				
Opening balance	346,799,057	49,318,041	281,864,631	48,043,181
Shares Issued:				
29 May 2018	29,830,499	596,610		
19 June 2018	5,358,355	107,099		
4 July 2018	750,000	15,000		
15 August 2018	2,804,735	56,095		
2017 year			64,934,426	1,274,860
Transaction costs relating to shares issued, net of tax		(84,522)	-	-
	38,743,589	690,282	64,934,426	1,274,860
At reporting date	385,542,646	50,008,323	346,799,057	49,318,041
Village National Holdings Limited (Parent)				
Opening balance	346,799,057	49,318,041	281,864,631	48,043,181
Shares Issued:				
29 May 2018	29,830,499	596,610		
19 June 2018	5,358,355	107,099		
4 July 2018	750,000	15,000		
15 August 2018	2,804,735	56,095		
2017 year			64,934,426	1,274,860
Transaction costs relating to shares issued, net of tax		(84,522)	-	-
	38,743,589	690,282	64,934,426	1,274,860
At reporting date	385,542,646	50,008,323	346,799,057	49,318,041

Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

NOTE 18: SHARE CAPITAL (CONTINUED)

Rights of each type of share (Continued)

At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

Capital management

When managing capital, management's objective is to ensure the group continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cashflows.

During 2018, management paid no dividends (2017: $0).

	2018	2017
	$	$
NOTE 19: ACCUMULATED LOSSES		
Accumulated losses at beginning of year	(27,564,809)	(27,945,776)
Net profit (loss) for the year ended 31 December	3,056,729	380,967
	(24,508,080)	(27,564,809)

NOTE 20: FINANCIAL RISK MANAGEMENT

The group is exposed to the following financial risks in respect to the financial instruments held at the end of the reporting period:

(a) Credit risk
(b) Liquidity risk
(c) Interest rate risk

The board of directors have overall responsibility for identifying and managing operational and financial risks.

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are informally reviewed from time to time to reflect changes in market conditions and the Group's activities.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and interest rate risk. The summaries below present information about the Group's exposure to each of these risks, their objectives, policies and processes for measuring and managing risk, the management of capital and financial instruments.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

The group holds the following financial instruments:

	2018	2017
	$	$
Financial assets		
Cash and cash equivalents	479,117	160,913
Trade and other receivables	1,192,856	785,529
	1,671,973	946,442
Financial liabilities		
Bank and other loans	7,113,308	8,479,486
Trade and other payables	997,915	777,878
Related party payables	-	66,355
	8,111,223	9,323,719

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date of recognised financial assets is the carrying amount of those assets, net of any provisions for impairment of those assets, as disclosed in consolidated statement of financial position and notes to financial statements.

The group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the group.

(i) Cash deposits

Credit risk for cash deposits is managed by holding all cash deposits with major Australian banks.

(ii) Trade and other receivables

Credit risk for trade receivables is managed by transacting with a large number of customers, undertaking credit checks for all new customers and setting credit limits and completing credit checks for all new customers commensurate with their assessed credit risk. Outstanding receivables are regularly monitored for payment in accordance with credit terms.

The aging analysis of trade and other receivables is provided in note 9. As the group undertakes transactions with a large number of customers and regularly monitors payment in accordance with credit terms, the financial assets that are neither past due nor impaired, are expected to be received in accordance with the credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate funding and monitoring of future rolling cash flow forecasts of its operations, which reflect management's expectations of expected settlement of financial assets and liabilities.

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

Refer to note 15 for details of current facilities as well as defaults and breaches.

Maturity analysis

The table below represents the undiscounted contractual settlement terms for financial instruments and managements expectation for settlement of undiscounted maturities.

Year ended 31 December 2018	**< 6 months**	**6-12 months**	**1-5 years**	**Carrying amount**
	$	**$**	**$**	**$**
Trade and other payables	997,915	-	-	997,915
Bank and other loans	6,977,016	73,915	62,377	7,113,308
Net maturities	7,974,931	73,915	62,377	8,111,223
Year ended 31 December 2017				
Trade and other payables	777,878	-	-	777,878
Bank and other loans	112,694	379,232	7,987,560	8,479,486
Related party loans	51,155	-	15,200	66,355
Net maturities	941,727	379,232	8,002,760	9,323,719

(c) Interest rate risk

The Statement of Comprehensive Income is affected by changes in interest rates due to the impact of such changes on interest income and expenses from cash and cash equivalents and borrowings.

At balance date, the Group had the following financial assets and liabilities exposed to variable interest rate risk:

	2018	**2017**
	$	**$**
Cash and cash equivalents	479,117	160,913
Bank and other loans	(6,795,000)	(7,795,000)
Net maturities	(6,315,883)	(7,634,087)

No other financial assets or financial liabilities are expected to be exposed to interest rate risk.

Sensitivity

If interest rates were to increase/decrease by 50 basis points from rates used to determine fair values as at the reporting date, assuming all other variables that might impact on fair value remain constant, then the impact on profit for the year and equity is as follows:

+ / - 50 basis points:		
Impact on profit before income tax	31,580	38,170

NOTE 20: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares, retained earnings and controlling interests of the Group. The Board of Directors monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Board ensures costs are not incurred in excess of available funds.

The Group is exposed to the following externally imposed capital requirements:
- Dividend payments cannot be made without prior written consent from the bank;
- No change in control of the Group without the prior written consent of the bank;

(e) Net fair values of financial assets and liabilities

The carrying amounts of financial assets and liabilities of the Group, for the period ended 31 December approximate their net fair values, given the short time frames to maturity and or variable interest rates.

NOTE 21: KEY MANAGEMENT PERSONNEL COMPENSATION

	2018	2017
	$	$
Compensation received by key management personnel of the group		
- short-term employee benefits	531,841	311,220
- post-employment benefits	48,824	32,625
- share-based payments	-	40,000
	580,665	383,845

NOTE 22: CONTINGENT LIABILITIES

No contingent liabilities exist at 31 December 2018 (2017: $Nil).

	Note	2018 $	2017 $

NOTE 23: CASH FLOW INFORMATION

(a) Reconciliation of cash

Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows:

	2018 $	2017 $
Cash on hand	1,900	1,500
Cash at bank	477,217	159,413
	479,117	160,913

(b) Reconciliation of cash flow from operations with profit after income tax

	2018 $	2017 $
Profit from ordinary activities after income tax	3,056,729	380,967
Adjustments and non-cash items		
Gain on disposal of property, plant and equipment	(116,168)	-
Depreciation and amortisation	654,456	912,624
Fair value adjustments and impairment	(520,429)	(712,964)
Changes in operating assets and liabilities		
(Increase) / decrease in receivables	(407,327)	(393,448)
(Increase) / decrease in other assets	(87,273)	(9,338)
(Increase) / decrease in inventories	460	(11,200)
Increase / (decrease) in related party payables	(66,554)	41,839
Increase / (decrease) in payables	241,170	42,411
Increase / (decrease) in other liabilities	(4,497)	(28,994)
(Increase) / decrease in deferred taxes	(1,169,986)	37,003
Increase / (decrease) in provisions	(4,167)	31,071
Cash flows from operating activities	1,576,414	289,971

(c) Non-cash financing and investing activities

No plant and equipment were acquired by means of hire purchase leases in 2018. (2017: $410,420)

	Note	2018 $	2017 $

NOTE 24: CAPITAL AND LEASING COMMITMENTS

(a) Financial lease commitments

	2018 $	2017 $
Payable		
- not later than one year	157,582	157,582
- later than one year and not later than five years	64,488	222,069
Minimum hire purchase payments	222,070	379,651
Less future finance charges	(11,862)	(31,219)
Total hire purchase liability	210,208	348,432
Represented by:		
Current liability	147,830	138,226
Non-current liability	62,378	210,206
	210,208	348,432

The group has plant and equipment with a carrying amount of $785,235 (2017: $272,958) under hire purchase loans expiring within 1 to 5 years.

(b) Operating lease commitments

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

	2018 $	2017 $
Payable		
- not later than one year	11,954	40,796
- later than one year and not later than five years	27,535	14,365
- later than five years	-	-
	39,489	55,161

The majority of the operating lease commitments are in respect to equipment leased at the Coal Country Caravan Park and Pritchard Road Resort.

(c) Capital expenditure commitments contracted for:

No capital expenditure commitments were contracted at 31 December 2018 (2017: Nil).

NOTE 25: RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel and their related entities

The following related party transactions occurred during the year:

1) *$50,000 loan payable to Union Street Super Fund (entity related to Mr David Franklyn):*

   On 28 August 2017 Union Street Super Fund loaned $50,000 to Village National Holdings Limited and a balance of $37,468 was owing at 31 December 2017. This loan was repaid by 31 May 2018.

2) *$10,000 loan payable to Mr David Franklyn*

   On 8 November 2017, Mr David Franklyn loaned $10,000 to Village National Holdings Ltd interest free. This loan was repaid by 31 May 2018.

3) *$15,000 GST payable to G&F Yukich Superannuation Pty Ltd (entity related to Mr Graeme Yukich)*

   At 31 December 2017, $15,000 remained payable with respect to the buy-back of cabins from G&F Yukich Superannuation Pty Ltd. This was repaid by 31 March 2018.

4) *Rights Granted to Mr David John Franklyn*

   On 1 July 2016, Mr David Franklyn's remuneration was amended to include performance rights redeemable for shares in the event of certain EBITDA hurdles being satisfied. At the time of issue, the rights had no value. During the 2018 year, Mr David Franklyn achieved the conditions and will convert his performance rights to 14,000,000 ordinary shares. The shares were issued in January 2019.

5) *Consulting fees*

   Consulting fees were paid to directors during the year to compensate for additional services contributed in relation to financial or operational advice as required. $58,300 was paid to NGR Enterprises Pty Ltd, an associated entity to Noel J Griffin. An associated entity to Brett McDonald, Atlas Consulting Pty Ltd was paid $10,098. $81,262 was paid to Burnel Capital Pty Ltd, an associated entity to Richard J Nelson.

(b) Loans from key management personnel and their related entities

Details regarding loans outstanding at the reporting date to key management personnel and their related parties at any time in the reporting period, are as follows:

	2018	2017
	$	$
Entities related to D Franklyn	-	47,468
Entities related to G Yukich	-	18,887
Balance owed to entities related to Noel Griffin	16,720	-
Balance owed to David Franklyn	6,907	-
Balance owed to entities related to Rick Nelson	20,875	-
Balance owed to Brett McDonald	12,291	-
	56,793	66,355

(c) Equity transactions with key management personnel

The following table details equity transactions of Key Management Personnel:

Name	Position	Shares held at 31 December 2017	Shares issued in lieu of cash	Shares acquired during the year	Shares acquired under debt /equity swap	Share based payments	Shares held 31 December 2018
D Franklyn (a)	Director	5,765,118	-	-	-	-	5,765,118
N Griffin (a)	Director	45,681,685	-	-	-	-	45,681,685
G Yukich (a)	Director	18,255,133	-	-	-	-	18,255,133
R Nelson (a)	Director	10,948,480	-	2,500,000	-	-	13,448,480

(a) includes ordinary shares held by associates and shares held in capacity as a Director of an associate

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE

The following events have arisen since 31 December 2018 that will affect future year's operations:

Issue of Ordinary Shares

In January 2019, 14,000,000 ordinary shares were issued to Mr David Franklyn in satisfaction of achieving EBITDA hurdles during the 2018 year (Note 25).

Acquisition of OICS Holdings Pty Ltd and controlled entities

The group has entered a contract for the acquisition of 100% of shares in OICS Holdings Pty Ltd and its subsidiaries (OICS). The transaction was ratified by special resolution passed by shareholders approving the financial assistance provided by OICS at the Extraordinary General Meeting on 24 April 2019. Based on OICS forecasts revenue and EBITDA will increase substantially in future years.

Equipment finance facility

The Bank has provided additional funding support for the Group through a $530,000 equipment loan to fund the growth in accommodation facilities in February 2019.

Extension of bank debt facility

At 31 January 2019, when the bank debt facility was due to be renewed, the Group was in negotiations to acquire a subsidiary and the bank debt facility was temporarily extended beyond its 31 January 2019 maturity date pending the outcome.

The Group was in negotiations with the OICS shareholders to acquire the OICS group of companies ("OICS") which required the bank's support to fund this acquisition. On 18 April 2019, an Amendment Deed was executed extending the maturity date of the bank debt facility existing at 31 December 2018 to 30 September 2020.

NOTE 26: EVENTS SUBSEQUENT TO REPORTING DATE (CONTINUED)

The timing of this Amendment Deed not being in place by 31 December 2018 has resulted in the bank debt being reclassified to a current liability at the reporting date. On execution of the Amendment Deed subsequent to the reporting date the bank debt has since reverted back to a non-current liability. Had the Amendment Deed been executed on or before 31 December 2018 the net current position of the Group would have been a current asset position of $447,087 at the reporting date.

Issue of convertible notes

As at the date of this report, the Group issued the following convertible notes:

Convertible Note	Drawdown Date	Principal	Repayment Date	Interest Rate
1	8 March 2019	$200,000	1 December 2021	12% p.a
2	6 March 2019	$200,000	1 December 2021	12% p.a
3	1 March 2019	$250,000	1 December 2021	12% p.a

The key terms and conditions of the notes include the following:

- A noteholder may require the conversion of all of its notes by giving a conversion notice to the Company but only in the event the Company is in default under the terms of the convertible note deed;
- Interest is paid in arrears at the end of each financial quarter. Unpaid accrued interest will attract further interest if not paid by the due date;
- The convertible notes can be repaid prior to their repayment date, at the election of the Company;
- Where early repayment occurs, minimum interest is payable on the note, calculated as interest payable on the principal for a minimum of 12 months;
- The notes may be converted to a variable number of ordinary shares calculated as the balance of any outstanding unpaid principal, unpaid accrued interest and unpaid other payments, divided by 80% of the market value of the ordinary shares in the Company at the conversion date;
- Conversion rights are at the option of the noteholder only on the occurrence of an event of default by the Company or upon the occurrence of an early redemption event, which is at the Company's discretion; and
- The convertible notes are secured by a general security deed granted by Village National Holdings Limited and are subordinate to the bank debt facility.

NOTE 27: DEED OF CROSS GUARANTEE

Pursuant to ASIC Legislative Instrument 2017/785 dated 29 September 2017, the wholly owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and directors' report

It is a condition of the Legislative Instrument that the Company and each of the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the subsidiaries under certain provisions of the *Corporations Act 2001*.

If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

NOTE 27: DEED OF CROSS GUARANTEE (CONTINUED)

The subsidiaries subject to the Deed are:

Village National Pty Ltd
Village National Operations Pty Ltd
Village National Emerald Operations Pty Ltd
Village National Coal Country Operations Pty Ltd
Village National Pritchard Operations Pty Ltd
Village National Properties Pty Ltd
Village National Emerald Properties Pty Ltd
Village National Coal Country Properties Pty Ltd
Village National Pritchard Properties Pty Ltd
Village National Facilities Management Pty Ltd

NOTE 28: AUDITOR'S REMUNERATION

	2018 $	2017 $
Audit services		
Auditors of the Group - Pitcher Partners	50,000	60,000
Non-audit services		
Taxation services - Pitcher Partners	8,945	9,870

NOTE 29: PARENT ENTITY DETAILS

Summarised presentation of the parent entity, Village National Holdings Limited, financial statements:

(a) Summarised company statement of financial position

Assets		
Current assets	140,177	145,187
Non-current assets	89,809,117	89,264,284
Total assets	89,949,294	89,409,471
Liabilities		
Current liabilities	7,100,555	509,309
Non-current liabilities	-	7,783,577
Total liabilities	7,100,555	8,292,886
Net assets	82,848,739	81,116,585
Equity		
Share capital	84,087,172	83,396,890
Retained earnings	(1,238,433)	(2,280,305)
Total equity	82,848,739	81,116,585

(b) Summarised company statement of comprehensive income

Profit / (Loss) for the year	1,041,872	(886,002)
Other comprehensive income for the year	-	-
Total comprehensive income for the year	1,041,872	(886,002)

NOTE 30: INTERESTS IN SUBSIDIARIES

(a) Subsidiaries

The following are the group's significant subsidiaries:

Subsidiaries of Village National Holdings Limited:	Country of incorporation	Ownership interest held by the group	
		2018	**2017**
		%	**%**
Village National Pty Ltd	Australia	**100**	100
Village National Properties Pty Ltd	Australia	**100**	100
Village National Operations Pty Ltd	Australia	**100**	100
Village National Emerald Properties Pty Ltd	Australia	**100**	100
Village National Emerald Operations Pty Ltd	Australia	**100**	100
Village National Coal Country Properties Pty Ltd	Australia	**100**	100
Village National Coal Country Operations Pty Ltd	Australia	**100**	100
Village National Pritchard Properties Pty Ltd	Australia	**100**	100
Village National Pritchard Operations Pty Ltd	Australia	**100**	100
Village National Facilities Management Pty Ltd	Australia	**100**	100
Village National Isaac Properties Pty Ltd	Australia	**100**	100

NOTE 31: SEGMENT INFORMATION

Management provide oversight of the business by reviewing and reporting financial results on a consolidated basis to the board of Directors.

The Group operates master-planned properties providing various accommodation solutions to Australia's mining regions. Management does not report to the board on an individual product or geographical basis. The Group is also not reliant on one single customer.

Given the conditions stated above, management has determined that there are no separately reportable operating segments. The Group operates as one reportable segment and the segment results are the same as those reported in the consolidated financial statements.

NOTE 32: EARNINGS PER SHARE

	2018	2017
	$	$
Profit / (loss) for the year attributable to equity holders of the Group		
- from continuing operations	3,281,518	1,245,946
- from discontinued operations	(224,789)	(864,979)
Profit attributable to ordinary shareholders	3,056,729	380,967

NOTE 32: EARNINGS PER SHARE (CONTINUED)

	2018 $	2017 $
	Number	Number
Weighted average number of shares at the end of the period		
- Basic	368,851,287	289,471,301
- Diluted	389,851,287	310,471,301
Earnings per share from continuing operations:		
Basic earnings per share	0.89	0.43
Diluted earnings per share	0.84	0.40
Earnings per share attributable to ordinary equity holders		
Basic earnings per share	0.83	0.13
Diluted earnings per share	0.78	0.12

NOTE 33: ENTITY DETAILS

The registered office of the group is:
Village National Holdings Limited
35 Pritchard Street
EMERALD QLD 4720

NOTE 34: DISCONTINUED OPERATIONS

During December 2018, the Group sold Emerald Tourist Park. The profit / (loss) from discontinued operations is as follows:

Revenue and other income			
Revenue		379,085	318,522
Less: expenses			
Materials and consumables used		(9,909)	(11,044)
Depreciation and amortisation expense		(34,861)	(53,976)
Employee benefits expense		(211,838)	(147,709)
Occupancy expenses		(193,810)	(153,364)
Finance costs		(681)	(862)
Revaluation of assets		-	(787,036)
Administrative costs		(26,529)	(29,510)
Profit on disposal of assets		133,914	-
Total Expenses		(343,714)	(1,183,501)
Profit / (loss) from discontinued operations before income tax expense		**35,371**	**(864,979)**
Income tax (expense) / benefit	7	(260,160)	-
Other comprehensive income from discontinued operations for the year		**-**	**-**
Total comprehensive income from discontinued operations		**(224,789)**	**(864,979)**

DIRECTORS' DECLARATION

The directors of the company declare that:

1. In the directors’ opinion, the financial statements and notes thereto, as set out on pages 13 - 47, are in accordance with the *Corporations Act 2001*, including:

   (a) complying with Accounting Standards in Australia and the *Corporations Regulations 2001*; and

   (b) as stated in Note 1, the consolidated financial statements also comply with *International Financial Reporting Standards*; and

   (c) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2018 and its performance for the year ended on that date.

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.

3. There are reasonable grounds to believe that the Company and the group entities identified in note 27 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Legislative Instrument 2017/785.

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

Noel J Griffin

30 April 2019

PITCHER PARTNERS

Level 38, 345 Queen Street
Brisbane, Queensland 4000

Postal Address
GPO Box 1144
Brisbane, Queensland 4001

Tel +61 7 3222 8444
Fax +61 7 3221 7779
www.pitcher.com.au
info@pitcherpartners.com.au

Independent Auditor's Report to the Members of Village National Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Village National Holdings Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the Directors' declaration.

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

Other Information

The Directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 7 to 10 of the Directors' Report for the year ended 31 December 2018. In our opinion, the Remuneration Report of Village National Holdings Limited, for the year ended 31 December 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners

PITCHER PARTNERS

DANIEL COLWELL
Partner

Brisbane, Queensland
30 April 2019