

Mayfield Group Investments Pty Ltd and controlled entities

ABN: 96 619 266 769

Consolidated Financial report

For the year ended 30 June 2020

Pitcher Partners
100 Hutt Street
Adelaide SA 5000

TABLE OF CONTENTS

| | |
|---|---------|
| Directors' report | 1 - 3 |
| Auditor's independence declaration | 4 |
| Financial report | |
| Consolidated statement of profit or loss and other comprehensive income | 5 |
| Consolidated statement of financial position | 6 - 7 |
| Consolidated statement of changes in equity | 8 - 9 |
| Consolidated statement of cash flows | 10 |
| Notes to financial statements | 11 - 40 |
| Directors' declaration | 41 |
| Independent auditor's report | 42 - 44 |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES

ABN: 96 619 266 769

DIRECTORS' REPORT

The directors present their report together with the financial report of the Group, being the Mayfield Group Investments Pty Ltd ("the Company " or "the parent entity") and its controlled entities ("the Group"), for the year ended 30 June 2020 and auditor's report thereon.

Directors names

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

L J Phillips

J Hobbs

A B Steele

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

Results

The profit of the Group for the year after providing for income tax and eliminating non-controlling interests amounted to \$2,533,138 (2019: profit \$3,385,893).

Review of operations

The Group continued to engage in its principal activity, the results of which are disclosed in the attached financial statements.

Significant changes in state of affairs

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

Principal activities

The principal activity of the Group during the year was:

- manufacturing of electrical control boards, switchboards and switchrooms;
- project management and construction of electrical infrastructure;
- inspection, installation and commissioning of electrical equipment;
- provision of electrical diagnostic, power quality, cable fault location products and services; and
- renewable sector/cable fault detection.

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES

ABN: 96 619 266 769

DIRECTORS' REPORT

After balance date events

On 22 June 2020 an announcement was made by Stream Group Limited (SGO), a public listed company, concerning their acquisition of Mayfield Group Investments by way of a reverse merger. This agreement is conditional on approval by the SGO shareholders anticipated in late August 2020.

The Group is monitoring the developments in the COVID19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Group's go forward consolidated results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's future annual financial statements.

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

Likely developments

The Group expects to maintain the existing operations but actively consider growth investments in complementary businesses.

Environmental regulation

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Dividends paid, recommended and declared

Dividends of \$1,069,059 were paid during the year ended 30 June 2020 by the Group to shareholders.

No further recommendation for payment of dividends has been made.

Options

No options over unissued shares or interests in the Group were granted during or since the end of the year and there were no options outstanding at the end of the year.

Indemnification of officers

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

Indemnification of auditors

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES

ABN: 96 619 266 769

DIRECTORS' REPORT

Auditor's independence declaration

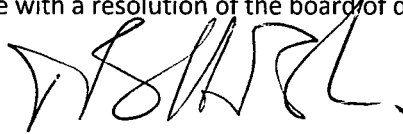
A copy of the auditor's independence declaration under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report.

Proceedings on behalf of the Group

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

Signed in accordance with a resolution of the board of directors.

Director: _____



J Hobbs

Dated this 24 day of August 2020

Level 1, 100 Hutt Street
Adelaide SA 5000

Postal Address
PO Box 7006 Hutt Street
Adelaide SA 5001

p. +61 8 8179 2800
e. reception@pitcher-sa.com.au

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

AUDITOR'S INDEPENDENCE DECLARATION
TO THE DIRECTORS OF MAYFIELD GROUP INVESTMENTS PTY LTD
AND CONTROLLED ENTITIES

In relation to the independent audit for the year ended 30 June 2020, to the best of my knowledge and belief there have been:

- (i) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) no contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

This declaration is in respect of Mayfield Group Investments Pty Ltd and the entities it controlled during the year.



A P Faulkner
Principal



PITCHER PARTNERS
Adelaide

Date: 24 August 2020

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|---------------------|---------------------|
| Revenue and other income | | | |
| Revenue from contracts with customers | 3 | 60,334,036 | 65,546,819 |
| Other revenue | 4 | 1,518,116 | 372,574 |
| Other income | 4 | <u>244,742</u> | <u>300,118</u> |
| | | <u>62,096,894</u> | <u>66,219,511</u> |
| Less: expenses | | | |
| Materials and consumables used | | (27,033,054) | (33,390,625) |
| Employee benefits expense | | (26,015,548) | (23,220,718) |
| Depreciation and amortisation expense | 5 | (1,839,323) | (914,566) |
| Occupancy expense | | (390,973) | (1,137,886) |
| Advertising expense | | (166,191) | (88,604) |
| Finance costs | 5 | (257,066) | (46,320) |
| Other expenses | | <u>(2,207,500)</u> | <u>(2,432,942)</u> |
| | | <u>(57,909,655)</u> | <u>(61,231,661)</u> |
| Share of net profits of associates accounted for using the equity method | | <u>80,774</u> | - |
| Profit before income tax expense | | 4,268,013 | 4,987,850 |
| Income tax expense | 7 | <u>(1,670,245)</u> | <u>(1,002,847)</u> |
| Net profit from continuing operations | | <u>2,597,768</u> | <u>3,985,003</u> |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income | | <u>2,597,768</u> | <u>3,985,003</u> |
| Profit is attributable to: | | | |
| - Owners of Mayfield Group Investments Pty Ltd and controlled entities | | 2,533,138 | 3,385,893 |
| - Non-controlling interests | | <u>64,630</u> | <u>599,110</u> |
| | | <u>2,597,768</u> | <u>3,985,003</u> |
| Total comprehensive income is attributable to: | | | |
| - Owners of Mayfield Group Investments Pty Ltd and controlled entities | | 2,533,138 | 3,385,893 |
| - Non-controlling interests | | <u>64,630</u> | <u>599,110</u> |
| | | <u>2,597,768</u> | <u>3,985,003</u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | 2020 \$ | 2019 - Restated \$ |
|---|------|-------------------|--------------------------|
| Current assets | | | |
| Cash and cash equivalents | 8 | 2,939,479 | 6,234,155 |
| Receivables | 9 | 9,311,951 | 11,781,721 |
| Inventories | 10 | 1,511,870 | 1,421,580 |
| Contract assets | 15 | 1,891,989 | 2,027,215 |
| Other assets | 16 | <u>375,061</u> | <u>429,575</u> |
| Total current assets | | <u>16,030,350</u> | <u>21,894,246</u> |
| Non-current assets | | | |
| Investments accounted for using equity method | 11 | 788,774 | - |
| Intangible assets | 13 | 517,913 | 517,913 |
| Lease assets | 14 | 2,771,885 | - |
| Deferred tax assets | 7 | 936,919 | 1,154,065 |
| Property, plant and equipment | 12 | 4,200,299 | 4,196,501 |
| Other assets | 16 | <u>216,567</u> | <u>216,567</u> |
| Total non-current assets | | <u>9,432,357</u> | <u>6,085,046</u> |
| Total assets | | <u>25,462,707</u> | <u>27,979,292</u> |
| Current liabilities | | | |
| Payables | 17 | 2,777,865 | 6,128,255 |
| Lease liabilities | 14 | 867,471 | - |
| Borrowings | 18 | 597,881 | 532,219 |
| Provisions | 19 | 1,548,250 | 1,270,106 |
| Current tax liabilities | 7 | 827,079 | 433,542 |
| Contract liabilities | 20 | <u>2,537,470</u> | <u>7,326,246</u> |
| Total current liabilities | | <u>9,156,016</u> | <u>15,690,368</u> |
| Non-current liabilities | | | |
| Lease liabilities | 14 | 1,994,108 | - |
| Borrowings | 18 | 583,716 | 142,744 |
| Provisions | 19 | <u>447,534</u> | <u>337,411</u> |
| Total non-current liabilities | | <u>3,025,358</u> | <u>480,155</u> |
| Total liabilities | | <u>12,181,374</u> | <u>16,170,523</u> |
| Net assets | | <u>13,281,333</u> | <u>11,808,769</u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

| | Note | 2020 \$ | 2019 - Restated \$ |
|--|------|--------------------------|--------------------------|
| Equity | | | |
| Share capital | 21 | 2,386,520 | 1,952,665 |
| Reserves | 22 | (253,769) | (273,663) |
| Retained earnings | 23 | <u>10,908,947</u> | <u>9,444,868</u> |
| Equity attributable to owners of Mayfield Group Investments Pty Ltd and controlled entities | | 13,041,698 | 11,123,870 |
| Non-controlling interests | 24 | <u>239,635</u> | <u>684,899</u> |
| Total equity | | <u><u>13,281,333</u></u> | <u><u>11,808,769</u></u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | Share capital \$ | Reserves \$ | Retained earnings \$ | Non- controlling interests \$ | Total equity \$ |
|---|---------------------|------------------|----------------------------|--|--------------------|
| Consolidated | | | | | |
| Balance as at 1 July 2018 | 900,020 | 460,000 | 6,416,475 | 621,217 | 8,397,712 |
| Profit for the year | <u>-</u> | <u>-</u> | <u>3,385,893</u> | <u>599,110</u> | <u>3,985,003</u> |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>3,385,893</u> | <u>599,110</u> | <u>3,985,003</u> |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions | 1,052,645 | - | - | - | 1,052,645 |
| Dividends | - | - | (357,500) | (192,500) | (550,000) |
| Acquisition of minority interest of STE Solutions Pty Ltd | - | - | - | (342,928) | (342,928) |
| Adjustment due to full acquisition of minority interest of STE Solutions Pty Ltd | <u>-</u> | <u>(733,663)</u> | <u>-</u> | <u>-</u> | <u>(733,663)</u> |
| Total transactions with owners in their capacity as owners | <u>1,052,645</u> | <u>(733,663)</u> | <u>(357,500)</u> | <u>(535,428)</u> | <u>(573,946)</u> |
| Balance as at 30 June 2019 | <u>1,952,665</u> | <u>(273,663)</u> | <u>9,444,868</u> | <u>684,899</u> | <u>11,808,769</u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2020

| | Share capital \$ | Reserves \$ | Retained earnings \$ | Non- controlling interests \$ | Total equity \$ |
|--|-------------------------|-------------------------|----------------------------|--|--------------------------|
| Consolidated | | | | | |
| Balance as at 1 July 2019 | 1,952,665 | (273,663) | 9,444,868 | 684,899 | 11,808,769 |
| Profit for the year | <u>-</u> | <u>-</u> | <u>2,533,138</u> | <u>64,630</u> | <u>2,597,768</u> |
| Total comprehensive income for the year | <u>-</u> | <u>-</u> | <u>2,533,138</u> | <u>64,630</u> | <u>2,597,768</u> |
| Transactions with owners in their capacity as owners: | | | | | |
| Contributions | 433,855 | - | - | - | 433,855 |
| Dividends | - | - | (1,069,059) | - | (1,069,059) |
| Acquisition of minority interest of Power Parameters Pty Ltd | - | - | - | (509,894) | (509,894) |
| Adjustment due to full acquisition of minority interest of Power Parameters Pty Ltd | <u>-</u> | <u>19,894</u> | <u>-</u> | <u>-</u> | <u>19,894</u> |
| Total transactions with owners in their capacity as owners | <u>433,855</u> | <u>19,894</u> | <u>(1,069,059)</u> | <u>(509,894)</u> | <u>(1,125,204)</u> |
| Balance as at 30 June 2020 | <u><u>2,386,520</u></u> | <u><u>(253,769)</u></u> | <u><u>10,908,947</u></u> | <u><u>239,635</u></u> | <u><u>13,281,333</u></u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|-------------------------|-------------------------|
| Cash flow from operating activities | | | |
| Receipts from customers | | 65,798,046 | 63,905,549 |
| Payments to suppliers and employees | | (64,628,445) | (66,007,317) |
| Interest received | | 7,752 | 60,103 |
| Finance costs | | (257,066) | (46,320) |
| Income tax paid | | <u>(1,059,562)</u> | <u>(741,150)</u> |
| Net cash provided by / (used in) operating activities | | <u>(139,275)</u> | <u>(2,829,135)</u> |
| Cash flow from investing activities | | | |
| Proceeds from sale of property, plant and equipment | | 81,055 | 435,418 |
| Payment for property, plant and equipment | | (1,026,231) | (461,941) |
| Payment for investments | | <u>(708,000)</u> | <u>-</u> |
| Net cash provided by / (used in) investing activities | | <u>(1,653,176)</u> | <u>(26,523)</u> |
| Cash flow from financing activities | | | |
| Proceeds from share issue | | 77,855 | 11,635 |
| Proceeds from borrowings | | 714,568 | 114,304 |
| Repayment of borrowings | | (226,704) | (66,719) |
| Principal portion of lease payments | | (803,063) | - |
| Dividends paid | | <u>(1,069,059)</u> | <u>(550,000)</u> |
| Net cash provided by / (used in) financing activities | | <u>(1,306,403)</u> | <u>(490,780)</u> |
| Reconciliation of cash | | | |
| Cash at beginning of the financial year | | 5,780,699 | 9,127,137 |
| Net increase / (decrease) in cash held | | <u>(3,098,854)</u> | <u>(3,346,438)</u> |
| Cash at end of financial year | 27 | <u><u>2,681,845</u></u> | <u><u>5,780,699</u></u> |

The accompanying notes form part of these financial statements.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards - Reduced Disclosure Requirements, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board.

The financial report covers Mayfield Group Investment Pty Ltd and its consolidated entities. Mayfield Group Investments Pty Ltd and controlled entities is a Company limited by shares, incorporated and domiciled in Australia. Mayfield Group Investments Pty Ltd and controlled entities is a for-profit entity for the purpose of preparing the financial statements.

The financial report was approved by the directors as at the date of the directors' report.

The following are the significant accounting policies adopted by the Group in the preparation and presentation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Basis of preparation of the financial report

Historical Cost Convention

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

Significant accounting estimates and judgements

The preparation of the financial report requires the use of certain estimates and judgements in applying the Group's accounting policies. Those estimates and judgements significant to the financial report are disclosed in Note 2 to the financial statements.

(b) Going concern

The financial report has been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Principles of consolidation

The consolidated financial statements are those of the consolidated entity ("the Group"), comprising the financial statements of the parent entity and all of the entities the parent controls. The Group controls an entity where it has the power, for which the parent has exposure or rights to variable returns from its involvement with the entity, and for which the parent has the ability to use its power over the entity to affect the amount of its returns.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation. Subsidiaries are consolidated from the date on which control is obtained by the Group and are de-recognised from the date that control ceases.

Equity interests in a subsidiary not attributable, directly or indirectly, to the Group are presented as non-controlling interests. Non-controlling interests are initially recognised either at fair value or at the non-controlling interests' proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis. Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and the consolidated statement of financial position respectively.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Business combinations

A business combination is a transaction or other event in which an acquirer obtains control of one or more businesses and results in the consolidation of the assets and liabilities acquired. Business combinations are accounted for by applying the acquisition method.

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. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

If the net fair value of the acquirer's interest in the identifiable assets acquired and liabilities assumed is greater than the aggregate of the consideration transferred, the amount of any non-controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest, the difference is immediately recognised as a gain in profit or loss.

Acquisition related costs are expensed as incurred.

(e) Investments in associates

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

The Group's interests in associates are accounted for using the equity method after initially being recognised at cost. Under the equity method, the Group's share of the profits or losses of the associate is recognised in the Group's profit or loss and the Group's share of other comprehensive income items is recognised in the Group's other comprehensive income.

Unrealised gains and losses on transactions between the Group and an associate are eliminated to the extent of the Group's interest in the associate.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Revenue from contracts with customers

The Group derives revenue from the provision of following services:

- manufacturing of electrical control boards, switchboards and switchrooms;
- project management and construction of electrical infrastructure;
- inspection, installation and commissioning of electrical equipment;
- provision of electrical diagnostic, power quality, cable fault location products and services; and
- renewable sector/cable fault detection.

Revenue is recognised as, or when, goods or services are transferred to the customer, and is measured at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services.

Consideration included in the measurement of revenue

The consideration to be received from customers may include fixed amounts, variable amounts, or both. Where the contract includes a right to variable consideration, the Group estimates the amount of variable consideration using the most likely amount approach on a contract-by-contract basis. Variable consideration is included in the measurement of revenue only to the extent that it is highly probable, based on historical experience, that a significant reversal of the cumulative amount recognised will not occur when the uncertainty associated with the variability is subsequently resolved.

Receivables from contracts with customers

A receivable from a contract with a customer represents the Group's unconditional right to consideration arising from the transfer of goods or services to the customer (i.e., only the passage of time is required before payment of the consideration is due). Subsequent to initial recognition, receivables from contracts with customers are measured at amortised cost and are tested for impairment.

Contract assets

A contract asset represents the Group's right to consideration (not being an unconditional right recognised as a receivable) in exchange for goods or services transferred to the customer. Contract assets are measured at the amount of consideration that the Group expects to be entitled in exchange for goods or services transferred to the customer.

Contract liabilities

A contract liability represents the Group's obligation to transfer goods or services to the customer for which the Group has received consideration (or an amount of consideration is due) from the customer. Amounts recorded as contract liabilities are subsequently recognised as revenue when the Group transfers the contracted goods or services to the customer.

Warranty obligations

The Group provides a general warranty for all goods sold, as required by law. The Group does not provide customers with the option to purchase an additional or extended warranty. Warranty obligations are recognised as a provision, and are measured at the Group's estimate of the expenditure required to fulfil its warranty obligations at the reporting date. The Group updates the measurement of the warranty provision at the end of each reporting period for changes in expectations.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Other revenue and other income

Dividend and other distributions

Dividend and other distribution revenue is recognised when the right to receive a dividend or other distribution has been established. Dividends and other distributions received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.

Interest

Interest revenue is measured in accordance with the effective interest method.

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

(h) Income tax

Current income tax expense or revenue is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities.

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not recognised if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

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

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

Tax Consolidation

The parent entity and its subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group. This means that:

- each entity recognises their own current and deferred tax amounts in respect of the transactions, events and balances of the entity.
- the parent entity assumes the current tax liability and any deferred tax assets relating to tax losses, arising in the subsidiary, and recognises a contribution to (or distribution from) the subsidiaries.

The tax-consolidated group also has a tax sharing agreement in place to limit the liability of subsidiaries in the tax-consolidated group, arising under the joint and several liability provisions of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

(j) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the Group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Trade and other receivables

Trade and other receivables arise from the Group's transactions with its customers and are normally settled within 30 days.

Consistent with both the Group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost.

Impairment of financial assets

Receivables from contracts with customers and contract assets are tested for impairment by applying the 'expected credit loss' impairment model:

The Group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers, contract assets and lease receivables. Under the AASB 9 simplified approach, the Group determines the allowance for credit losses for receivables from contracts with customers and contract assets basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

For all other financial assets subject to impairment testing, when there has been a significant increase in credit risk since the initial recognition of the financial asset, the allowance for credit losses is recognised on the basis of the lifetime expected credit losses. When there has not been an increase in credit risk since initial recognition, the allowance for credit losses is recognised on the basis of 12-month expected credit losses. '12-month expected credit losses' is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Financial instruments (Continued)

Financial assets are regarded as 'credit-impaired' when one or more events have occurred that have a detrimental impact on the estimated future cash flows of the financial asset. Indicators that a financial asset is 'credit-impaired' include observable data about the following:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) breach of contract;
- (c) the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

The gross carrying amount of a financial asset is written off (i.e., reduced directly) when the counterparty is in severe financial difficulty and the Group has no realistic expectation of recovery of the financial asset. Financial assets written off remain subject to enforcement action by the Group. Recoveries, if any, are recognised in profit or loss.

(k) Property, plant and equipment

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

Plant and equipment

Plant and equipment is measured at cost, less accumulated depreciation and any accumulated impairment losses.

Depreciation

Land is not depreciated. The depreciable amount of all other property, plant and equipment is depreciated over their estimated useful lives commencing from the time the asset is held available for use, consistent with the estimated consumption of the economic benefits embodied in the asset.

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

| Class of fixed asset | Depreciation rates | Depreciation basis |
|--|---------------------------|---------------------------|
| Leasehold improvements at cost | 5 -10 years | Straight line |
| Plant and equipment at cost | 5-20 years | Straight line |
| Plant and equipment at valuation | 10 years | Straight line |
| Motor vehicles at cost | 5-10 years | Straight line |
| Furniture, fixtures and fittings at cost | 3-10 years | Straight line |
| Computer equipment at cost | 2-10 Years | Straight line |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Intangible assets

Goodwill

Goodwill represents the future economic benefits arising from other assets acquired in a business combination that are not individually identifiable or separately recognised. Goodwill is initially recognised at an amount equal to the excess of: (a) the aggregate of the consideration transferred, the amount of any non controlling interest, and the acquisition date fair value of the acquirer's previously held equity interest (in the case of a step acquisition); over (b) the net fair value of the identifiable assets acquired and liabilities assumed. For accounting purposes, such measurement is treated as the cost of goodwill at that date.

Goodwill is not amortised, but is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired. Subsequent to initial recognition, goodwill is measured at cost less any accumulated impairment losses.

(m) Impairment of non-financial assets

Goodwill is not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

For impairment assessment purposes, assets are generally grouped at the lowest levels for which there are largely independent cash flows ('cash generating units'). Accordingly, most assets are tested for impairment at the cash-generating unit level. Because it does not generate cash flows independently of other assets or groups of assets, goodwill is allocated to the cash generating unit or units that are expected to benefit from the synergies arising from the business combination that gave rise to the goodwill.

Assets other than goodwill are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use (where 'value in use' is determined as the present value of the future cash flows expected to be derived from an asset or cash-generating unit).

Impairment losses in respect of individual assets are recognised immediately in profit or loss unless the asset is measured at a revalued amount, in which case the impairment loss is treated as a revaluation decrease and is recognised in other comprehensive income to the extent that it does not exceed the amount in the revaluation surplus for the same asset. Impairment losses in respect of cash generating units are allocated first against the carrying amount of any goodwill attributed to the cash generating unit with any remaining impairment loss allocated on a pro rata basis to the other assets comprising the relevant cash generating unit.

A reversal of an impairment loss for an asset measured at cost is recognised in profit or loss. A reversal of an impairment loss for an asset measured at a revalued amount is treated as a revaluation increase and is recognised in other comprehensive income, except to the extent that an impairment loss on the same asset was previously recognised in profit or loss, in which case a reversal of that impairment loss is also recognised in profit or loss.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(n) Provisions

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

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

(o) Leases

Accounting policy applied to the information presented for the current period under AASB 16 Leases:

At the commencement date of a lease (other than leases of 12-months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

Lease assets

Lease assets are initially recognised at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the group, and an estimate of costs to be incurred by the group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

Lease liabilities

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases (Continued)

Leases of 12-months or less and leases of low value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Accounting policy applied to the information presented for the prior period under AASB 117 Leases:

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance leases

Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, are transferred to the Group are classified as finance leases. Finance leases are capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense is calculated using the interest rate implicit in the lease, if this is practicable to determine; if not, the Group's incremental borrowing rate is used. Interest expense on finance leases is included in finance costs in the statement of profit or loss and other comprehensive income. Lease assets are depreciated on a straight line basis over their estimated useful lives where it is likely the Group will obtain ownership of the asset, or over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

Operating leases

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

(p) Employee benefits

(i) Short-term employee benefit obligations

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (Continued)

(ii) Long-term employee benefit obligations

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

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

(q) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of lease arrangements, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs are expensed as incurred, except for borrowing costs incurred as part of the cost of the construction of a qualifying asset, in which case the costs are capitalised until the asset is ready for its intended use or sale.

(r) Goods and services tax (GST)

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

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Comparatives

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

(t) New and revised accounting standards effective at 30 June 2020

The Group has applied relevant new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2019, including AASB 16 *Leases* (AASB 16).

AASB 16: Leases

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

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

AASB 16 substantially carries forward the lessor accounting requirements of the predecessor standard, AASB 117. Accordingly, under AASB 16 a lessor continues to classify its leases as operating leases or finance leases subject to whether the lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of the underlying asset, and accounts for each type of lease in a manner consistent with the current approach under AASB 117.

In accordance with the transition requirements of AASB 16, the Group has elected to apply AASB 16 retrospectively to those contracts that were previously identified as leases under the predecessor standard, with the cumulative effect, if any, of initially applying the new standard recognised as an adjustment to opening retained earnings at the date of initial application (i.e., at 1 July 2019). Accordingly, comparative information has not been restated.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) New and revised accounting standards effective at 30 June 2020 (Continued)

The Group has also elected to apply the following practical expedients to the measurement of right-of-use assets and lease liabilities in relation to those leases previously classified as operating leases under the predecessor standard:

- to recognise each right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;
- to not recognise a right-of-use asset and a lease liability for leases for which the underlying asset is of low value;
- to not recognise a right-of-use asset and a lease liability for leases for which the lease term ends within 12 months of the date of initial application;
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics;
- to adjust each right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognised in the statement of financial position immediately before the date of initial application;
- to exclude initial direct costs from the measurement of each right-of-use asset at the date of initial application; and
- to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease.

The application of AASB 16 resulted in the recognition of right-of-use assets with an aggregate carrying amount of \$3,628,598 (referred to in these financial statements as "lease assets") and corresponding lease liabilities with an aggregate carrying amount of \$3,628,598 as at 1 July 2019. The weighted average incremental borrowing rate applied in the calculation of the initial carrying amount of lease liabilities was 5.00%. The application of AASB16 did not result in any material adjustments to retained earnings as at 1 July 2019.

The following is a reconciliation of non-cancellable operating lease commitments disclosed at the end of the prior reporting period (i.e., at 30 June 2019) to the aggregate carrying amount of lease liabilities recognised at the date of the initial application (i.e., at 1 July 2019):

| | |
|--|------------------|
| | \$ |
| Aggregate non-cancellable operating lease commitments at 30 June 2019 | 3,775,380 |
| Plus: lease payments included in the measurement of lease liabilities and not previously included in non-cancellable operating lease commitments | 281,248 |
| Less: impact of discounting lease payments to their present value at 1 July 2019 | (428,030) |
| Plus: financial lease liabilities recognised at 30 June 2019 | - |
| Carrying amount of lease liabilities recognised at 1 July 2019 | <u>3,628,598</u> |

Further details of the Group's accounting policy in relation to accounting for leases under AASB 16 are contained in Note 1(o) .

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 2: SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

(a) Revenue from contracts with customers

The Group often enters into transactions involving a range of the Group's products and services. In all cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Applying the over time method requires the Group to estimate the proportional sales and costs. To ensure the stage of completion, generally the cost-to-cost method is applied. If circumstances arise that may change the original estimates of sales, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated sales or costs and are reflected in profit or loss in the period in which the circumstances that give risk to the revision become known by management.

(b) Trade debtors

Provision for credit losses is based on management's estimate and historical data.

(c) Provisions for warranties

The product warranties cover error, deficiency, omission, non-conformity, fault, failure, malfunction, irregularity or defect for periods between 12 and 36 months from delivery of the related switchrooms and switchboards. Warranties for services cover materials and workmanship for periods no greater than 12 months.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|--------------------------|--------------------------|
| NOTE 3: REVENUE FROM CONTRACTS WITH CUSTOMERS | | | |
| Revenue from contracts with customers | | | |
| Sales recognised over a period of time | | 55,290,810 | 59,929,686 |
| Sales recognised at a point in time | | <u>5,043,226</u> | <u>5,617,133</u> |
| | | <u><u>60,334,036</u></u> | <u><u>65,546,819</u></u> |
| NOTE 4: OTHER REVENUE AND OTHER INCOME | | | |
| Other revenue | | | |
| Interest income | | 7,752 | 60,103 |
| Rental income | | 32,115 | - |
| Government Subsidies | | 1,122,687 | - |
| Sundry revenue | | <u>355,562</u> | <u>312,471</u> |
| | | <u><u>1,518,116</u></u> | <u><u>372,574</u></u> |
| Other Income | | | |
| Profit on sale of property, plant and equipment | | 5,134 | - |
| Foreign currency translation gains | | 239,608 | 299,387 |
| Sundry income | | <u>-</u> | <u>731</u> |
| | | <u><u>239,608</u></u> | <u><u>300,118</u></u> |
| | | <u><u>244,742</u></u> | <u><u>300,118</u></u> |
| NOTE 5: OPERATING PROFIT | | | |
| Profit before income tax has been determined after: | | | |
| Finance costs | | | |
| - Lease liabilities and equipment loans - finance charges | | 217,796 | 21,405 |
| - Other | | <u>39,270</u> | <u>24,915</u> |
| | | <u><u>257,066</u></u> | <u><u>46,320</u></u> |
| Depreciation | | 1,748,400 | 904,566 |
| Amortisation | | <u>90,923</u> | <u>10,000</u> |
| - | | <u><u>1,839,323</u></u> | <u><u>914,566</u></u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------|------------|
| NOTE 5: OPERATING PROFIT (CONTINUED) | | | |
| Bad and doubtful debts (net of write-back) | | 22,500 | (14,558) |
| Impairment | | | |
| - Inventory | | 7,035 | 4,903 |
| Net loss on disposal of non-current assets | | | |
| - Loss on sale of property, plant and equipment | | - | 41,683 |
| Share of associated profit before tax | | | |
| - Share of associated company profit | | 80,774 | - |

NOTE 6: KEY MANAGEMENT PERSONNEL COMPENSATION

| | | |
|---|----------------|----------------|
| Total compensation received by key management personnel | <u>451,620</u> | <u>463,179</u> |
|---|----------------|----------------|

The names of directors who have held office during the year are:

Name

L J Phillips
J Hobbs
A B Steele

The names of key management personnel during the year are:

| Name | Position | Date | 2020 | 2019 |
|----------|-------------------------------|---------------------------|------|------|
| J Hobbs | Group Chief Executive Officer | Appointed 14 January 2019 | √ | √ |
| A Steele | Group Chief Executive Officer | Resigned 28 February 2019 | | √ |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------------------|-------------------------|
| NOTE 7: INCOME TAX | | | |
| (a) Components of tax expense | | | |
| Current tax | | 1,453,099 | 1,256,229 |
| Deferred tax | | <u>217,146</u> | <u>(253,382)</u> |
| | | <u><u>1,670,245</u></u> | <u><u>1,002,847</u></u> |
| (b) Income tax reconciliation | | | |
| The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows: | | | |
| Prima facie income tax payable on profit before income tax at 30.0% (2019: 30.0%) | | 1,280,404 | 1,496,355 |
| Add tax effect of: | | | |
| - Other non-allowable items | | 4,585 | 6,377 |
| Reduction in tax value upon subsidiaries joining the tax consolidated group | | <u>424,488</u> | <u>66,064</u> |
| | | 429,073 | 72,441 |
| Less tax effect of: | | | |
| - Share of net profits of associates | | 24,232 | - |
| - Other non-assessable items | | 15,000 | 42,348 |
| Recognition of tax losses | | <u>-</u> | <u>523,601</u> |
| | | <u>39,232</u> | <u>565,949</u> |
| Income tax expense attributable to profit | | <u><u>1,670,245</u></u> | <u><u>1,002,847</u></u> |
| (c) Current tax | | | |
| <i>Current tax liabilities / (assets)</i> | | | |
| Opening balance | | 433,542 | (81,537) |
| Income tax | | 1,453,099 | 1,256,229 |
| Tax payments | | <u>(1,059,562)</u> | <u>(741,150)</u> |
| Current tax liabilities | | <u><u>827,079</u></u> | <u><u>433,542</u></u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|------------------|-------------------|
| NOTE 7: INCOME TAX (CONTINUED) | | | |
| (d) Deferred tax | | | |
| <i>Deferred tax assets</i> | | | |
| The balance comprises: | | | |
| Tax losses carried forward | | 443,429 | 523,601 |
| Employee benefits | | 552,661 | 477,615 |
| Provisions | | 87,639 | 20,108 |
| Trade receivables | | 148,292 | 141,542 |
| Inventories | | 7,317 | 6,567 |
| Plant and equipment | | 26,908 | 67,238 |
| Accrued expenses | | <u>9,744</u> | <u>42,013</u> |
| | | <u>1,275,990</u> | <u>1,278,684</u> |
| <i>Deferred tax liabilities</i> | | | |
| The balance comprises: | | | |
| Plant and equipment | | 275,386 | 124,200 |
| Provision | | - | 419 |
| Revenue received in Advance | | <u>63,685</u> | <u>-</u> |
| | | <u>339,071</u> | <u>124,619</u> |
| Net deferred tax assets | | <u>936,919</u> | <u>1,154,065</u> |
| (e) Deferred income tax (revenue)/expense included in income tax expense comprises | | | |
| Decrease / (increase) in deferred tax assets | | 2,694 | (378,001) |
| Increase in deferred tax liabilities | | <u>214,452</u> | <u>124,619</u> |
| | | <u>217,146</u> | <u>(253,382)</u> |
| NOTE 8: CASH AND CASH EQUIVALENTS | | | |
| Cash on hand | | 2,000 | 2,000 |
| Cash at bank | | 2,886,239 | 4,643,835 |
| Cash on deposit | | <u>51,240</u> | <u>1,588,320</u> |
| | | <u>2,939,479</u> | <u>6,234,155</u> |
| NOTE 9: RECEIVABLES | | | |
| Receivables from contracts with customers | | 9,403,231 | 12,049,855 |
| Allowance for credit losses | | (494,307) | (471,807) |
| Other receivables | | <u>403,027</u> | <u>203,673</u> |
| | | <u>9,311,951</u> | <u>11,781,721</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------------------|-------------------------|
| NOTE 10: INVENTORIES | | | |
| <i>At cost</i> | | | |
| Raw materials | | 1,205,416 | 1,173,779 |
| Stores | | 330,845 | 269,692 |
| Provisions for obsolescence | | <u>(24,391)</u> | <u>(21,891)</u> |
| | | <u><u>1,511,870</u></u> | <u><u>1,421,580</u></u> |
| NOTE 11: INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD | | | |
| NON CURRENT | | | |
| Equity accounted associated entities | | <u><u>788,774</u></u> | <u><u>-</u></u> |
| NOTE 12: PROPERTY, PLANT AND EQUIPMENT | | | |
| Leasehold improvement at cost | | 1,772,492 | 1,742,644 |
| Accumulated depreciation | | <u>(826,746)</u> | <u>(694,296)</u> |
| | | <u>945,746</u> | <u>1,048,348</u> |
| Plant and equipment at cost | | 3,584,365 | 3,107,801 |
| Accumulated depreciation | | <u>(1,727,830)</u> | <u>(1,402,348)</u> |
| | | 1,856,535 | 1,705,453 |
| Plant and equipment at valuation | | 460,000 | 460,000 |
| Accumulated depreciation | | <u>(91,997)</u> | <u>(46,000)</u> |
| | | 368,003 | 414,000 |
| Motor vehicles at cost | | 1,051,530 | 858,566 |
| Accumulated depreciation | | <u>(377,137)</u> | <u>(373,407)</u> |
| | | 674,393 | 485,159 |
| Furniture, fixtures and fittings at cost | | 38,749 | 37,659 |
| Accumulated depreciation | | <u>(29,698)</u> | <u>(24,793)</u> |
| | | 9,051 | 12,866 |
| Computer equipment at cost | | 1,114,960 | 917,822 |
| Accumulated depreciation | | <u>(768,389)</u> | <u>(492,772)</u> |
| | | 346,571 | 425,050 |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|--------------------|------------------|
| NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED) | | | |
| Capital Work in Progress | | - | 105,625 |
| Total plant and equipment | | <u>3,254,553</u> | <u>3,148,153</u> |
| Total property, plant and equipment | | <u>4,200,299</u> | <u>4,196,501</u> |
| | | 2020 \$ | |
| (a) Reconciliations | | | |
| <i>Leasehold improvements</i> | | | |
| Opening carrying amount | | 1,048,348 | |
| Additions | | 29,943 | |
| Depreciation expense | | <u>(132,545)</u> | |
| Closing carrying amount | | <u>945,746</u> | |
| <i>Plant and equipment</i> | | | |
| Opening carrying amount | | 2,119,453 | |
| Additions | | 415,048 | |
| Disposals | | (8,345) | |
| Depreciation expense | | (421,942) | |
| Transfers | | <u>120,324</u> | |
| Closing carrying amount | | <u>2,224,538</u> | |
| <i>Motor vehicles</i> | | | |
| Opening carrying amount | | 485,159 | |
| Additions | | 450,894 | |
| Disposals | | (64,020) | |
| Depreciation expense | | <u>(197,640)</u> | |
| Closing carrying amount | | <u>674,393</u> | |
| <i>Furniture, fixtures and fittings</i> | | | |
| Opening carrying amount | | 12,866 | |
| Additions | | - | |
| Disposals | | (2,403) | |
| Depreciation expense | | (2,912) | |
| Transfers | | <u>1,500</u> | |
| Closing carrying amount | | <u>9,051</u> | |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 12: PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

| | 2020 |
|---------------------------------|-----------------------|
| | \$ |
| <i>Computer equipment</i> | |
| Opening carrying amount | 425,050 |
| Additions | 71,041 |
| Disposals | (1,174) |
| Depreciation expense | <u>(191,528)</u> |
| Closing carrying amount | <u><u>346,571</u></u> |
| <i>Capital Work in Progress</i> | |
| Opening carrying amount | 105,625 |
| Additions | 59,382 |
| Disposals | - |
| Transfers | <u>(165,007)</u> |
| Closing carrying amount | <u><u>-</u></u> |

(b) Property, plant and equipment pledged as security

Bendigo and Adelaide Bank ACN 068 049 178 holds a General Security Deed over all property of Mayfield Group Investments Pty Ltd, Mayfield Industries Pty Ltd and STE Solutions Pty Ltd in relation to a bank guarantee facility - refer Note 29.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 - Restated \$ |
|-----------------------------------|------|----------------|--------------------------|
| NOTE 13: INTANGIBLE ASSETS | | | |
| Goodwill at cost | | 210,576 | 210,576 |
| Goodwill on consolidation at cost | 28 | <u>307,337</u> | <u>307,337</u> |
| Total intangible assets | | <u>517,913</u> | <u>517,913</u> |

Goodwill on consolidation at cost amounting to \$307,337 relates to acquisition of STE Solutions Pty Ltd by MGI Group. This balance was restated as at 30 June 2019 to correct a prior period error in the financial report for the year ended 30 June 2019.

NOTE 14: LEASE ASSETS AND LEASE LIABILITIES

Lease arrangements (30 June 2020)

The following information relates to the current reporting period only, and is presented in accordance with AASB 16 *Leases* (which was applied by the Group for the first time in the current reporting period).

| | 2020 \$ |
|---------------------------------------|------------------|
| (a) Lease assets | |
| Right of Use Assets - Buildings | |
| Under lease | 3,664,642 |
| Accumulated depreciation | <u>(892,757)</u> |
| Total carrying amount of lease assets | <u>2,771,885</u> |

Reconciliations

Reconciliation of the carry amount of lease assets at the beginning and end of the financial year:

Right of Use Assets - Buildings

| | |
|-------------------------|------------------|
| Restated at 1 July 2019 | 3,598,750 |
| Additions | 65,892 |
| Depreciation | <u>(892,757)</u> |
| Closing carrying amount | <u>2,771,885</u> |

(b) Lease liabilities

| | |
|--|------------------|
| CURRENT | |
| Lease liability - building | <u>867,471</u> |
| NON CURRENT | |
| Lease liability - building | <u>1,994,108</u> |
| Total carrying amount of lease liabilities | <u>2,861,579</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 14: LEASE ASSETS AND LEASE LIABILITIES (CONTINUED)

| | 2020 |
|--|-------------|
| | \$ |
| (c) Lease expenses and cashflows | |
| Interest expense on lease liabilities | (180,557) |
| Gains recognised in profit or loss to reflect changes in lease payments arising from rent concessions occurring as a direct consequence of the Covid-19 pandemic | 47,675 |
| Depreciation expense on lease assets | (892,757) |
| Cash outflow in relation to leases | (803,063) |

(d) Non-cancellable operating lease arrangements (30 June 2019)

The following information relates to non-cancellable operating lease arrangements of the prior reporting period only, and is presented in accordance with the predecessor accounting standard AASB 117 Leases.

| | 2019 |
|---|-------------------------|
| | \$ |
| Future minimum lease payments to be made: | |
| - Not later than 1 year | 937,953 |
| - Later than 1 year and not later than 5 years | <u>2,837,427</u> |
| Aggregate lease payments contracted for at reporting date | <u><u>3,775,380</u></u> |

| | 2020 | 2019 |
|---------------------------------|------------------|------------------|
| | \$ | \$ |
| NOTE 15: CONTRACT ASSETS | | |
| CURRENT | | |
| Contract assets | <u>1,891,989</u> | <u>2,027,215</u> |

NOTE 16: OTHER ASSETS

| | | |
|--------------------------|----------------|----------------|
| CURRENT | | |
| Prepayments | 360,662 | 416,897 |
| Other current assets | <u>14,399</u> | <u>12,678</u> |
| | <u>375,061</u> | <u>429,575</u> |
| NON CURRENT | | |
| Other non-current assets | <u>216,567</u> | <u>216,567</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|------|-------------------------|-------------------------|
| NOTE 17: PAYABLES | | | |
| CURRENT | | | |
| <i>Unsecured liabilities</i> | | | |
| Trade creditors | | 1,806,648 | 3,308,036 |
| Sundry creditors and accruals | | <u>971,217</u> | <u>2,820,219</u> |
| | | <u><u>2,777,865</u></u> | <u><u>6,128,255</u></u> |
| NOTE 18: BORROWINGS | | | |
| CURRENT | | | |
| <i>Unsecured liabilities</i> | | | |
| Bank overdraft | | <u>257,634</u> | <u>453,456</u> |
| <i>Secured liabilities</i> | | | |
| Equipment finance loans | | <u>340,247</u> | <u>78,763</u> |
| | | <u><u>597,881</u></u> | <u><u>532,219</u></u> |
| NON CURRENT | | | |
| <i>Secured liabilities</i> | | | |
| Equipment finance loans | | <u><u>583,716</u></u> | <u><u>142,744</u></u> |
| NOTE 19: PROVISIONS | | | |
| CURRENT | | | |
| Employee benefits | (a) | 1,394,668 | 1,254,640 |
| Warranties | | <u>153,582</u> | <u>15,466</u> |
| | | <u><u>1,548,250</u></u> | <u><u>1,270,106</u></u> |
| NON CURRENT | | | |
| Employee benefits | (a) | <u>447,534</u> | <u>337,411</u> |
| (a) Aggregate employee benefits liability | | 1,842,202 | 1,592,051 |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|---|-------|------------------|--------------------------|
| NOTE 20: CONTRACT LIABILITIES | | | |
| CURRENT | | | |
| Contract liabilities | | <u>2,537,470</u> | <u>7,326,246</u> |
| | | 2020 \$ | 2019 - Restated \$ |
| NOTE 21: SHARE CAPITAL | | | |
| Issued and paid-up capital | | | |
| 10,790 (2019: 10,600) Ordinary shares- fully paid | | 2,297,000 | 1,941,000 |
| 700 (2019: 600) Ordinary shares- partly paid | | <u>89,520</u> | <u>11,665</u> |
| | | <u>2,386,520</u> | <u>1,952,665</u> |
| | Note | 2020 \$ | 2019 - Restated \$ |
| NOTE 22: RESERVES | | | |
| Asset revaluation reserve | 22(a) | 460,000 | 460,000 |
| Acquisition reserves | 22(b) | <u>(713,769)</u> | <u>(733,663)</u> |
| | | <u>(253,769)</u> | <u>(273,663)</u> |
| (a) Asset revaluation reserve | | | |
| The asset revaluation reserve is used to record increments and decrements on the revaluation of non-current assets. | | | |
| <i>Movements in reserve</i> | | | |
| Opening balance | | <u>460,000</u> | <u>460,000</u> |
| Closing balance | | <u>460,000</u> | <u>460,000</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 22: RESERVES (CONTINUED)

| | 2020 \$ | 2019 - Restated \$ |
|--|------------------|--------------------------|
| (b) Acquisition reserve | | |
| Acquisition reserve is used to record any adjustments relating to acquisition of minority interest of partially controlled entities. | | |
| <i>Movements in reserve</i> | | |
| Opening balance | (733,663) | - |
| Adjustment due to full acquisition of minority interest of STE Solutions Pty Ltd | - | (733,663) |
| Adjustment due to full acquisition of minority interest of Power Parameters Pty Ltd | <u>19,894</u> | <u>-</u> |
| Closing balance | <u>(713,769)</u> | <u>(733,663)</u> |

| | 2020 \$ | 2019 \$ |
|--|--------------------|------------------|
| NOTE 23: RETAINED EARNINGS | | |
| Retained earnings at beginning of year | 9,444,868 | 6,416,475 |
| Net profit | 2,533,138 | 3,385,893 |
| Dividends paid | <u>(1,069,059)</u> | <u>(357,500)</u> |
| | <u>10,908,947</u> | <u>9,444,868</u> |

| | 2020 \$ | 2019 \$ |
|---|----------------|----------------|
| NOTE 24: NON-CONTROLLING INTERESTS | | |
| Retained Earnings | <u>239,635</u> | <u>684,899</u> |
| | <u>239,635</u> | <u>684,899</u> |

Retained earnings

| | | |
|--|------------------|------------------|
| <i>Movements in non-controlling interest retained earnings</i> | | |
| Opening balance | 684,899 | 621,217 |
| Share of profit | 64,630 | 599,110 |
| Share of dividends / distributions | - | (192,500) |
| Acquisition of minority interest of Power Parameters Pty Ltd (2019: STE Solutions Pty Ltd) | <u>(509,894)</u> | <u>(342,928)</u> |
| Closing balance | <u>239,635</u> | <u>684,899</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25: INTERESTS IN ASSOCIATES

Associates

Investments in associates are accounted for using the equity method.

Interests are held in the following associated company:

| | Nature of relationship | Ownership interest | | Measurement basis |
|-------------------------------------|------------------------|--------------------|--------|-------------------|
| | | 2020 % | 2019 % | |
| Associate | | | | |
| ATI Telecom Pty Ltd | Associate | 40 | - | Equity accounted |
| Country of incorporation: Australia | | | | |

NOTE 26: INTERESTS IN SUBSIDIARIES

Subsidiaries

The following are the Group's controlled entities.

| Subsidiaries of Mayfield Group Investments Pty Ltd and controlled entities: | Country of incorporation | Ownership interest held by the group | |
|---|--------------------------|--------------------------------------|-----------|
| | | 2020 % | 2019 % |
| Mayfield Industries Pty Ltd | Australia | 100 | 100 |
| Power Parameters Pty Ltd | Australia | 100 | 72.5 |
| S.T.E. Solutions Pty Ltd | Australia | 100 | 100 |
| Walker Control Pty Ltd | Australia | 65 | 65 |
| Mayfield Engineering Pty Ltd | Australia | 100 | 100 |
| Mayfield Group Holdings Pty Ltd † | Australia | - | 100 |
| Mayfield EM Investments Pty Ltd † | Australia | - | 100 |
| Premier Equipment Hire Pty Ltd† | Australia | - | 100 |

† Dormant controlled entity deregistered during the financial year ended 30 June 2019.

On 26 July 2019, Power Parameters Pty Ltd became a wholly owned subsidiary of Mayfield Group Investments Pty Ltd.

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

| | Note | 2020 \$ | 2019 \$ |
|--|------|-------------------------|-------------------------|
| NOTE 27: CASH FLOW INFORMATION | | | |
| Reconciliation of cash | | | |
| Cash at the end of the financial year as shown in the consolidated statement of cash flows is reconciled to the related items in the consolidated statement of financial position is as follows: | | | |
| Cash on hand | | 2,000 | 2,000 |
| Cash at bank | | 2,886,239 | 4,643,835 |
| At call deposits with financial institutions | | <u>51,240</u> | <u>1,588,320</u> |
| Cash and cash equivalents | 8 | 2,939,479 | 6,234,155 |
| Bank overdrafts | 18 | <u>(257,634)</u> | <u>(453,456)</u> |
| | | <u><u>2,681,845</u></u> | <u><u>5,780,699</u></u> |

NOTE 28: PRIOR PERIOD ERROR

During the financial year ended 30 June 2019, 600 shares with a fair value of \$1,041,000 have been issued to two previous minority shareholders of the Company's controlled entity, STE Solutions Pty Ltd. This share issue was not correctly recorded in the financial report for the year ended 30 June 2019. Hence, this amount was restated with a retrospective adjustment .

Further, the initial recognition of goodwill amounting to \$307,337 relating to the acquisition of STE Solutions Pty Ltd has been derecognised in the 30 June 2019 financial report. However, this amount would not have been derecognised in the 30 June 2019 financial report had the AASB3, Business Combinations accounting standard been correctly applied in the transfer of the business from a subsidiary to the parent in the group .

The above matters have been corrected by restating each of the affected financial statement line items for the prior period as follows:

Restatement of financial position - Group

| | 2019 Opening \$ | Increase / (Decrease) \$ | 2019 - Restated \$ |
|---------------------------------|-------------------------|--------------------------------|--------------------------|
| Non-current assets | | | |
| Intangible assets | - | <u>307,337</u> | <u>307,337</u> |
| Total non-current assets | - | <u>307,337</u> | <u>307,337</u> |
| Total assets | - | <u>307,337</u> | <u>307,337</u> |
| Net assets | - | <u>307,337</u> | <u>307,337</u> |
| Equity | | | |
| Share capital | 911,665 | 1,041,000 | 1,952,665 |
| Reserves | <u>460,000</u> | <u>(733,663)</u> | <u>(273,663)</u> |
| Total equity | <u><u>1,371,665</u></u> | <u><u>307,337</u></u> | <u><u>1,679,002</u></u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 29: CONTINGENT LIABILITIES

The Group has given bank guarantees totalling \$3,936,969 as of 30 June 2020 (30 June 2019: \$3,823,571). These bank guarantees have varying expiry dates from July 2020 to April 2029. The Group has not had any claims against the bank guarantees given up to the signing date of this financial report.

A deed of cross-collateralisation is in place between Mayfield Industries Pty Ltd, S.T.E. Solutions Pty Ltd and Walker Control Pty Ltd.

| | 2020 | 2019 - |
|--|------------------|------------------|
| | \$ | Restated |
| | | \$ |
| NOTE 30: PARENT ENTITY DETAILS | | |
| Summarised presentation of the parent entity, Mayfield Group Investment Pty Ltd, financial statements: | | |
| (a) Summarised statement of financial position | | |
| Assets | | |
| Current assets | 1,326,157 | 10,640 |
| Non-current assets | <u>6,665,867</u> | <u>5,897,350</u> |
| Total assets | <u>7,992,024</u> | <u>5,907,990</u> |
| Liabilities | | |
| Current liabilities | 3,489,012 | 1,941,786 |
| Non-current liabilities | - | - |
| Total liabilities | <u>3,489,012</u> | <u>1,941,786</u> |
| Net assets | <u>4,503,012</u> | <u>3,966,204</u> |
| Equity | | |
| Share capital | 2,386,520 | 1,952,665 |
| Retained earnings | <u>2,116,492</u> | <u>2,013,539</u> |
| Total equity | <u>4,503,012</u> | <u>3,966,204</u> |
| (b) Summarised statement of comprehensive income | | |
| Profit for the year | 1,172,013 | 2,090,067 |
| Other comprehensive income for the year | - | - |
| Total comprehensive income for the year | <u>1,172,013</u> | <u>2,090,067</u> |

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31: EVENTS SUBSEQUENT TO REPORTING DATE

On 22 June 2020 an announcement was made by Stream Group Limited (SGO), a public listed company, concerning their acquisition of Mayfield Group Investments by way of a reverse merger. This agreement is conditional on approval by the SGO shareholders anticipated in late September 2020.

The Group is monitoring the developments in the COVID19 pandemic and the measures being implemented on the economy to control and slow the outbreak. Given the dynamic nature of these circumstances and the significant increase in economic uncertainty, the related impact on the Group's go forward consolidated results of operations, cash flows and financial condition cannot be reasonably estimated at this stage and will be reflected in the Group's future annual financial statements.

There has been no other matter or circumstance, which has arisen since 30 June 2020 that has significantly affected or may significantly affect:

- (a) the operations, in financial years subsequent to 30 June 2020, of the Group, or
- (b) the results of those operations, or
- (c) the state of affairs, in financial years subsequent to 30 June 2020, of the Group.


MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

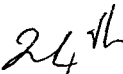
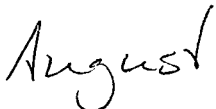
DIRECTORS' DECLARATION

The directors of the Company declare that:

1. In the directors opinion, the financial statements and notes thereto, as set out on pages 5 - 40, are in accordance with the *Corporations Act 2001*, including:
 - (a) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2020 and its performance for the year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Director: 
J Hobbs

Dated this  day of  2020

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAYFIELD GROUP INVESTMENTS PTY LTD
AND CONTROLLED ENTITIES

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mayfield Group Investments Pty Ltd and controlled entities "the Company" and its subsidiaries, "the Group", which comprises the consolidated statement of financial position as at 30 June 2020, 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 financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards - Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for Opinion

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

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

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAYFIELD GROUP INVESTMENTS PTY LTD
AND CONTROLLED ENTITIES

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Directors report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the 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.

Auditor's Responsibilities for the Audit of the Financial Report

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

MAYFIELD GROUP INVESTMENTS PTY LTD AND CONTROLLED ENTITIES
ABN: 96 619 266 769

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF MAYFIELD GROUP INVESTMENTS PTY LTD
AND CONTROLLED ENTITIES

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



A P Faulkner
Principal



PITCHER PARTNERS
Adelaide

Date: 24 August 2020