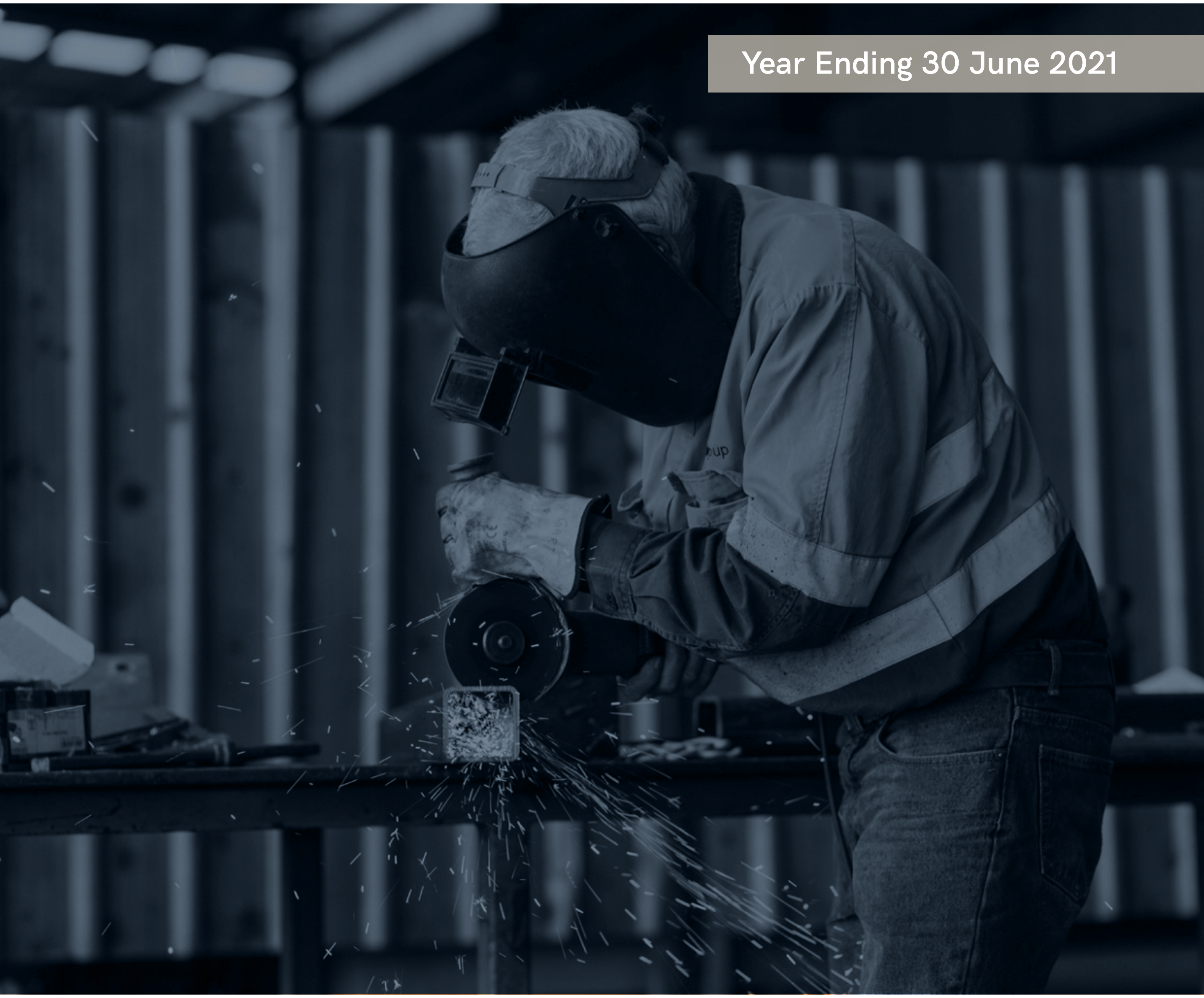
2021 Annual Report



smwgroup

engineering continuous improvement

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CHAIR'S REPORT

Welcome to SMW Group Limited's inaugural Annual Report for the financial year ended 30 June 2021 (FY2021).

SMW Group Limited (NZX: SMW) (SMW Group or the Group) (formerly known as Aorere Resources Limited) completed its acquisition of the Australian company All Industrial Network Limited ('AIN') on 8 July 2020. Immediately prior to this transaction, AIN acquired Alertvale Pty Ltd ('Alertvale') and BAE Engineering & Solar Pty Ltd ('BAE'), both Australian businesses. The acquisitions resulted in the merger of two established Australian services businesses operating across the mining support, construction and engineering service industries, based in Rockhampton and Mackay. The Group's listed status brings excellent governance to the business, backed by stringent corporate policies and procedures.

Financial performance

The financial summary of the Group's results are as follows:

Financial Summary	Year ended 30-Jun-21 $'000 Statutory	Year ended 30-Jun-21 $'000 Underlying
Revenue	52,003	52,003
EBITDA	(694)	3,755
NPATA	(5,273)	(824)
NPAT	(5,481)	(1,032)

The reported statutory NPAT has been impacted by the adverse market conditions associated with the COVID-19 pandemic and the application of one-off acquisition accounting principles in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The impact of the COVID-19 pandemic has been felt across the global mining industry. Government restrictions and general economic uncertainty led to a contraction of commodity prices and a reduction in trade with the largest importer of Australian coal, China. The lower commodity prices and uncertainty in coal production and exports directly impacted SMW Group's customers. As a service provider to the mining industry, SMW Group has observed cancellations or deferrals in projects and reduced spending from customers. This has contributed to the Group's reduced revenue and profitability in FY2021. These challenges aside, SMW Group maintains strong relationships with its customers and is expecting activity levels in key industries to improve as commodity prices rebound.

Since the acquisition of AIN, SMW Group has rebranded, aligned processes and implemented integration plans between the two operations based out of Rockhampton and Mackay. The Group has also increased the capabilities and skillsets of employees and service offerings to existing and new customers. Associated integration costs and acquisition-related costs are included in the statutory results for FY2021.

With the continued volatility in key industry sectors in the second half of FY2021, the Group continued to see a decline in customer orders. SMW Group strategically reviewed its cost structure and made several structural changes to operations to reduce the cost base to account for the reduction in revenue during this period.

As at 30 June 2021, the SMW Group had a net liability position of $4.8 million. The acquisition of AIN on 8 July 2020 resulted in deferred consideration payments to vendors and deferred payments to external advisors involved in the transaction. As at 30 June 2021, the Group's liabilities include $7.1 million of deferred consideration owing to the vendors of Alertvale and BAE. The significant reduction in the Group's revenue, due to the COVID-19 pandemic in FY2021 has impacted the Group's level of operating cashflow during this year and its ability to commence scheduled repayment of this deferred consideration. The vendors remain major shareholders of the SMW Group. They are working with the SMW Group Board to improve the financial performance of the Group in order to commence the repayment of the deferred consideration and have agreed on a new repayment schedule.

Our strengths

PROVEN OPERATOR WITH LONG TERM EXPERIENCE IN THE BOWEN BASIN

PROXIMITY TO THE GALILEE BASIN

EXTENSIVE WORKSHOP FACILITIES AND FIELD CAPABILITIES

ROBUST HEALTH AND SAFETY CULTURE, COMPLIANT TO LATEST ISO45001

FLEXIBILITY TO WORK IN RAIL, DEFENCE, CONSTRUCTION AND MINING

STRONG TRADE AVAILABILITY – WORKFORCE OF OVER 500

Growth history

SMW Group's operations have a long-standing history over the past 20 years of continuously servicing its customer base throughout the volatile economic mining climate of busts and booms. The Company has diversified and adapted to serving rail, industrial and defence sectors, as well as mining and manufacturing businesses throughout Central Queensland. Operations have expanded, from purely field service to a complete one-vendor solution, including design, engineering, fabrication, painting, commissioning and maintenance of equipment, including industrial cleaning.

Moving forward with confidence

SMW Group has positioned itself to take advantage of the expected recovery in key industries by assessing and building the workforce skill sets required for the anticipated growth off the back of the mining sector's expected recovery. Actions include a strengthened management and operational structure, an increased focus on business development and identified sales opportunities with existing and new customers, and diversifying into new sectors to better utilise the Group's service offerings, scale and competitive advantages.

SMW Group's core business has been built on manufacturing and maintaining heavy industrial equipment, primarily focusing on mining customers within the Bowen Basin. SMW Group has a strong track record of excellence, with a skilled and dedicated workforce who use emerging technology and the latest equipment to produce quality results. For at least the next decade, industry forecasts predict strong growth in the demand for seaborne thermal coal, backed by the need for low-cost electricity in Asia. SMW Group intends to keep supporting and expanding relationships with key customers as they grow.

SMW Group is looking to the future by manufacturing and marketing branded heavy haulage trays and heavy equipment attachments, OEM standard components as well as custom designs and one-off product offerings.

Because SMW Group is known for combining improvement and innovation with creative engineering, SMW Group has a reputation for getting jobs completed faster, smarter and more efficiently. SMW Group has recently secured several large projects such as a three-year heavy mining equipment workshop labour contract generating approximately $30 million in revenue.
The Group has also secured several Defence and infrastructure projects, delivering on the Group's market diversification strategy of pursuing opportunities in the defence, rail and infrastructure sectors.

Focus areas to deliver growth

SMW Group Board expect the challenges of FY2021 to continue in FY2022 with the flow-on effects to be felt for some time. While commodity prices are trending in the right direction, Australian export levels remain uncertain, and the mining industry's labour shortage is at an all-time high. The expected economic outlook remains volatile but the SMW Group Board remains cautiously optimistic as new opportunities emerge.

The Group will continue to focus on social and environmental initiatives to enhance business, while cash and cash flow management will also remain a priority. Health and safety is a continual priority for the Group, with the safety and wellbeing of our workforce and communities a focused consideration.

SMW Group has already initiated plans to expand its customer base, pursue strategic acquisitions and unlock returns from the strengthened base of the Group.

Over the short to medium term, the Company plans to move into new customer markets by:

- providing additional services to the existing customers from the expanded operations base
- diversifying into additional sectors such as infrastructure, defence and ports
- gaining new customers by leveraging SMW Group's ability to service the entire Bowen Basin and the emerging Galilee Basin mining companies and supporting enterprises

SMW Group will continue to assess other complementary businesses to support growth and exploit favourable opportunities to expand the Group's service and product offerings. There is significant potential to capitalise on the human and capital resource synergies which all businesses contribute.

Along with the SMW Group Board, I commend this first Annual Report to you.

Jill Hatchwell
Chair


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CEO'S REPORT

FY2021 has been a challenging year for the SMW Group. The contraction of metallurgical coal commodity prices combined with the reduction in trade with China, Australia's largest importer of coal, resulted in a significant reduction in revenue for the SMW Group. These adverse market conditions caused the Group's major customers to slow their maintenance programs, which in turn resulted in a reduction in routine maintenance projects through the Group's workshops. SMW Group is a proud Central Queensland operation, and we believe in supporting local talent and customers. During the past year, we have tried to retain as many of our valued employees as possible, even through a decline in revenue, which has in part impacted the profitability of the Group during FY2021.

To diversify and combat the pressure of reduced mining customer spend, as a combined group we have competed for larger tenders and contracts, gaining major new work in infrastructure projects around Central Queensland, as well as new mining operations such as the Galilee Basin's Carmichael Mine.

Operationally, over the past year SMW Group has concentrated on aligning the processes between the Group's Rockhampton and Mackay operations and increasing the capabilities of our staff. With the skills shortage and high demand for skilled tradespeople in the sector, we are focused on retaining and upskilling our tradespeople, while sustainably growing our workforce through permanent recruitment and our apprenticeship program.

Engineering excellence through innovation

SMW Group is known for award-winning excellence in the resource sector in Queensland. We maintain our manufacturing excellence by introducing transformative and innovative technologies into our everyday operations. The latest of our innovations, the remote-operated hot wash truck, was awarded the Resource Industry Network's Out of the Box Award in May 2021, for the operationalisation of engineering excellence to solve a safety problem while increasing efficient industrial cleaning outcomes.

This financial year, our product innovations have started to make headway in the market:

- 'Ultrahaul' heavy haulage trays have been sold to Bravus Mining & Resources, now deployed at their Carmichael Mine.
- There has been customer interest in our 'Ultralift' mobile straddle carrier.
- The Remote Hot Wash Truck is gaining market acceptance, and our Clean Team division has plans ready to add robotic technology to the unit.

Resilience in the face of a global pandemic

SMW Group's top priority is the safety and well-being of our employees. A multi-disciplinary team has guided our response to the COVID-19 pandemic from the outset, following advice from key health authorities. We took immediate action in three key areas:

PEOPLE

We audited site hygiene controls and instituted stringent new procedures, including individual staff actions and overall cleaning regimes, to reduce risk of contact contamination and virus spread. Staff rosters were adjusted to provide staggered breaks which avoided larger group gatherings on site. Along the same lines, vehicle occupancy was restricted, and our leave access policy was amended.

CUSTOMERS

Partnering with our customers remains of primary importance. In line with government and health official guidelines, any required formal declaration must be completed before entering any site, and registering with the Queensland app, where supplied, is mandatory. SMW Group's HSEQ and supervisory teams work closely with clients and site management to ensure compliance with expectations.

COMMUNITIES

Taking accountability for our people and our customers contributes to the long-term safety and viability of the communities where we live and work. We concentrate on providing stable, ongoing employment to our staff and providing the highest quality service to our customers. Our staff are given access to personal support networks whenever they are required. SMW Group has always valued the regional communities and keeping them safe from COVID-19 remains a top priority.

Since pandemic conditions have persisted throughout the financial year, all changes to operations have become standard procedures and will continue this way.

Community

In building a long-term business, SMW Group will always put permanent, local employment first, supporting the local communities where our families and customers live. We have a triple-pronged approach to community support and service:

- Giving a hand up, not a handout - active financial support to volunteer groups and community initiatives that support young people.
- Service – making a difference - we encourage our staff to put their hands up to serve in any capacity at local events and clubs.
- Backing Central Queensland's winners - we champion sportsmanship and skills through financial support of clubs and teams.

This financial year, our support has made a difference to many local charities and community groups, including:

- Variety Club of Queensland
- Rockhampton Rugby League
- Moranbah Netball Association
- International Legends of League – Blackwater
- Springsure Pastoral & Agricultural
- Yeppoon AFL Club
- CQ Capras
- Blackwater Crushers Junior Rugby
- Rockhampton Jockey Club Inc., and other community organisations.

Safety

As a result of an increased safety focus and alignment of processes and reporting, SMW Group recorded a Lost Time Injury Frequency Rate (LTIFR) of 1.62 for the 12-month rolling average to June 2021. This compares favourably to the manufacturing sector industry average rate of 8.8.

Our goal as a company is Zero Harm. SMW Group are focusing on the way we manage risk throughout our facilities and onsite to ensure our people go home safe every day.

Proactive safety improvements include:

- Increasing frequency of quality safety interactions
- Streamlining the HSEQ system, improving accessibility and simplicity of the SKYTRUST App and desktop program
- Increasing employee training to improve individual awareness
- Sharing learning within each workgroup for nil repeats

Looking to 2022 and beyond

SMW Group plans to ride the wave of infrastructure investment in Queensland through the medium term. Our competitive advantages and strong local focus, supporting regional Queensland, give us a strong market position to win upcoming work.

Our team is growing and upskilling, continuing to think outside the box and solve operational problems for our clients. With the consolidation of our systems and processes well underway, SMW Group is ideally placed to take advantage of new opportunities, including relevant strategic acquisitions.

Jack Trenaman
CEO

DIRECTORS' PROFILES

Jill Hatchwell

INDEPENDENT CHAIR

Jill is a chartered member of the Institute of Directors with over 40 years' experience in financial and corporate management. Jill is a formation director of USX-listed Aorere Resources Limited and a director of TSX and NZX-listed Chatham Rock Phosphate Limited.

Jill is also a board member of the Civil Aviation Authority of New Zealand, ServiceIQ (the industry training organisation for the aviation, travel, tourism, museums, hospitality, retail and wholesale sectors of New Zealand's service industry) and of the Workforce Development Council for the Services sector in NZ.

Jill also serves on the Audit and Risk subcommittees of the above entities.

John 'Jack' Trenaman

CEO, EXECUTIVE DIRECTOR

Jack is the CEO of the SMW Group and prior to his appointment was the Managing Director of Alertvale Pty Ltd for the last 10 years. Jack has 30 years of industry experience in the areas of industrial manufacturing, process and mining equipment maintenance management with 14 years within resource mining and cement manufacture industries in the capacities of maintenance management, project management and research and development positions.

In these roles he has held management positions in Australia and New Zealand with Queensland Cement and Cement Australia, and six years in maintenance contracting and staff positions with BHP in coal mining field maintenance.

Greg Kern

NON-EXECUTIVE DIRECTOR

Greg is the Chief Executive Officer and Managing Director of Kern Group, a corporate advisory firm based in Queensland, specialising in restructures, corporate finance, strategy planning and initial public offerings.

Greg was a non-executive director of Evolve Education Group Limited from the company's listing on the NZX (5 December 2014) until his retirement as a director on 17 August 2017. He was a non-executive director of TIL Logistics Group Limited from 7 December 2017 to 18 April 2019.

As lead advisor to SMW Group in relation to the listing and as Shareholder, Greg's position in the Board is primarily focused on overseeing SMW Group's corporate operations and investor relations.

Chris Castle

INDEPENDENT DIRECTOR

Chris is a Chartered Accountant and Chartered Member of the New Zealand Institute of Directors with more than 46 years' experience in investment and corporate finance. Chris was a founding director of Spectrum Resources and Premier Mining Securities and has held directorships in eight NZX-listed companies.

Chris' investment sector experience includes Brierley Investments and the Regina Confections/Charter Corporation Group. Chris subsequently established Aorere Resources Limited as a resource-focussed investment company in 1989 and has been CEO since 1999.

Chris is also the independent chairman of Nigerian-based and TSX.V-listed oil producer Decklar Resources, and the CEO and President of TSX.V, Frankfurt Bourse and NZX-listed Chatham Rock Phosphate Limited.

FINANCIAL STATEMENTS

Directors' Statement

The Directors of SMW Group Limited are pleased to present the financial statements for SMW Group Limited and its subsidiaries (together the Group) for the year ended 30 June 2021 contained in pages 14 – 49.

Financial statements for the financial year ended 30 June 2021 fairly present the financial position of the Group and its financial performance and cash flows for that period and have been prepared using appropriate accounting policies, consistently applied and supported by reasonable judgments and estimates and all relevant financial reporting standards have been followed.

This report has been prepared in a manner which complies with generally accepted accounting practices and gives a true and fair view of the matters to which the report relates and is based on audited financial statements.

The accounting policies used in the preparation of these financial statements are consistent with those used in the interim financial statements for the six months ended 31 December 2020.

SMW Group Limited completed the acquisition of the Australian company All Industrial Network Limited ('AIN') on 8 July 2020. Immediately prior to the acquisition, AIN acquired Alertvale Pty Ltd ('Alertvale') and BAE Engineering & Solar Pty Ltd ('BAE'), both Australian mining services businesses.

The principal activities of the Group is the provision of maintenance, construction and engineering services to the mining industry with its main operations conducted in Rockhampton and Mackay, Australia. These principal activities have not changed during the accounting period.

The statutory financial results are set out in the table below. The consolidated entity generated a net loss after income tax of $5,481,000, as a result of the adverse market conditions associated with the COVID-19 pandemic and the application of one-off acquisition accounting and transaction costs.
The results for the year ended 30 June 2021 are prepared in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and include several one-off costs associated with the integration and re-branding of the two operating business units. A summary of the underlying financial results is included below to facilitate an understanding of the underlying operational performance of the Group.

All normalisation adjustments in the calculation of underlying profit are unaudited.

	Statutory $'000	Underlying* $'000
Revenue	52,003	52,003
EBITDA[1]	(694)	3,755
NPATA[2]	(5,273)	(824)
NPAT	(5,481)	(1,032)

* Underlying profit reflects the statutory profit adjusted for the one off costs associated with the transaction that occurred on 8 July 2020.

[1] EBITDA refer to earnings before interest, tax, depreciation and amortisation and is a non-IFRS measure. EBITDA can be reconciled to the Statutory NPAT by adding back the following categories with the Statement of profit or loss; Depreciation and amortisation expense, Finance Costs and Income tax expenses.

[2] NPATA refers to net profit adjusted to exclude the amortisation of intangible assets and is a non-IFRS measure.

A reconciliation between underlying net profit after tax and statutory net profit after tax is detailed below:

	30 June 2021 $'000
Statutory NPAT	(5,481)
Share-based payment expense[1]	1,033
Listing costs deemed issue of share capital on acquisition[2]	964
Transaction costs[3]	2,046
One-off non recurring integration costs[4]	406
Underlying NPAT	**(1,032)**

[1] Relates to the shares issued to the Company directors and management including tax obligations associated with the issue of these shares.

[2] Listing costs deemed issue of share capital on acquisition represents the cash payment to be made to the pre-transaction owners and the shares issued to pre-transaction shareholders.

[3] Transaction costs relating to advisor fees incurred as part of the transaction.

[4] Costs associated with the rebranding and integration activities.

Note: Normalisation adjustments between Statutory and Underlying NPAT total $4.5 million. Total adjustment would equate to the difference between Statutory and Underlying EBITDA and NPATA.

In accordance with NZ IFRS, SMW Group's acquisition of AIN, and AIN's acquisitions of Alertvale and BAE, both constitute reverse acquisitions. For accounting purposes Alertvale is deemed to be the acquiring entity in both reverse acquisitions and the financial statements presented are a continuation of Alertvale including comparative financial information.

Relevant matters in relation to the reverse acquisitions are as follows:

- Given the treatment for accounting purposes of the transaction as reverse acquisitions, SMW Group has applied the continuation method of accounting which results in all comparative period information relating to Alertvale.
- Pursuant to continuation accounting, SMW Group is presenting its financial results on an historical cost basis, whereby the assets and liabilities of the deemed acquirer (Alertvale) are recognised at the carrying amounts prior to the transaction. Adjustments are not made to reflect fair values and no new assets (including goodwill) and liabilities of the deemed acquirer are recognised at the date of the acquisition. The intangible assets recognised on acquisition consist of goodwill and customer contracts and relationships solely attributed to BAE.
- SMW Group's acquisition of AIN does not meet the definition of a business combination under NZ IFRS 3. It has been recognised as a share-based payment arrangement under NZ IFRS 2. Consequently, the shares issued to SMW Group's pre-transaction Shareholders are treated as share-based payments and expensed on the date of the reverse acquisition.
- The cash payment to SMW Group's pre-transaction Shareholders and the transaction costs associated with the reverse acquisition are expensed on the date of the acquisition under NZ IFRS 32 as they are not transaction costs directly attributable to the issuance of new equity.

Given that the comparative financial information relates to Alertvale as the deemed acquirer of the reverse acquisitions, no discussion on the comparison between the two reporting periods has been included as the comparative information, albeit prepared in accordance with IFRS, is not like for like in nature.

Proper accounting records have been kept that enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013.

Adequate steps have been taken to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

The Directors hereby approve and authorise for issue the financial statements for the year ended 30 June 2021. The Directors do not have the power to amend these financial statements after issue.

For and on behalf of the Board:

Jill Hatchwell	**Jack Trenaman**
Chair	Director & CEO

30 September 2021
Brisbane

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Revenue	4	52,003	48,488
Other income	5	4,059	2,413
Expenses			
Changes in inventories		1,358	(1,327)
Raw materials and consumables used		(12,259)	(9,413)
Administration expenses		(5,307)	(3,689)
Freight & cartage		(578)	(430)
Employee benefits expense	8	(31,262)	(24,880)
Motor vehicle expenses		(1,210)	(1,060)
Depreciation and amortisation expense	8	(2,661)	(1,803)
Plant & equipment hire		(459)	(425)
Travel & accommodation		(460)	(602)
Other expenses	6	(6,284)	(1,332)
Impairment expenses		(139)	(210)
Loss on disposal of property, plant & equipment		(156)	(7)
Finance costs on financial liabilities at amortised cost	8	(1,360)	(952)
Profit/(loss) before income tax expense		(4,715)	4,771
Income tax expense	7	(766)	(1,333)
Profit/(loss) after income tax expense for the year attributable to the owners of SMW Group Limited		(5,481)	3,438
Other comprehensive (loss) / income for the year, net of tax		-	-
Total comprehensive (loss) / income for the year attributable to the owners of SMW Group Limited		(5,481)	3,438
		Cents	Cents
Basic earnings per share	37	(10.33)	3,370,588.24
Diluted earnings per share	37	(10.33)	3,370,588.24

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Assets			
Current assets			
Cash and cash equivalents	9	850	628
Trade and other receivables	10	10,745	7,544
Inventories	11	527	208
Contract assets	12	735	1,177
Other assets	13	545	584
Total current assets		13,402	10,141
Non-current assets			
Receivables	14	22	25
Financial assets at fair value through other comprehensive income	15	-	149
Property, plant and equipment	16	5,976	4,789
Right-of-use assets	17	9,219	7,978
Intangibles	18	8,512	215
Deferred tax	7	98	515
Total non-current assets		23,827	13,671
Total assets		**37,229**	**23,812**
Liabilities			
Current liabilities			
Trade and other payables	19	12,497	2,805
Borrowings	20	5,178	1,833
Lease liabilities	21	2,579	1,479
Income tax	7	1,886	1,581
Employee benefits	22	1,397	1,103
Contract liabilities	23	245	788
Total current liabilities		23,782	9,589
Non-current liabilities			
Payables	24	5,878	-
Borrowings	25	870	-
Lease liabilities	26	11,130	9,755
Employee benefits	27	330	237
Total non-current liabilities		18,208	9,992
Total liabilities		**41,990**	**19,581**
Net assets/(liabilities)		(4,761)	4,231
Equity			
Issued capital	28	6,391	-
Reserves	29	(969)	22
Retained profits/(accumulated losses)		(10,183)	4,209
Total equity/(deficiency)		(4,761)	4,231
		Cents	Cents
Net tangible assets per share		(0.49)	(67,058.82)

The above consolidated statement of financial position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2019	-	22	1,195	-	1,217
Profit after income tax expense for the year	-	-	3,438	-	3,438
Other comprehensive (loss) / income for the year, net of tax	-	-	-	-	-
Total comprehensive (loss) / income for the year	-	-	3,438	-	3,438
Transactions with owners in their capacity as owners:					
Dividends paid (note 30)	-	-	(424)	-	(424)
Balance at 30 June 2020	**-**	**22**	**4,209**	**-**	**4,231**

	Issued capital $'000	Reserves $'000	Retained profits $'000	Non-controlling interest $'000	Total equity $'000
Balance at 1 July 2020	-	22	4,209	-	4,231
Loss after income tax expense for the year	-	-	(5,481)	-	(5,481)
Other comprehensive (loss) / income for the year, net of tax	-	-	-	-	-
Total comprehensive (loss) / income for the year	-	-	(5,481)	-	(5,481)
Transactions with owners in their capacity as owners:					
Share-based payments (note 38)	-	549	-	-	549
Deemed issue of share capital on acquisition (note 28)	391	-	-	-	391
Issue of ordinary shares as consideration for business combinations, net of transaction costs (note 28)	6,000	-	-	-	6,000
Reserve arising from business combinations under common control (note 29)	-	(1,518)	-	-	(1,518)
Distribution to owners of Alertvale Pty Ltd as part of a reverse listing	-	-	(8,595)	-	(8,595)
Adjustment for disposal of unlisted investment (note 15)	-	(22)	22	-	-
Dividends paid (note 30)	-	-	(338)	-	(338)
Balance at 30 June 2021	**6,391**	**(969)**	**(10,183)**	**-**	**(4,761)**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		58,121	57,138
Payments to suppliers and employees (inclusive of GST)		(48,760)	(47,596)
		9,361	9,542
Interest received		-	2
Finance Costs		(1,360)	(952)
Income taxes (paid) / refunded		(505)	(228)
Net cash from operating activities		7,496	8,364
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	33	(2,557)	-
Payment for purchase of Alertvale Pty Ltd		(4,739)	-
Payments for property, plant and equipment	16	(1,750)	(718)
Payments for intangibles	18	(150)	(94)
Net cash used in investing activities		(9,196)	(812)
Cash flows from financing activities			
Payments from / (payments to) related parties		-	(284)
Proceeds from / (repayment to) borrowings - debtor financing		3,345	(4,323)
Repayment of borrowings - bailment finance		-	(984)
Repayment of lease liabilities - NZ IFRS 16		(1,423)	(418)
Repayment of finance leases		-	(1,125)
Dividends paid	30	-	(424)
Net cash from/(used in) financing activities		1,922	(7,558)
Net increase/(decrease) in cash and cash equivalents		222	(6)
Cash and cash equivalents at the beginning of the financial year		628	634
Cash and cash equivalents at the end of the financial year	9	850	628

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out either in the respective notes or below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. Early adoption of these new standards, interpretations or amendments would not have had a material impact on the financial result or financial position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

COMPARATIVE FIGURES

In accordance with NZ IFRS, AIN's acquisition of Alertvale and BAE, and SMW Group's acquisition of AIN does not meet the definition of a business combination within the provisions of NZ IFRS 3 Business Combinations. Therefore, the consolidated entity applied the continuation method of accounting and the comparative financial information represents Alertvale as at 30 June 2020.

REVERSE ACQUISITION ACCOUNTING

On 8 July 2020, SMW Group (formerly known as Aorere Resources Limited) disposed of its net assets through an in-specie distribution and then acquired 100% of the shares on issue in AIN for consideration of NZD$53,160,387. SMW Group satisfied the consideration by issuing 53,160,387 fully paid ordinary shares in SMW Group at an issue price of NZD$1.00 per share ('the Acquisition').

As part of the Acquisition, the company changed its name to SMW Group Limited and its NZX ticker code from "AOR" to "SMW". It also changed its reporting date from 31 March to 30 June.

For accounting purposes this is a reverse acquisition and as such the company became the acquiree rather than the acquirer. As part of the Acquisition, SMW Group consolidated its shares, meaning the company undertook a share consolidation of 4138.489605:1 (subject to rounding of individual shareholdings to a whole number of shares, applying a consistent rounding policy) and Widespread Limited (a previous subsidiary of SMW Group) undertook a share split so that the number of shares on issue in Widespread Limited is equal to the number of shares on issue in SMW Group (approximately 400,000 shares).

As a condition of the Acquisition, directly prior to completion (on 3 July 2020) of the consolidated shares described above, SMW Group distributed shares in its previous wholly owned subsidiary, Widespread Limited to all shareholders in existence before the reverse acquisition on a pro rata basis. Widespread Limited now holds all existing assets, and liabilities of SMW Group and a right to receive up to NZ$600,000 over the following two years from AIN. Widespread Limited will continue the business of the former Aorere Resources Limited operations as a private, widely held company. Accordingly, existing shareholders received a new shareholding in Widespread Limited while continuing to hold their SMW Group shares

As a result of these transactions, Widespread Limited no longer forms part of the consolidated entity.

Immediately prior to completion of SMW Group's acquisition of AIN and through a separate transaction to the Acquisition above, AIN acquired 100% of the shares on issue in two Australian businesses on 8 July 2020:

- Alertvale based in Rockhampton, Queensland – a diversified mining support, construction, maintenance and engineering services provider for consideration of AUD$28 million, with the consideration being satisfied by AUD$12 million in cash and the remainder by the issue of 16 million shares in AIN at a price of AUD $1.00 per share; and
- BAE based in Mackay, Queensland – a provider of specialised support services to the mining and construction industries in the areas of maintenance and engineering for consideration of AUD$10 million, with the consideration being satisfied by AUD$4 million in cash and the remainder by the issue of 6 million shares in AIN at a price of AUD $1.00 per share.

Both AIN's acquisition of Alertvale and BAE, and SMW Group acquisition of AIN constitute reverse acquisitions and for accounting purposes Alertvale is deemed to be the acquiring entity in both reverse acquisitions. Alertvale is the acquirer in the business combinations and their assets are recognised at fair value in the business combination accounting. Accordingly, the acquired intangible assets are solely attributed to BAE. These intangible assets consist of customer contracts and relationships as well as goodwill.

BASIS OF PREPARATION

Statutory base

SMW Group Limited is a company registered under the Companies Act 1993.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies (continued)

Statement of compliance

These financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP') and the requirements of the Companies Act 1993 and the Financial Reporting Act 2013. They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') as appropriate for Tier 1 for-profit oriented entities.

These general purpose financial statements also comply with International Financial Reporting Standards ('IFRS').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SMW Group Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. SMW Group Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

Subsidiaries are all those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

FOREIGN CURRENCY TRANSLATION

The financial statements are presented in Australian dollars, which is SMW Group Limited's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided.

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, it's carrying value is written off.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Significant accounting policies (continued)

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the Group intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. All fair value movements and any gains and losses on disposal of such assets are recongnised in other comprehensive income.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. 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.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets, other than deferred tax assets and inventories, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

GOODS AND SERVICES TAX ('GST') AND OTHER SIMILAR TAXES

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

ROUNDING OF AMOUNTS

Amounts in this report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET MANDATORY OR EARLY ADOPTED

NZ IFRS and IFRSs that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2021. The Group has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

SHARE-BASED PAYMENT TRANSACTIONS

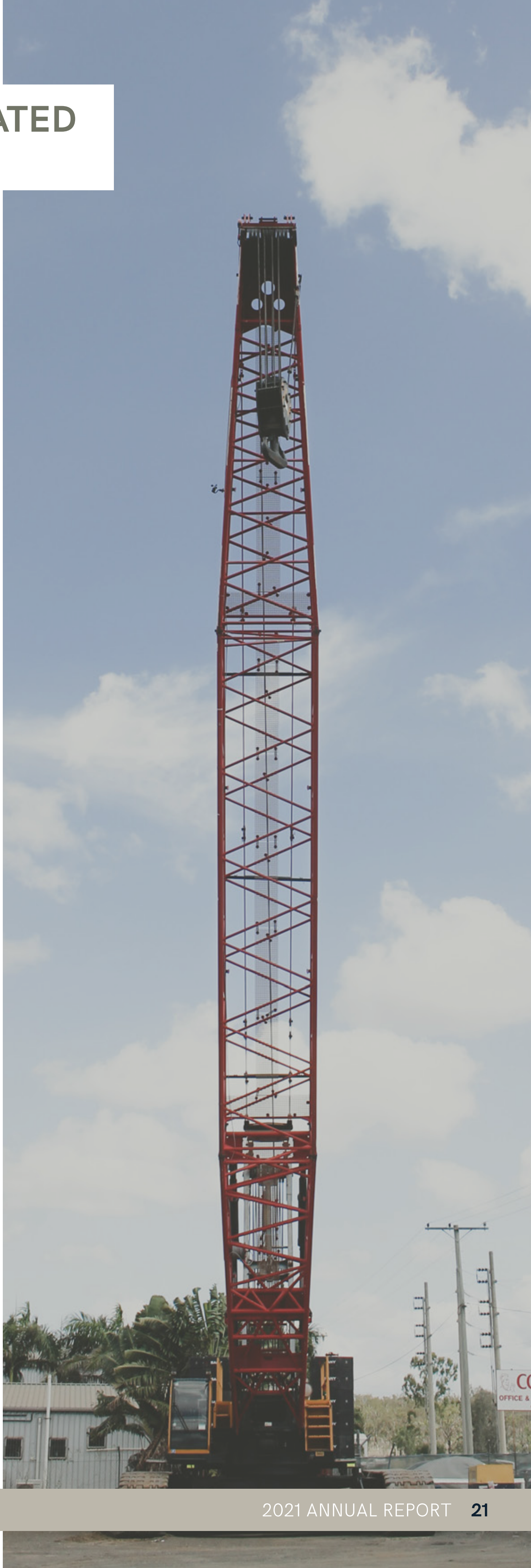
The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity (note 29).

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates (note 10).

PROVISION FOR IMPAIRMENT OF INVENTORIES

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence (note 11).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Critical accounting judgements, estimates and assumptions (continued)

FAIR VALUE MEASUREMENT HIERARCHY

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

ESTIMATION OF USEFUL LIVES OF ASSETS

The Group determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows (note 18).

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL AND OTHER INDEFINITE LIFE INTANGIBLE ASSETS

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

INCOME TAX

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

RECOVERY OF DEFERRED TAX ASSETS

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

EMPLOYEE BENEFITS PROVISION

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

BUSINESS COMBINATIONS

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported (note 33).

GOING CONCERN

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 2. Critical accounting judgements, estimates and assumptions (continued)

At 30 June 2021 the consolidated entity's liabilities exceeded its assets resulting in a negative equity of $4,761,000. The consolidated entity also had a working capital deficiency of $10,380,000. Additionally, the consolidated entity incurred a loss from continuing operations after tax of $5,481,000. In the same period consolidated entity had positive net operating cash inflows of $7,496,000.

The net liability position as 30 June 2021 is predominately the result of the following:

- Accrued deferred vendor consideration payments ($7,129,000). The acquisition of Alertvale and BAE by AIN was partly settled through debt facilities with Scottish Pacific (BFS) Pty Ltd while the remaining consideration has been accrued as deferred vendor payments.
- Fees paid to external advisors relating to the transaction which have been settled through operating profits; and
- The reduction in operating profit of the Group due to the adverse market conditions associated with the COVID-19 pandemic which resulted in a reduction in customer orders, project delays and cancellations and in turn a reduction in revenue, particularly in the second half of FY2021.

These conditions give rise to material uncertainty which may cast significant doubt over the entity's ability to continue as a going concern. The company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors of SMW Group are of the opinion that the going concern basis remains appropriate after considering the following mitigating factors:

- The Group has historically made positive operating cash flows which includes net cash from operating activities of $7,496,000 for FY2021.
- At 30 June 2021, SMW Group had obtained confirmation letters from the three of the five vendors to make the deferred settlement payments included in non-current liabilities of $3,743,000, at the discretion of SMW Group to defer the payments until such time that SMW Group has sufficient funds to make the payments;
- Subsequent to 30 June 2021, SMW Group has obtained confirmation letters from the two remaining vendors to make the deferred settlement payments included in current liabilities of $1,320,000 and non-current liabilities of $2,066,000, at the discretion of SMW Group to defer the payments until such time that SMW Group has sufficient funds to make the payments;
- The Group has requested a payment plan with the Australian Taxation Office (ATO) to pay its outstanding debt at 30 June 2021 over a four year period. While no formal agreement has been reached the Group believe that it will be able to secure a payment plan with the ATO.
- The Group has prepared a cashflow forecast and based on this forecast the SMW Group will be able to generate sufficient operating cashflows to pay debts (including the outstanding tax debt payment plan) as and when they fall due post the deferral of the deferred vendor consideration payments.
- The Group has secured several large projects towards the end of FY2021 which will commence in FY2022. These projects will run over a number of years, the annual expected profit contribution from these projects is approximately $1.1 million. These projects were not included in the Group's cashflow forecast.
- Leave provisions included in current liabilities of $1,397,000 are not expected to be fully settled within the next 12 months.

The Directors believe the consolidated entity is a going concern and will be able to pay its debts as and when they become due and payable, this assumes the ongoing operations deliver the matters described above.

Should the entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the entity be unable to continue as a going concern.

IMPACT OF COVID-19 AND GOING CONCERN

The directors have concluded that while the COVID-19 pandemic has impacted the trading performance of the group for the year ended 30 June 2021, it has not had a material impact on the financial statements, including trade debtors, impairment losses and inventory provisioning.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Operating segments

IDENTIFICATION OF REPORTABLE OPERATING SEGMENTS

The Group is organised into two operating segments focused on the geographical location of the operations: Rockhampton and Mackay. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Refer to the Director's Statement for a reconciliation of EBITDA to Statutory NPAT.

The information reported to the CODM is on a monthly basis.

PRESENTATION OF REVENUE AND RESULTS

Segment revenues and segment results are presented on an underlying basis.

Underlying results for the year ended 30 June 2021 and 30 June 2020 exclude the impact of non-underlying items relating to:

- One off non-recurring expenses; and
- Acquisition costs.

OPERATING SEGMENT INFORMATION

2021	Mackay $'000	Rockhampton $'000	Other* segments $'000	Total $'000
Revenue				
Sales to external customers	12,703	39,300	-	52,003
Total revenue	12,703	39,300	-	52,003
Underlying EBITDA	1,006	4,022	(1,252)	3,776
Depreciation and amortisation	(586)	(1,875)	(200)	(2,661)
Finance costs	-	-	(1,360)	(1,360)
Profit/(loss) before income tax expense	420	2,147	(2,812)	(245)
Income tax expense				(766)
Loss after income tax expense				(1,011)
Underlying loss before tax				(245)
Share-based payment expense				(1,033)
Listing costs				(964)
Transaction costs				(2,046)
One-off non recurring integration costs				(406)
Loss before income tax expense				(4,694)
Income tax expense				(766)
Loss after income tax expense				(5,460)
Assets				
Segment assets	13,192	23,199	838	37,229
Total assets				37,229
Liabilities				
Segment liabilities	5,931	26,961	9,098	41,990
Total liabilities				41,990

* The 'Other' category comprises corporate functions and does not represent an operating segment.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Operating segments (continued)

2020	Rockhampton $'000	Other* segments $'000	Total $'000
Revenue			
Sales to external customers	48,488	-	48,488
Total revenue	48,488	-	48,488
EBITDA	7,526	-	7,526
Depreciation and amortisation	(1,803)	-	(1,803)
Finance costs	(952)	-	(952)
Profit before income tax expense	4,771	-	4,771
Income tax expense			(1,333)
Profit after income tax expense			3,438
Assets			
Segment assets	23,812	-	23,812
Total assets			23,812
Liabilities			
Segment liabilities	19,581	-	19,581
Total liabilities			19,581

ACCOUNTING POLICY FOR OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Revenue

	2021 $'000	2020 $'000
Revenue from contracts with customers - recognised over time	24,421	24,544
Revenue from contracts with customers - recognised point in time	27,582	23,313
Service income	-	318
Equipment Sales	-	313
Revenue	**52,003**	**48,488**

Refer to note 3 for disaggregation of revenues by operating segments.

ACCOUNTING POLICY FOR 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 price 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.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 5. Other income

	2021 $'000	2020 $'000
Net foreign exchange gain	(1)	-
Australian Government grants - COVID-19 Cash Boost	100	-
Australian Government grants - JobKeeper Scheme	3,495	1,839
Subsidies and grants	146	329
Insurance recoveries	82	-
Interest - financial assets at amortised cost	1	2
Other income	236	243
Other income	**4,059**	**2,413**

INTEREST

Interest revenue is recognised as interest accrues using the effective interest method.

OTHER INCOME

Other income is recognised when it is received or when the right to receive payment is established.

SUBSIDIES AND GRANTS

Subsidies and grants are recognised as income over the period to which they relate.

GOVERNMENT GRANTS

Government grants relating to costs are deferred and recognised in profit or loss over the periods necessary to match them with the costs that they are intended to compensate.

Grant income is recognised in profit or loss when the consolidated entity satisfies the performance obligations stated within the funding agreements.

If conditions are attached to the grant which must be satisfied before the consolidated entity is eligible to retain the contribution, the grant will be recognised in the statement of financial position as a liability until those conditions are satisfied.

Note 6. Other expenses

	2021 $'000	2020 $'000
Transaction expenses	2,046	-
Listing expenses	964	-
Share-based payments expenses	1,033	-
Property expenses	603	324
Repairs & maintenance expenses	976	564
Other expenses	662	444
	6,284	**1,332**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Income tax

	2021 $'000	2020 $'000
Income tax expense		
Current tax	349	1,498
Deferred tax - origination and reversal of temporary differences	417	(165)
Aggregate income tax expense	766	1,333
Deferred tax included in income tax expense comprises: Decrease/(increase) in deferred tax assets	417	(165)
Numerical reconciliation of income tax expense and tax at the statutory rate Profit/(loss) before income tax expense	(4,715)	4,771
Tax at the statutory tax rate of 30% (2020: 27.5%)	(1,415)	1,312
Tax effect amounts which are not deductible/(taxable) in calculating taxable income: Non-allowable items	13	21
	(1,402)	1,333
Current year tax losses not recognised	2,168	-
Income tax expense	**766**	**1,333**

	2021 $'000	2020 $'000
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Employee benefits	210	368
Superannuation	148	91
Leases	2,556	2,237
Accrued expenses	400	33
Prepayments	(16)	(14)
Contract assets	(139)	-
Right of use assets	(3,061)	(2,194)
Financial assets reserve	-	(6)
Deferred tax asset	**98**	**515**
Movements:		
Opening balance	515	350
Credited/(charged) to profit or loss	(417)	165
Closing balance	**98**	**515**

The Group did not recognise deferred income tax assets of $650,000 in relation to the losses disclosed above. The losses can be carried forward against future income subject to meeting the requirements of income tax legislation including those relating to shareholder continuity.

	2021 $'000	2020 $'000
Imputation credits available for use in subsequent periods	3,567	68

	2021 $'000	2020 $'000
Provision for income tax	1,886	1,581

ACCOUNTING POLICY FOR INCOME TAX

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 7. Income tax (continued)

deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Note 8. Profit for the year

Profit for the year has been determined after:

	2021 $'000	2020 $'000
Depreciation and amortisations expense comprised of:		
Depreciation of property, plant and equipment	1,495	1,220
Amortisation of intangible assets	208	8
Depreciation of right-of-use assets	958	575
	2,661	**1,803**

	2021 $'000	2020 $'000
Employee benefits expense comprised of:		
Salaries and wages	29,549	23,522
Superannuation - defined contribution plan	1,713	1,358
	31,262	**24,880**

	2021 $'000	2020 $'000
Finance costs comprised of:		
Financial institutions	923	595
Lease liabilities NZ IFRS 16	437	357
	1,360	**952**

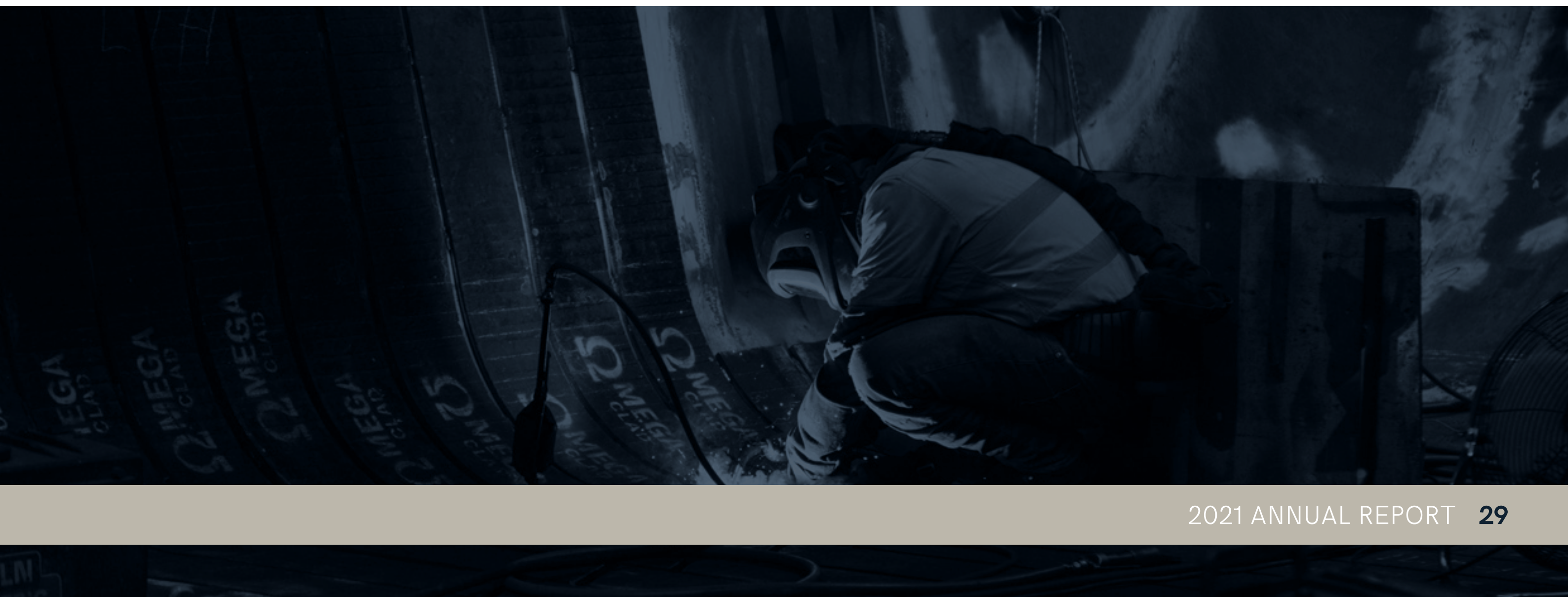
Note 9. Current assets - cash and cash equivalents

	2021 $'000	2020 $'000
Cash on hand	6	1
Cash at bank	633	117
Cash on short-term bank deposits	211	510
	850	**628**

Short-terms bank deposits are held by the Group's bank. The carrying amount for short-term deposits equals their fair value. The average interest rate of deposits as at 30 June 2021 was 0.2%.

ACCOUNTING POLICY FOR CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 10. Current assets - trade and other receivables

	2021 $'000	2020 $'000
Trade receivables	10,571	6,614
Government grants receivable	94	739
Sundry debtors	280	191
Less: Allowance for expected credit losses	(200)	-
	10,745	**7,544**

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2021 %	2020 %	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Not overdue	-	-	6,042	5,971	-	-
1 to 29 days overdue	1.0%	-	2,865	1,094	27	-
30 - 59 days overdue	5.0%	-	1,022	167	51	-
Over 60 overdue	12.0%	-	1,016	312	122	-
			10,945	**7,544**	**200**	**-**

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The Group has recognised a loss of $200,000 (30 June 2020: $0) in profit or loss in respect of the expected credit losses for the year ended 30 June 2021.

Movements in the allowance for expected credit losses are as follows:

	2021 $'000	2020 $'000
Opening balance	-	-
Additional provisions recognised	200	-
Closing balance	**200**	**-**

ACCOUNTING POLICY FOR TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Current assets - inventories

	2021 $'000	2020 $'000
Raw materials and consumables	527	208

ACCOUNTING POLICY FOR INVENTORIES

Raw materials, contract assets and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Note 12. Current assets - contract assets

	2021 $'000	2020 $'000
Contract assets	735	1,177

The main driver for the decrease in contract assets was the impact of the COVID-19 pandemic as a result of project delays and cancellations.

ACCOUNTING POLICY FOR CONTRACT ASSETS

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

Note 13. Current assets - other assets

	2021 $'000	2020 $'000
Prepayments	447	1
Bonds & deposits	98	117
Director-related loans	-	510
	545	**584**

The director-related loans are due on demand and non-interest bearing. These loans were extinguished prior to the transaction as the reverse acquisition was completed on a cash and debt free basis.

Note 14. Non-current assets - receivables

	2021 $'000	2020 $'000
Director-related receivables	22	22
Related party receivables	-	3
	22	**25**

Director-related receivables relate to rental bonds held in relation to leases held by the Group.

The related party receivables are due on demand and non-interest bearing. These amounts were extinguished prior to the transaction on 8 July 2020 as the reverse acquisition was completed on a cash and debt free basis.

Note 15. Non-current assets - financial assets at fair value through other comprehensive income

	2021 $'000	2020 $'000
Unlisted investment at fair value	-	149
Reconciliation Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:		
Opening fair value	149	149
Disposals	(149)	-
Closing fair value	**-**	**149**

The Unlisted investment at fair value was disposed at cost to the existing directors of Alertvale Pty Ltd prior to the transaction.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 16. Non-current assets - property, plant and equipment

	2021 $'000	2020 $'000
Plant and equipment - at cost	6,557	4,782
Less: Accumulated depreciation	(2,970)	(2,005)
	3,587	2,777
Motor vehicles - at cost	4,702	3,795
Less: Accumulated depreciation	(2,313)	(1,783)
	2,389	2,012
	5,976	**4,789**

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Plant & Equipment $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2019	2,095	2,068	4,163
Additions	1,606	660	2,266
Disposals	(7)	(413)	(420)
Depreciation expense (note 8)	(917)	(303)	(1,220)
Balance at 30 June 2020	2,777	2,012	4,789
Additions	1,447	485	1,932
Additions through business combinations (note 33)	482	495	977
Disposals	(154)	(73)	(227)
Depreciation expense (note 8)	(965)	(530)	(1,495)
Balance at 30 June 2021	**3,587**	**2,389**	**5,976**

ACCOUNTING POLICY FOR PROPERTY, PLANT AND EQUIPMENT

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a diminishing value basis over their expected useful lives as follows:

Motor vehicles	25%
Plant and equipment	10% - 67%

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

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Group. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 17. Non-current assets - right-of-use assets

	2021 $'000	2020 $'000
Right-of-use assets	10,988	8,553
Less: Accumulated depreciation	(1,769)	(575)
	9,219	**7,978**

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Right-of-use assets $'000
Balance at 1 July 2019	8,553
Depreciation expense	(575)
Balance at 30 June 2020	7,978
Additions through business combinations (note 33)	2,199
Depreciation expense	(958)
Balance at 30 June 2021	**9,219**

ACCOUNTING POLICY FOR RIGHT-OF-USE ASSETS

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred (note 21) & (note 26).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Non-current assets - intangibles

	2021 $'000	2020 $'000
Goodwill - at cost	6,356	-
Engineering design costs	328	210
Website development - at cost	40	23
Less: Accumulated amortisation	(26)	(18)
	14	5
Licences, trademarks, patents	15	-
Customer contracts - at cost	1,999	-
Less: Accumulated amortisation	(200)	-
	1,799	-
	8,512	**215**

RECONCILIATIONS

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

	Goodwill $'000	Engineering design costs $'000	Website development $'000	Licences, trademarks, patents $'000	Customer contracts $'000	Total $'000
Balance at 1 July 2019	-	118	10	-	-	128
Additions	-	92	-	-	-	92
Amortisation expense	-	-	(5)	-	-	(5)
Balance at 30 June 2020	-	210	5	-	-	215
Additions	-	-	17	15	-	32
Additions through business combinations (note 33)	6,356	118	-	-	1,999	8,473
Amortisation expense	-	-	(8)	-	(200)	(208)
Balance at 30 June 2021	**6,356**	**328**	**14**	**15**	**1,799**	**8,512**

IMPAIRMENT TESTING FOR GOODWILL AND INTANGIBLES WITH INDEFINITE LIVES

The calculations used cash flow projections covering a five-year period. The cash flows are based on past results adjusted for current market conditions and known contracts. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

- Annual capital expenditure of $294,600
- Annual sales growth rates between 5% - 8%
- Discount rate (post-tax) of 12.1%
- Nominal terminal growth rate of 2.5%

The consolidated entities financial performance has been impacted by the COVID-19 pandemic and one-off costs relating to the acquisition on 8 July 2020. There is a risk that any future economic downturn could impact the consolidated entity's products and services offered, customers, supply chain, staffing and geographical regions in which the group operates. Accordingly judgement has been exercised in considering the impacts the COVID-19 pandemic has had, or may have on the assets of the consolidated entity, in particular the inputs included in the value-in-use calculations supporting recoverability of goodwill and non-current assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 18. Non-current assets - intangibles (continued)

Management have made judgements and estimates in respect of impairment testing. Should judgements and estimates not occur, the carrying value of goodwill may vary. From sensitivity analysis completed on the key assumptions on which the estimates and/or discount rate are based, management has determined these changes would not cause the carrying amount of the CGU to exceed the recoverable amount.

The discount rate represents the current market assessment of the risks specific to the CGU considering the time value of money and individual risk of the underlying assets. The discount rate is based on the internal rate of return (IRR) implied for the transaction, which reasonably approximates the weighted average cost of capital (WACC).

The nominal terminal growth rate is based on the mid-point of the Reserve Bank of Australia (RBA) target inflation range.

The right of use assets have been included in the carrying amount of the net operating assets that have been tested for impairment of each of the CGUs.

Management's determination on the allocation of the Goodwill to one CGU, being allocated to Mackay, is based on the acquisition of BAE on 8 July 2020. Refer to note 33 'Business combinations'.

Management has reviewed sensitivities on the key assumptions on which the recoverable amounts are based and believes they would not cause the carrying amount to exceed its recoverable amount. The sensitivity tests applied were to reduce the forecasted EBITDA growth rates by 2% and an increase to the post-tax discount rate by 0.5%, which did not result in the carrying amount exceeding the recoverable amount.

ACCOUNTING POLICY FOR INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

GOODWILL

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed (note 33).

ENGINEERING DESIGN COSTS

Design costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit. The engineering design was not fully completed and still within the development period at 30 June 2021, therefore no amortisation has been recorded.

WEBSITE

Significant costs associated with the development of the revenue generating aspects of the website, including the capacity of placing orders, are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

LICENCES, TRADEMARKS AND PATENTS

Significant costs associated with patents and licences, trademarks and patents are deferred and amortised on a straight-line basis over the period of their expected benefit.

CUSTOMER CONTRACTS

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 19. Current liabilities - trade and other payables

	2021 $'000	2020 $'000
Trade payables	3,155	1,080
Sundry payables and accrued expenses	7,710	1,725
Deferred settlement & advisor payments	1,632	-
	12,497	**2,805**

Deferred settlement and advisor payments are amounts related to the transaction (note 33), are non-interest bearing are payable at the Group's discretion, as and when they have sufficient funds to make the payments.

Refer to note 32 for further details around these related party transactions.

ACCOUNTING POLICY FOR TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 20. Current liabilities - borrowings

	2021 $'000	2020 $'000
Debtor financing - Scottish Pacific	5,178	1,833

Debtor finance facility is held through Scottish Pacific Business Finance Pty Ltd. Interest is charged on the 30 day bank bill rate as represented by BBSY plus 7.3%. The funds have a recourse date of 90 days.

Note 21. Current liabilities - lease liabilities

	2021 $'000	2020 $'000
Lease liability	776	495
Hire purchase lease liabilities	1,803	984
	2,579	**1,479**

Refer to note 31 for further information on financial instruments.

Refer to note 26 for maturity analysis on lease liabilities.

Note 22. Current liabilities - employee benefits

	2021 $'000	2020 $'000
Annual leave	1,306	1,069
Long service leave	91	34
	1,397	**1,103**

ACCOUNTING POLICY FOR EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Note 23. Current liabilities - Contract liabilities

	2021 $'000	2020 $'000
Contract liabilities	245	788

Note 24. Non-current liabilities - payables

	2021 $'000	2020 $'000
Deferred settlement & advisor payments	5,878	-

Deferred settlement and advisor payments are amounts related to the transaction (note 33), are non-interest bearing are payable at the Groups discretion, as and when they have sufficient funds to make the payments.

Refer to note 32 for further details around these related party transactions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 25. Non-current liabilities - borrowings

	2021 $'000	2020 $'000
Loan - Related parties	870	-

The loans from related parties are non-interest bearing and are payable at the Group's discretion, as and when they have sufficient funds to make the payments.

Refer to note 32 for further details around these related party transactions.

ACCOUNTING POLICY FOR BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Note 26. Non-current liabilities - lease liabilities

	2021 $'000	2020 $'000
Lease liability	8,817	7,640
Hire purchase lease liabilities	2,313	2,115
	11,130	**9,755**

Refer to note 31 for further information on financial instruments.

The below outlines the maturity of the Group's remaining the lease liabilities.

	2021 $'000	2020 $'000
1 year or less	3,250	1,953
Between 1 and 2 years	2,475	2,102
Between 2 and 5 years	3,838	2,735
Over 5 years	5,438	8,410
	15,001	**15,200**
Less: Unexpired interest	(1,292)	(3,966)
	13,709	**11,234**

Represented by:	2021 $'000	2020 $'000
Current	2,579	1,479
Non-current	11,130	9,755
	13,709	**11,234**

ACCOUNTING POLICY FOR LEASE LIABILITIES

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 27. Non-current liabilities - employee benefits

	2021 $'000	2020 $'000
Long service leave	330	237

ACCOUNTING POLICY FOR OTHER LONG-TERM EMPLOYEE BENEFITS

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 28. Equity - issued capital

	2021 Shares	2020 Shares	2021 $'000	2020 $'000
Ordinary shares - fully paid	54,122,884	102	6,391	-

Movements in ordinary share capital

Details	Date	Shares '000	Issue price (NZD)	$'000 (AUD)
Balance	1 July 2019	-		-
Balance	30 June 2020	-		-
Issue of ordinary shares - All Industrial Network Limited *	8 July 2020	30,633	-	-
Issue of ordinary shares - Alertvale Pty Ltd *	8 July 2020	16,384	-	-
Issue of ordinary shares - acquisition of businesses (note 33)	8 July 2020	6,144	$1.0	6,000
Issue of ordinary shares - Deemed issue of share capital on acquisition	8 July 2020	400	$1.0	391
Issue of ordinary shares to directors	8 July 2020	306	-	-
Issue of ordinary shares to management	8 July 2020	256	-	-
Balance	**30 June 2021**	**54,123**		**6,391**

* SMW Group acquired all of the ordinary shares in AIN on 8 July 2020.

In accordance with NZ IFRS AIN's acquisition of Alertvale and BAE, and SMW Group's acquisition of AIN does not meet the definition of a business combination within the provisions of NZ IFRS 3 Business Combinations. Therefore, the consolidated entity applied the continuation method of accounting.

Under continuation accounting the consolidated entity is effectively adopting the historical cost accounting whereby the assets and liabilities of the legal acquiree are recognised at their previous carrying amounts.

ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

ACCOUNTING POLICY FOR ISSUED CAPITAL

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 29. Equity - reserves

	2021 $'000	2020 $'000
Financial assets reserve	-	22
General reserve	(1,518)	-
Share-based payments reserve (note 38)	549	-
	(969)	**22**

SHARE-BASED PAYMENTS RESERVE

The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

GENERAL RESERVE

The reserve is used to recognise the difference between the cost of acquisition of the entities under common control and the amounts at which assets and liabilities are recorded.

MOVEMENTS IN RESERVES

Movements in each class of reserve during the current and previous financial year are set out below:

	Financial assets reserve $'000	General reserve $'000	Share-based payment reserve $'000	Total $'000
Balance at 1 July 2019	22	-	-	22
Balance at 30 June 2020	22	-	-	22
Transfer to retained profits	(22)	-	-	(22)
Share-based payments (note 38)	-	-	549	549
Reserve arising from business combinations under common control	-	(1,518)	-	(1,518)
Balance at 30 June 2021	**-**	**(1,518)**	**549**	**(969)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 30. Equity - pre-acquisition distributions

As a result of the reverse acquisition accounting, dividends paid by the subsidiary companies are treated as a reduction of total equity by way of a distribution paid during the financial year were as follows:

	2021 $'000	2020 $'000
Alertvale: Fully franked dividend for the year ended 30 June 2020 of $3,315.76 per ordinary share (30 June 2019: $2,371.24 per ordinary share)	338	424

ACCOUNTING POLICY FOR PRE-ACQUISITION DISTRIBUTIONS

Acquisition distributions are recognised when declared during the financial year and no longer at the discretion of the company.

Note 31. Financial instruments

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance.

Risk management is carried out under policies approved by the Board of Directors. These policies include identification and analysis of the risk exposure of the Group and appropriate procedures, controls and risk limits.

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control the market risk exposures within acceptable parameters, while optimising return on risk. There is minimal market risk.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has a strict code on credit, including confirming references and setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The credit risk associated with cash transactions and deposits is managed through the Group's policies that limit the use of counterparties to high credit quality financial institutions. The Group does not hold any collateral.

The Group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables. These provisions are considered representative across all customers of the Group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

The ageing of the receivables and allowance for expected credit losses provided for outlined in Note 10 'Trade and other receivables'.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's liquidity risk management includes maintaining sufficient cash reserves or available borrowings to meet future commitments. Refer to Note 2 in relation to going concern and impact of COVID-19.

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 31. Financial instruments (continued)

Remaining contractual maturities

The following tables detail the Group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

2021	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Trade and other payables	-	1,186	-	5,878	-	7,064
Borrowings	6.26%	5,178	-	870	-	6,048
Lease liabilities	6.23%	3,250	2,475	3,838	5,438	15,001
Employee benefits	-	1,397	330	-	-	1,727
Contract liabilities	-	245	-	-	-	245
Total non-derivatives		**11,256**	**2,805**	**10,586**	**5,438**	**30,085**

2020	Weighted average interest rate %	1 year or less $'000	Between 1 and 2 years $'000	Between 2 and 5 years $'000	Over 5 years $'000	Remaining contractual maturities $'000
Trade and other payables	-	2,805	-	-	-	2,805
Borrowings	7.32%	1,833	-	-	-	1,833
Lease liabilities	6.23%	1,953	2,102	2,735	8,410	15,200
Employee benefits	-	1,103	237	-	-	1,340
Contract liabilities	-	788	-	-	-	788
Total non-derivatives		**8,482**	**2,339**	**2,735**	**8,410**	**21,966**

Note 32. Related party transactions

DIRECTORS

The names of the persons who were directors of the Company during the year ended 30 June 2021 are Jill Hatchwell (Chair), Greg Kern, Chris Castle, John Trenaman (CEO), Chris Leon (resigned effective 31 December 2020) and Oliver Sabu (resigned effective 24 August 2021).

KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel are all the directors of the Company which includes the Company's CEO and CFO. The key management personnel include:

- Jill Hatchwell – Independent Chair
- John Trenaman – CEO and Executive Director
- Greg Kern – Non-Executive Director
- Chris Castle – Independent Director
- Troy Donovan – CFO and Company Secretary

Compensation

The aggregate compensation made to the key management personnel of the Company is set out below. The compensation paid to the former directors Chris Leon and Oliver Sabu during the year ended 30 June 2021 are included in the analysis:

	2021 $'000	2020 $'000
Short-term employee benefits	987	-
Post-employee benefits	64	-
	1,051	**-**

The directors of the Group were appointed on 3 July 2020. John Trenaman was a director and a key management personnel of Alertvale Pty Ltd during the year ended 30 June 2020 however John was not paid a salary but drew a dividend each year.

Parent entity

SMW Group Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 34.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 32. Related party transactions (continued)

TRANSACTIONS WITH RELATED PARTIES

The following transactions occurred with related parties:

	2021 $'000	2020 $'000
Consideration relating to the acquisition of businesses:		
Ordinary shares issued for the acquisition of businesses to director John Trenaman	12,563	-
Ordinary shares issued for the acquisition of businesses to former director Oliver Sabu	3,374	-
Ordinary shares issued for the acquisition of businesses to key management personnel Frank Humphreys	12,563	-
Ordinary shares issued as payment for services relating to the acquisition of businesses to director Greg Kern	7,105	-
Ordinary shares issued as payment for services relating to the acquisition of businesses to director Chris Castle	24	-
Ordinary shares issued as payment for services relating to the acquisition of businesses to director Jill Hatchwell	24	-
Ordinary shares issued as payment for services relating to the acquisition of businesses to former director Chris Leon	250	-
Ordinary shares issued as payment for services relating to the acquisition of businesses to key management personnel Troy Donovan	250	-
Cash payment for the acquisition of business to director John Trenaman	1,582	-
Cash payment for the acquisition of business to former director Oliver Sabu	1,106	-
Cash payment for the acquisition of business to key management personnel Frank Humphreys	1,582	-
Payment for other expenses:		
Consulting fees paid to an entity associated with Director Gregory Kern	690	-
Other transactions:		
Rent and outgoings paid to entities controlled by John Trenaman, Frank Humphreys & Scott Stevens	157	157
Rent and outgoings paid to entities controlled by director John Trenaman	109	-
Rent and outgoings paid to entities controlled by director Gregory Kern	37	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 32. Related party transactions (continued)

LOANS TO/FROM RELATED PARTIES

The following balances are outstanding at the reporting date in relation to loans with related parties:

	2021 $'000	2020 $'000
Current receivables:		
Loan to entities controlled by director John Trenaman, Frank Humphreys & Scott Stevens	-	221
Trade receivables from entities controlled by director John Trenaman, Frank Humphreys & Scott Stevens	22	25
Current payables:		
Deferred settlement payment to former director Oliver Sabu	660	-
Deferred settlement payment to key management personnel Frank Humphreys	1	-
Deferred advisor payment to entities controlled by director Gregory Kern	312	-
Non-current payables:		
Deferred settlement payment to director John Trenaman	1,285	-
Deferred settlement payment to former director Oliver Sabu	1,033	-
Deferred settlement payment to key management personnel Frank Humphreys	1,257	-
Deferred advisor payment to entities controlled by director Gregory Kern	69	-
Non-current borrowings:		
Loan from entities controlled by director Gregory Kern	220	-
Loan from entities controlled by director John Trenaman, key management personnel Frank Humphreys & former director Scott Stevens	650	-

TERMS AND CONDITIONS

All transactions are non-interest bearing and payable at the Groups discretion, as and when they have sufficient funds to make the payments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 33. Business combinations

On 8 July 2020 AIN acquired 100% of the ordinary shares of BAE for the total consideration transferred of $10,078,903.

The values identified in relation to the acquisition of BAE are final as at 30 June 2021.

	Fair Value $'000
Cash and cash equivalents	1,521
Trade receivables	2,908
Right-of-use assets	2,199
Inventories	689
Other current assets	152
Plant and equipment	977
Deferred tax asset	137
Provisions	(674)
Trade payables	(1,644)
Deferred tax liability	(600)
Borrowings	(1,742)
Lease Liabilities	(2,199)
Net assets acquired	**1,724**
Net assets acquired	1,724
Goodwill[1]	6,356
Customer contracts and relationships	1,999
Acquisition-date fair value of the total consideration transferred	**10,079**
Cash paid or payable to vendor[2]	4,079
Shares	6,000
	10,079

[1] Goodwill arises as a result of the acquisition and relates to intangible assets that do not qualify for separate recognition.

[2] Cash paid and payable includes a working capital adjustment.

ACCOUNTING POLICY FOR BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 34. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following wholly-owned subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
All Industrial Network Limited	Australia	100.00%	-
Alertvale Pty Ltd	Australia	100.00%	100.00%
BAE Engineering & Solar Pty Ltd	Australia	100.00%	-

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries with non-controlling interests in accordance with the accounting policy described in note 1:

		Non-controlling interest	
Name	Country of incorporation	Ownership interest 2021 %	Ownership interest 2020 %
Taurus Mining Solutions Pty Ltd	Australia	49.00%	49.00%
Taurus IP Pty Ltd	Australia	49.00%	49.00%

Note 35. Events after the reporting period

DEFERRED SETTLEMENT PAYMENT

Subsequent to 30 June 2021, SMW Group has obtained confirmation letters from the two remaining vendors to make the deferred settlement payments included in current liabilities of $1,320,000 and non-current liabilities of $2,066,000, at the discretion of SMW Group to defer the payments until such time that the Group has sufficient funds to make the payments.

TAX OBLIGATIONS

Prior to year end, the Group had requested a payment plan with the Australian Taxation Office (ATO) to pay its outstanding debt at 30 June 2021 over a four year period. While no formal agreement has been reached the Group believe that it will be able to secure a payment plan with the ATO.

NEW CONTRACTS

The Group has secured several large projects towards which will commence in FY2022. These projects will run over a number of years, the annual expected profit contribution from these projects is approximately $1.1 million. These projects were not included in the Group's cashflow forecast.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 36. Cash flow information

RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	2021 $'000	2020 $'000
Profit/(loss) after income tax expense for the year	(5,481)	3,438
Adjustments for:		
Depreciation and amortisation	2,661	1,803
Net gain/(loss) on disposal of property, plant and equipment	156	7
Allowance for expected credit losses	200	-
Bad debts written off	-	210
Share based payment	549	-
Non-cash listing expenses	391	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	(408)	1,780
Decrease/(increase) in contract assets	442	616
Decrease/(increase) in inventories	370	908
Increase/(decrease) in income taxes payable and deferred	260	1,105
Decrease/(increase) in other operating assets	(30)	59
Increase/(decrease) in trade and other payables	9,215	(1,477)
Increase/(decrease) in contract liabilities	(543)	(373)
Increase/(decrease) in employee benefits	(286)	288
Net cash from/(used in) operating activities	**7,496**	**8,364**

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Borrowings $'000	Lease liabilities $'000	Total $'000
Balance at 1 July 2019	7,140	3,119	10,259
Net cash from / (used in) financing activities	(5,307)	(1,543)	(6,850)
Leases recognised on adoptions of IFRS 16	-	8,240	8,240
Acquisition of leases	-	1,418	1,418
Balance at 30 June 2020	**1,833**	**11,234**	**13,067**
Opening Balance at 30 June 2020	1,833	11,234	13,067
Net cash from / (used in) financing activities	3,345	(1,423)	1,922
Changes through business combinations (note 33)	-	2,199	2,199
Acquisition of leases	-	1,699	1,699
Additional borrowings	870	-	870
Balance at 30 June 2021	**6,048**	**13,709**	**19,757**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 37. Earnings per share

	2021 $'000	2020 $'000
Profit/(loss) after income tax attributable to the owners of SMW Group Limited	(5,481)	3,438

	2021 Number	2020 Number
Weighted average number of ordinary shares used in calculating basic earnings per share	53,082,061	102
Weighted average number of ordinary shares used in calculating diluted earnings per share	53,082,061	102

	2021 Cents	2020 Cents
Basic earnings per share	(10.33)	3,370,588.24
Diluted earnings per share	(10.33)	3,370,588.24

Weighted and diluted earnings per share are the same as there are no equity instruments which would dilute it.

ACCOUNTING POLICY FOR EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of SMW Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 38. Share-based payments

On 8 July 2020, 562,000 shares were issued to key management personnel at an issue price of NZD $1.00 per share and a total transactional value of AUD $549,000.

Set out below are summaries of shares issued:

	Number of shares 2021	AUD $'000 2021	Number of shares 2020	AUD $'000 2020
Troy Donovan - Chief Financial Officer and Company Secretary	256,000	$250	-	-
Christopher Leon - Independent Director (resigned effective 30 December 2020)	256,000	$250	-	-
Jill Hatchwell - Independent Chair	25,000	$25	-	-
Christopher Castle - Independent Director	25,000	$25	-	-
Total shares issued	**562,000**	**$549**	**-**	**-**

Note 39. Remuneration of auditors

During the financial year the following were paid or payable for services provided by BDO, the auditor of the company:

	2021 $'000	2020 $'000
Audit and other assurance services - BDO Australia		
Audit and review of the Group financial statements	145	99
Audit and other assurance services - BDO New Zealand		
Audit and of the Group financial statements	-	32
Total Remuneration of BDO	**145**	**131**


DANGER

INDEPENDENT AUDITOR'S REPORT

To the members of SMW Group Limited

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the consolidated financial statements of SMW Group Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 30 June 2021 and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at date, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company or its subsidiary/any of its subsidiaries.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 to the consolidated financial statements, which indicates that the Group incurred a net loss of $5,481,000 during the year ended date and, as of that date, the Group's current liabilities exceeded its current assets by $10,380,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

VALUATION OF GOODWILL

Key audit matter

- The Group's disclosures about goodwill impairment are included in Note 18, which details the allocation of goodwill to the groups CGU's, sets out the key assumptions for value-in-use calculations and the impact of possible changes in these assumptions.
- This annual impairment test was significant to our audit because the balance of goodwill as of 30 June 2021 is material to the financial statements. In addition, management's assessment process is based on assumptions, specifically forecast future cash flows, growth rate, and discount rate, which are affected by expected future market or economic conditions.

INDEPENDENT AUDITOR'S REPORT

To the members of SMW Group Limited

Report on the Audit of the Consolidated Financial Statements (continued)

How the matter was addressed in our audit

Our procedures included, amongst others:

- Assessing management's allocation of goodwill and assets and liabilities, including corporate assets to Cash Generating Units ("CGU's")
- Evaluating the inputs used in the value in use calculation including the growth rates, discount rates and underlying cash flows applied by management
- Assessing the sensitivity of the assumptions used by management on the value in use calculation
- Involving our internal specialists to assess the discount rates against comparable market information
- Assessing the disclosures related to the goodwill and the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards.

ACCOUNTING FOR REVERSE ACQUISITIONS

Key audit matter

- As disclosed in Notes 1 and 33 of the financial report, during the year SMW Group acquired AIN on 8 July 2020. The audit of a reverse acquisition is a key audit matter due to the accounting complexity resulting from the accounting acquirer and legal acquirer being different. Furthermore, judgement is involved in the determination of the value of the purchase consideration settled by way of a share-based payment.

How the matter was addressed in our audit

Our procedures included, amongst others:

- Holding discussions with management as to the background of the transaction
- Obtaining an understanding of the transaction including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition.
- Evaluating the basis of valuation of the share-based payment
- Assessing the adequacy of the related disclosures in Notes 1 and 33 of the financial report.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon.

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

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.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

INDEPENDENT AUDITOR'S REPORT

To the members of SMW Group Limited

Report on the Audit of the Consolidated Financial Statements (continued)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-1/.

This description forms part of our auditor's report.

WHO WE REPORT TO

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

The engagement partner on the audit resulting in this independent auditor's report is Timothy Kendall.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall
Director

30 September 2021
Brisbane

SHAREHOLDER & STATUTORY INFORMATION

Listing

The company's shares are listed on the NZX Main Board equity securities market operated by NZX Limited.

20 Largest shareholdings

The names and holdings of the 20 largest registered shareholders in the Company as at 30 June 2021 were:

Name	No. of shares	% of shares
John William Trenaman	12,881,914	23.80%
Arcup (Qld) Pty Limited	12,881,913	23.80%
Gaelforce Project Services Pty Limited	12,881,913	23.80%
Kern Group (Licensing) Pty Limited	7,164,086	13.24%
Mcbryde Investments Pty Limited	3,454,905	6.38%
R.O.J. Investments Pty Limited	3,454,905	6.38%
Russell James Daly	382,905	0.71%
New Zealand Central Securities Depository Limited	258,875	0.48%
Troy Donovan	256,000	0.47%
Greg Kern & Co. Pty Limited	128,860	0.24%
Christopher David Castle	66,199	0.12%
Stacey Radford	26,849	0.05%
Jill Elizabeth Hatchwell	26,111	0.05%
Ross Dix Harvey	14,512	0.03%
Gordon Fretwell	10,572	0.02%
Linda Jane Sanders & Christopher David Castle	10,391	0.02%
Kwee Heng Mok	9,397	0.02%
Craig John Thompson	6,897	0.01%
Earle Dixon Howe	6,257	0.01%
Silver Spur Investments Limited	6,116	0.01%

Spread of ordinary shareholders

The spread of NZX Ordinary Shares as at 30 June 2021 was:

Size of shareholding	Number of holders	Total shares held	% of shares
1-1,000	740	84,663	0.16%
1,001-5,000	48	91,777	0.17%
5,001-10,000	7	45,534	0.08%
10,001-50,000	5	88,435	0.16%
50,001-100,000	1	66,199	0.12%
100,001 or more	10	53,746,276	99.30%
	811	**54,122,884**	**100%**

Substantial financial product holders

Pursuant to Section 293 of the Financial Markets Conduct Act 2013, the following are details of substantial financial product holders and their total relevant interests as at 30 June 2021:

Name	No. of shares	% of shares
John William Trenaman	12,881,914	23.8%
Arcup (Qld) Pty Limited	12,881,913	23.8%
Gaelforce Project Services Pty Limited	12,881,913	23.8%
Kern Group (Licensing) Pty Limited	7,164,086	13.2%
Mcbryde Investments Pty Limited	3,454,905	6.4%
R.O.J. Investments Pty Limited	3,454,905	6.4%

Directors

The following persons were Directors of SMW Group Limited during the period to 30 June 2021:

Director	Position	Date Appointed	
Jill Hatchwell	Independent Chair	3 July 2020	
John Trenaman	CEO and Executive Director	3 July 2020	
Greg Kern	Non-Executive Director	3 July 2020	
Chris Castle	Independent Director	3 July 2020	
Oliver Sabu	Executive Director	3 July 2020	Resigned effective 24 August 2021
Christopher Leon	Independent Director	3 July 2020	Resigned effective 31 December 2020

With the exception of Ms Jill Hatchwell, all SMW Group directors stood for re-election at the annual general meeting held on 29 September 2020. Each Directors' re-election was approved.

Mr Christopher Leon resigned as an independent director with effect from close of business on 31 December 2020. Mr Oliver Sabu resigned as an executive director post 30 June 2021 with effect from 24 August 2021.

Director's shareholding interests

As at 30 June 2021 the Directors of the Company had the following relevant interests in the Company's securities:

Director	Total ordinary shares held
Jill Hatchwell	26,111
John Trenaman	12,881,914
Greg Kern	7,292,946
Chris Castle	80,214
Oliver Sabu	3,454,905

The shares held by John Trenaman, Greg Kern and Oliver Sabu as at 30 June 2021 were issued as a result of the acquisition of All Industrial Network Limited.

Independent directors

The Board consider Jill Hatchwell and Chris Castle to be independent for the purposes of the NZX Listing Rules.

Directors’ remuneration

Details of the nature and the amount of remuneration for each director for the year ended 30 June 2021 are:

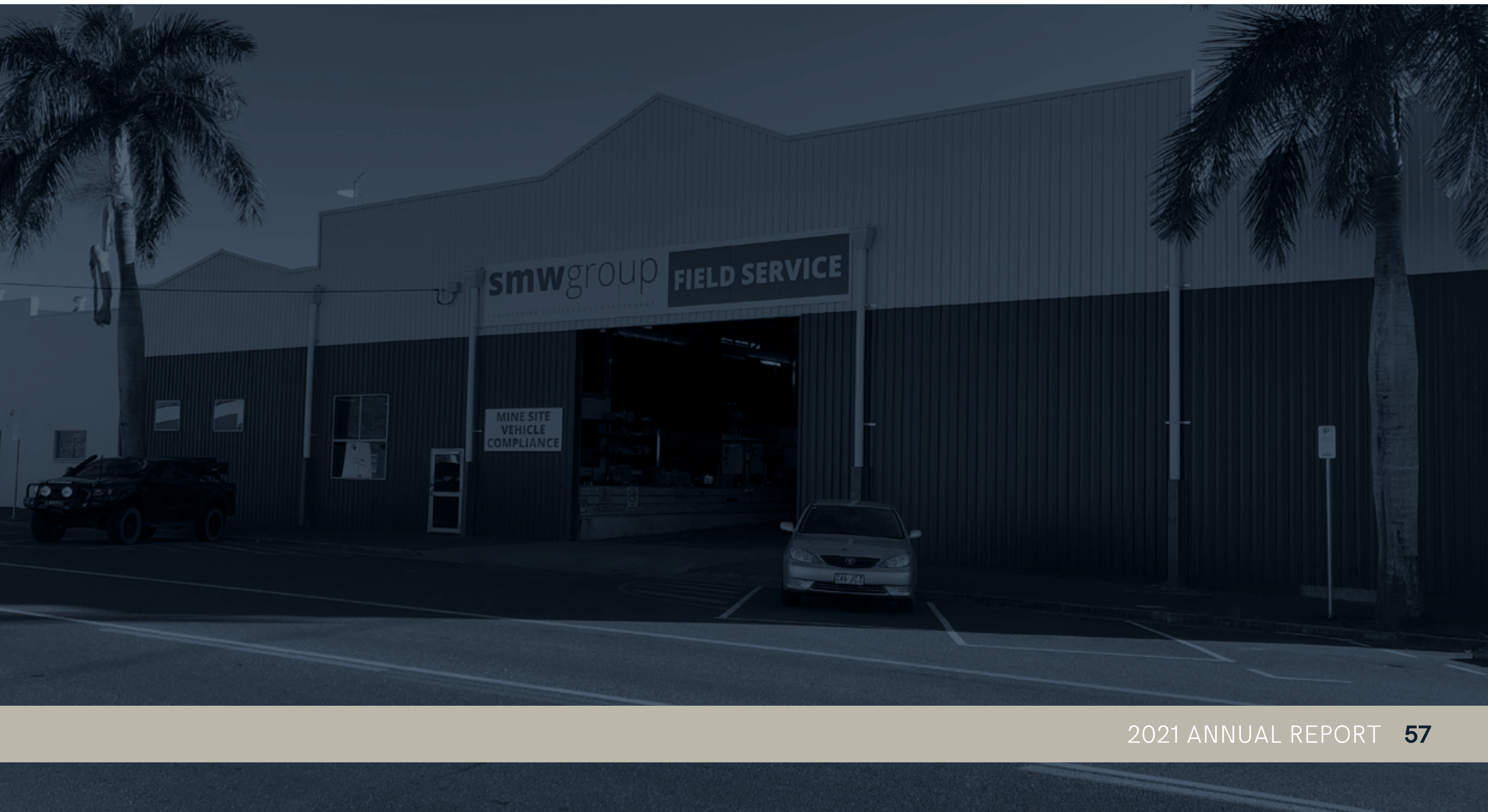
Director	Directors' fees	Salary	Total
Jill Hatchwell (Chair)	69,871	-	69,871
John Trenaman (CEO)	-	350,000	350,000
Greg Kern	76,105	-	76,105
Chris Castle	32,182	-	32,182
Oliver Sabu[2]	-	187,413	187,413
Christopher Leon[1]	38,007	-	38,007

[1] Resigned from the Board effective 31 December 2020
[2] Resigned from the Board effective 24 August 2021

Subsidiary company directors

The following persons held office as Directors of subsidiary companies as at 30 June 2020. Employee directors of subsidiary companies appointed by the Group do not receive director’s fees, remuneration or other benefits in their capacity as directors. The remuneration and other benefits of other employees, received as employees, are included in the relevant bands for remuneration disclosed under Employee Remuneration below.

Company	Directors
All Industrial Network Limited	John Trenaman and Troy Donovan
Alertvale Pty Limited	John Trenaman and Troy Donovan
BAE Engineering & Solar Pty Limited	John Trenaman and Troy Donovan



Directors' interests

In accordance with Section 140(2) of the Companies Act 1993 the Company maintains an interests register in which Directors' interests are recorded. The following are particulars of general disclosures of interest by Directors holding office at 30 June 2021.

Particulars of interest	Position
Jill Hatchwell Chatham Rock Phosphate Ltd	Director / Audit Committee Chair
Greg Kern Kern Group Pty Ltd	Director / Shareholder
Chris Castle Chatham Rock Phosphate Ltd	President / Director / CEO

IN ADDITION, DIRECTORS DISCLOSED THE FOLLOWING INTERESTS DURING THE PERIOD:

Kern Group Pty Ltd (Kern Group), of which Greg Kern is a shareholder and Director provided and continues to provide transaction advice to the Company. Kern Group's remuneration for services provided is contingent on a transaction proceeding and the quantum of that remuneration is dependent on the size of any transaction which proceeds and was advised on by Kern Group.

The Company leased its corporate office at 300 Queen Street, Brisbane Australia and associated carparking from Kern Group for $2,818 per month (excluding GST).

Kern Group provided $220,100 in seed funding to the All Industrial Network Limited (a subsidiary of the Company) as part of the acquisition which remains payable at 30 June 2021.

The Company leased its Parkhurst Workshop at 393 McLaughlin Street Rockhampton from the Parkhurst Partnership, which John Trenaman has a 33.33% interest. The Company pays $11,885 (excluding GST) per week for the lease of this premises. The Company also leases its East Street Field Service Depot at 235 East Street Rockhampton for $8,283 (excluding GST) per month, this facility is 50.0% owned by John Trenaman.

The Parkhurst Partnership provided All Industrial Network Limited seed funding of $649,500 as part of the acquisition which remains payable at 30 June 2021.

Indemnification and insurance of directors and officers

The Company has provided insurance for, and indemnity to, directors and employees of the Company and its subsidiaries for losses from actions undertaken in the course of their duties, unless the liability related to conduct involving lack of good faith.

Employee remuneration

The number of employees of the Company (not being directors of the Company) who received remuneration and other benefits in their capacity as employees during the year ended 30 June 2021 that in value was or exceeded $100,000 per annum was as follows:

Remuneration range	# of employees
100,000-109,999	31
110,000-119,999	26
120,000-129,999	14
130,000-139,999	14
140,000-149,999	8
150,000-159,999	6
160,000-169,999	4
170,000-179,999	1
180,000-189,999	3
190,000-199,999	0
200,000-209,999	1
210,000-219,999	0
220,000-229,999	1
230,000-239,999	1
240,000-249,999	0
250,000-259,999	0
260,000-269,999	0
270,000-279,999	0
280,000-289,999	0
290,000-299,999	1
300,000-309,999	0
310,000-319,999	0
320,000-329,999	0
330,000-339,999	0
340,000-349,999	0
350,000-359,999	1
360,000-369,999	0
370,000-379,999	0
380,000-389,999	0
390,000-399,999	0

Other information

AUDITOR

BDO Brisbane is the auditor of the Company. Audit fees due and payable to the auditor (excluding GST) were $145,000. BDO provided no other services to the Company in the year ended 30 June 2021.

DONATIONS

The Company and its subsidiaries made donations totalling $24,000 during the year ended 30 June 2021.

NZX WAIVERS

There were no waivers granted by NZX or relied on by the Company in the 12 months preceding 30 June 2021.

CORPORATE GOVERNANCE

The Board of SMW Group Limited (SMW Group) are committed to maintaining the highest standards of governance by implementing best practice principles and policies. SMW Group are committed to conducting business in the right way, ethically and in line with legal and regulatory obligations.

The Board has adopted corporate policies and procedures that reflect best practice and follow the principles and recommendations of the NZX Corporate Governance Code (the Code). We believe that the Company's corporate governance practices in FY2021 are materially in line with the Code, with further work being undertaken in some areas to ensure full compliance. The following pages summarise our corporate governance practices and progress in FY2021 and those areas where further work is being undertaken to ensure full compliance.

SMW Group takes a continuous improvement approach to corporate governance and policies are reviewed on a regular basis in line with best practice. Key governance policies and charters can be viewed on the SMW Group website at https://www.smwgroup.com.au/investors.

This Corporate Governance Statement sets out the corporate governance policies, practices and processes adopted and followed by SMW Group as at 30 June 2021 and has been approved by the Board.

Code of Ethics

SMW Group expects its directors, senior management and employees to maintain the highest standards of honesty, integrity and ethical conduct in day-today behaviour and decision making. The Code of Ethics sets out the standard of conduct expected of everyone working at SMW Group including directors, management, staff and contractors. The Code of Ethics provides a guide to the conduct that is consistent with the company's values and behaviours, business goals and legal obligations. It also outlines internal reporting procedures for any breaches. An introduction to the Code of Ethics forms part of the induction and training process of new employees. This key corporate governance document is available on the Company's website.

The Financial Product Trading Policy and Guidelines imposes limitations and requirements on Directors and employees in dealing in the Company's shares. These limitations prohibit dealing in shares while in possession of inside information and impose requirements for seeking consent to trade. This policy can be found on the Company's website.

Board Composition and Performance

The Board has adopted a formal Board Charter to ensure compliance with the NZX Code. The charter sets out the roles, responsibilities and structure of the Board and provides guidance for the effective oversight of the Company by the Board. The Board is responsible for setting the company's strategic direction, overseeing the management of the Company and directing performance by optimising the short-term and long-term best interests of the Company and its shareholders. The Board delegates management of the day-to-day affairs and management responsibilities of the Company to achieve the strategic direction and goals determined by the Board.

In accordance with the Company's constitution the Board will comprise not less than four directors. The Board will be comprised of a mix of persons with complementary skills appropriate to the Company's objectives and strategies.

The Board currently comprises four Directors, two of whom are Independent. The Board considers that, although it does not have a majority of independent Board members per the NZX Corporate Governance Code, it has the right balance for the current size and structure of the Company.

Independence of directors is assessed against the factors included in the Company's Governance Code.

SMW Group's Chair is required to be an independent Director. The Board supports the separation of the roles of Chair and CEO and the appointment of an Independent Chair.

When a vacancy arises, the Board will identify candidates with a mix of diversity, capabilities and perspectives considered necessary for the Board to carry out its responsibilities effectively. A director appointed by the Board must stand for election at the next Annual Meeting. No director shall hold office (without re-election) past the third annual meeting following that directors' appointment or three years, whichever is longer. Retiring directors are eligible for re-election.

Directors are encouraged to undertake appropriate training and education to ensure they remain current on how to best perform their duties. In addition, management provide regular updates on relevant industry and Company issues, including briefings from senior executives.

The Company has written agreements with each Director, outlining the terms of their appointment.

The Board is satisfied that each Director has the necessary time available to devote to the position, broadens the Board's expertise and has a personality that is compatible with the other Directors.

Diversity

SMW Group believes that building diversity and inclusion as well as proactively recognising equality in SMW Group will deliver enhanced business performance. SMW Group strives to celebrate diversity in its workforce to create an inclusive workplace culture which leverages its peoples' unique backgrounds, qualities and contributions to deliver value to its shareholders.

SMW Group is committed to pay parity as well as attracting, recruiting, developing, promoting and retaining a diverse group of individuals, who will help drive SMW Group's business performance. Diversity involves people at all levels within SMW Group possessing a diverse blend of skills, experiences, perspectives, styles and attributes gained from life's experiences and backgrounds, including on account of their culture, gender, age, religion, sexual orientation or otherwise. The Diversity policy and guidelines can be found on the Company's website.

The Board believes that the Company is achieving the objectives set out in its diversity policy and will continue to look to enhance into the future.

As at 30 June 2021, the gender balance of the Company's directors and officers was as follows:

	Female	Male
Directors	1	3
Officers (excluding directors)	0	1
Total	**1**	**4**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Board Committees

The Board has established an Audit and Risk Committee and a Culture Committee.

The Audit and Risk Committee operates under a Charter approved by the Board and is accountable to the Board for: the business relationship with, and the independence of, external auditors; the reliability and appropriateness of the disclosure of the financial statements and external financial communication; and the maintenance of an effective business risk management framework including compliance and internal controls. The Audit and Risk Committee is chaired by Greg Kern with Jill Hatchwell and Chris Castle as members. Ms Hatchwell and Mr Castle are Independent Directors.

The Culture Committee operates under a Charter approved by the Board. The role of the Culture Committee is to consider the appointment of any future directors and their suitability to hold that position, the employment of senior executive employees of the Company and their performance and reviewing Health & Safety and Quality policies to ensure the Company is providing a safe working environment for all employees and contractors.

The Committees meet as required and have terms of reference (Charters), which are approved and reviewed by the Board. The membership and performance of each Committee is reviewed annually. Management attendance at Committee meetings is by invitation only. During the period under review, given the size of the Board and the composition of the sub committees, the Board incorporated matters associated with organisational structure, renumeration and health and safety as part of the board meeting agendas reducing the amount of times this sub committee meet during FY2021.

The following table shows director attendance at meetings during the year ended 30 June 2021.

	Annual Meeting	Board Meeting	Audit and Risk Committee	Culture Committee
Total Meetings	1	11	6	1
Jill Hatchwell (Chair)	1	11	6	1
John Trenaman (CEO)	1	11	5	0
Greg Kern	1	11	6	1
Chris Castle	1	10	5	0
Oliver Sabu[2]	1	9	5	0
Christopher Leon[1]	1	5	5	0

[1] Resigned from the Board effective 31 December 2020

[2] Resigned from the Board effective 24 August 2021

Reporting and Disclosure

The Board is committed to providing full and timely financial and non-financial information that is accurate, balanced, meaningful and consistent. As a listed company, keeping the market informed is a key component to ensure securities are fairly valued.

The Company's Continuous Disclosure Policy sets out the principles and requirements of the Group's commitment to timely and balanced disclosures.

Key corporate governance policies are available on SMW Group's website – www.smwgroup.com.au/investors.

Financial Reporting

For the financial year ended 30 June 2021, the Directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Company and facilitate compliance of the financial statements with the Financial Markets Conduct Act 2013. The Chief Executive Officer and Chief Financial Officer have confirmed in writing that SMW Group's external financial reports present a true and fair view in all material aspects.

Non-financial Reporting

SMW Group has not provided detailed reporting on environmental, economic and social sustainability factors. The Company is yet to establish comprehensive non-financial reporting measurements and targets. The wellbeing of its customers, employees and other stakeholders is important to SMW Group, as is its social responsibility and environmental impact. As the Company grows it will implement and report on appropriate non-financial measures. Consequently SMW Group is not in full compliance with Recommendation 4.3 of the NZX Corporate Governance Code.

Remuneration

Renumeration of Directors and key senior executives is the responsibility of the Culture Committee. Director remuneration is paid in the form of director's fees. Remuneration of senior management currently a fixed base remuneration. In time as the Company grows, the Group will develop a variable remuneration component based on relevant performance measures, designed to attract, motivate and retain high quality employees who will enable the company to achieve its short and long-term objectives.

Information on director, CEO and the number of employees and former employees who received remuneration and other benefits in excess of $100,000 during the year ended 30 June 2021 is available in SMW Group Annual Report 2021, refer "Shareholder and Statutory Information" (pages 54 to 59).

Risk Management

The Board has overall responsibility for the Company's system of risk management and internal control and has procedures in place to provide control within the management and reporting structure.

In addition, the Audit & Risk Committee is responsible for overseeing risk management practices and works closely with management, external advisors and the company's auditors to ensure that risk management issues are properly identified and addressed. The Audit & Risk Committee reviews the reports of management and the external auditors on the effectiveness of systems for internal control, financial reporting and risk management.

Financial statements are prepared monthly and are reviewed by the Board progressively throughout the year to monitor management's performance against budget goals and objectives, and the Board requires managers to identify and respond to risk exposures.

The Board delegates day-to-day management of risk to the Chief Executive Officer, who may further delegate such responsibilities to the executive and other officers.

Health and Safety

The Group's Board is responsible for oversight of the Company's health and safety risk with monthly reporting on health and safety risks, performance and management. SMW Group adheres to an accredited Health Safety, Environment and Quality (HSEQ) management system. We're dedicated to maintaining the highest levels of employee wellbeing, environmental care and the quality of our service and products for clients.

Safety is not just a byword at SMW Group. Our constant, unchanging priority is the safety of our employees, contractors and visitors to our work premises. When we are on site with clients, we maintain all site safety policies and processes. We run ZeroHarm workplaces and aim to achieve zero workplace incidents or accidents.

Our safety management systems are accredited to ISO45001:2019 and AS/NZS4801. We also fully comply with the provisions of the Workplace Health and Safety Act 2011 and its associated Regulations, Codes of Practice, and Australian Standards.

All team members participate in regular training on occupational health and safety (OH&S) and risk management.

SMW Group maintains the highest levels of quality in all that we do for our clients. Every service and product incorporate ISO9001:2015 quality standards. We encourage our staff to embrace innovation and creativity and we support improvements to processes and outcomes, no matter how big or small. Our clients deserve the highest standards, and we aim to deliver, every time.

Auditors

The independence of the external auditor is of particular importance to shareholders and the Board. The Audit & Risk Committee is responsible for overseeing the external audit of the company. Accordingly, it monitors developments in the areas of audit and threats to audit independence to ensure its policies and practices are consistent with emerging best practice.

For the year ended 30 June 2021, BDO was the external auditor of SMW Group. The external auditor will attend the 2021 Annual Shareholders Meeting.

Due to its size, the company does not have an internal audit function as recommended by the NZX Code. The Chief Executive Officer is accountable for all operational and compliance risk across the company operations. The Chief Financial Officer has management accountability for the effective implementation and improvement of internal systems and controls.

Shareholder Rights and Relations

The Board is committed to open and regular dialogue and engagement with shareholders.

Shareholders are actively encouraged to attend the Annual Meeting and may raise matters for discussion at this event, and vote on major decisions which affect SMW Group. Voting is by poll, upholding the 'one share, one vote' philosophy. Shareholders are also able to vote by proxy ahead of meetings without having to physically attend those meetings.

SMW Group has a number of policies which uphold stakeholder interests including but not limited to the Financial Product Trading Policy and Guidelines, Continuous Disclosure Policy and Procedures and Code of Ethics.

DIRECTORY

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