ASX Announcement

mpower

ASX LISTING RULES APPENDIX 4D
FOR THE PERIOD ENDED 31 DECEMBER 2020

MPower Group Limited
ABN 73 009 485 625

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Level 4, 15 Bourke Road
Mascot NSW 2020
Australia

Sydney – 8 February 2021 – MPower Group Limited (ASX: MPR)

MPower Group Limited announces the following results for the Company and its controlled entities for the half year ended 31 December 2020. The results have been subject to review by the Company's external auditor.

Results for Announcement to the Market

	Six months to 31 Dec 2020 $'000	Six months to 31 Dec 2019 $'000	Change %
Revenue from continuing operations	7,637	6,268	22
Revenue from discontinued operations	-	11,949	(100)
Total revenue	7,637	18,217	(58)
EBITDA from continuing operations	63	(1,397)	104
EBITDA from discontinued operations	271	(17)	1,694
Total EBITDA	334	(1,414)	124
Net loss attributable to members – continuing operations	(328)	(1,587)	79
Net gain / (loss) attributable to members – discontinued operations	271	(237)	214
Net loss for the period	(57)	(1,824)	97

Dividends
No dividends were declared or paid during the current or previous financial periods.

Net Tangible Assets per share
The net tangible assets per share as at 31 December 2020 was (2.4) cents (30 June 2020: (2.3) cents per share).

For further information, please see the attached Half Year Financial Report.

MPower Group Limited
ABN 73 009 485 625

Half Year Financial Report
31 December 2020

DIRECTORS' REPORT

The directors submit the financial report of MPower Group Limited and its controlled entities (the Group) for the half year ended 31 December 2020. In order to comply with the provisions of the *Corporations Act 2001*, the directors report as follows:

Directors

The names of directors who held office during the half year and until the date of this report are as follows. Directors were in office during and since the end of the half year unless otherwise stated:

Peter Wise AM
Nathan Wise
Gary Cohen
Robert Constable
Robert Moran

Review of Operations

During the six months ending on 31 December 2020 (Half) the Company recorded revenue from continuing operations of $7.64 million, a 22% increase over the previous comparative period ($6.27 million). EBITDA from continuing operations was positive at $0.06 million which was a considerable improvement on the $1.40 million loss recorded in the 2019 first half. The positive result reflects the financial gains made following completion of the transformational activities undertaken and completed last year.

MPower has successfully finalised all outstanding matters relating to the sale of its product distribution businesses. The businesses were sold during 2020 and the sale price was subject to a post-completion working capital adjustment.

During the Half, MPower substantially progressed the design and construction of two 5MWac solar farm projects commenced in early 2020. The South Australian projects, with a combined value to the Company of over $9 million, showcase our expertise and dependability in delivering and commissioning solar farms of this size which bodes well for the plans to Build Own and Operate up to 20 renewable power projects of a similar size.

MPower's service division, which provides maintenance services to critical power system assets, performed well during the Half, successfully completing new contracts in the hospital and data centre sectors.

Whilst delivering the two solar farm projects has been a central activity in the six months under review, MPower's focus is rapidly shifting towards expanding its pipeline of potential Build Own Operate renewable energy sites.

MPower is targeting an initial portfolio of up to 20 renewable energy assets with an aggregate capacity of around 100MWac. The portfolio of renewable energy assets across several states would have an estimated value of more than $150 million once fully constructed and operational.

MPower has obtained exclusive rights over three renewable energy project sites that are currently under development in Victoria and South Australia, with a 5MWac solar farm being planned for each location. 5MWac opportunities are being pursued due to their many advantages with the most notable being the relative ease of connection to the grid.

By securing rights over renewable energy sites during or at the end of their development phase and acquiring the renewable development assets once the development phase has been completed, MPower is looking to rapidly roll-out a portfolio of assets by focusing on its core capability of delivering high reliability renewable energy projects that have reached 'ready to build' status.

During the Half, MPower renegotiated the terms of its banking facilities that were put in place earlier in the year. In July 2020, MPower successfully agreed an extension of its banking facilities until July 2021, with regular principal repayments of its debt facility to commence in March 2021.

MPower's cash balance at the end of the Half was $2.93 million. Cash outflows during the period included $0.75 million to pay out the minority unitholders in the Power Property Unit Trust that was wound-up during the Half and $1.25 million to finalise the sale transaction matters. Operating cash outflows of approximately $1.43 million during the Half were anticipated and reflect typical cash movements from project activities. MPower also received the benefit of JobKeeper and Cashflow Boost payments during the Half. The December 2020 quarter was the last period during which MPower received JobKeeper payments following the recent growth in the Company's revenue.

Dividends Paid or Recommended
No interim dividend has been declared or paid in respect of the half year ended 31 December 2020 (2019: nil).

Rounding off of Amounts
The Company is a company of the kind referred to in Australian Securities and Investments Commission Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

Auditor's Independence Declaration
We have received an independence declaration from our auditors, Stantons International, under section 307C of the *Corporations Act 2001* a copy of which is attached on page 2 of the half year financial report.

Signed in accordance with a resolution of directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the directors

Peter Wise

Peter Wise AM
Chairman
Sydney, 8 February 2021

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8 February 2021

Board of Directors
MPower Group Limited
Level 4, 15 Bourke Road
Mascot NSW 2000

Dear Sirs

RE: MPOWER GROUP LIMITED

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of MPower Group Limited.

As Audit Director for the review of the financial statements of MPower Group Limited for the half year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours faithfully

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LIMITED

Martin Michalik

Martin Michalik
Director

MPOWER GROUP LIMITED
Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half year ended 31 December 2020

		Half Year Ended	
		31 Dec 2020	31 Dec 2019
Continuing operations	**Note**	**$'000**	**$'000**
Revenue	2	7,637	6,268
Other revenue		50	3
Materials and consumables used		(5,001)	(2,941)
Depreciation and amortisation expense		(144)	(91)
Employee benefits expense		(2,141)	(3,747)
Finance costs		(246)	(82)
Occupancy expense		(14)	168
Other expenses		(469)	(1,165)
Loss before income tax		**(328)**	**(1,587)**
Income tax expense		**-**	**-**
Loss for the period from continuing operations		**(328)**	**(1,587)**
Discontinued operations			
Gain / (loss) from discontinued operations		271	(237)
Loss for the period		**(57)**	**(1,824)**
Loss attributable to:			
Owners of the company		(57)	(1,842)
Non-controlling interest		-	18
		(57)	**(1,824)**
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange differences arising on translation of foreign operations		-	(53)
Gain on cash flow hedges taken to equity		-	10
Other comprehensive loss for the period net of tax		-	(43)
Total comprehensive loss for the period		**(57)**	**(1,867)**
Total comprehensive loss attributable to:			
Owners of the company		(57)	(1,885)
Non-controlling interest		-	18
		(57)	**(1,867)**
Loss per share from continuing and discontinued operations			
Basic (cents per share)		(0.0)	(1.2)
Diluted (cents per share)		(0.0)	(1.2)
Loss per share from continuing operations			
Basic (cents per share)		(0.2)	(1.0)
Diluted (cents per share)		(0.2)	(1.0)

The Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the attached notes.

MPOWER GROUP LIMITED
Condensed Consolidated Statement of Financial Position
As at 31 December 2020

	Note	31 Dec 2020 $'000	As At 30 Jun 2020 $'000
CURRENT ASSETS			
Cash and cash equivalents		2,928	6,521
Trade receivables and contract assets	3	1,632	1,841
Inventories		203	220
Other current assets		307	454
TOTAL CURRENT ASSETS		5,070	9,036
NON-CURRENT ASSETS			
Property, plant and equipment		441	395
Right of Use Assets	4	990	1,078
TOTAL NON-CURRENT ASSETS		1,431	1,473
TOTAL ASSETS		6,501	10,509
CURRENT LIABILITIES			
Trade and other payables		2,871	3,833
Borrowings	12	5,676	5,529
Provisions		647	799
Lease liabilities		141	133
Other liabilities		20	2,195
TOTAL CURRENT LIABILITIES		9,355	12,489
NON-CURRENT LIABILITIES			
Provisions		17	14
Lease liabilities		905	977
TOTAL NON-CURRENT LIABILITIES		922	991
TOTAL LIABILITIES		10,277	13,480
NET DEFICIENCY		(3,776)	(2,971)
EQUITY			
Issued capital	5	25,121	25,121
Reserves	6	6	4
Accumulated losses		(28,903)	(28,846)
Equity attributable to owners of the company		(3,776)	(3,721)
Non-controlling interest		-	750
TOTAL EQUITY		(3,776)	(2,971)

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the attached notes.

MPOWER GROUP LIMITED
Condensed Consolidated Statement of Changes in Equity
For the half year ended 31 December 2020

	Issued Capital (Note 5) $'000	Reserves (Note 6) $'000	Accumu-lated Losses $'000	Attributable to owners of the company $'000	Non-Controlling Interest $'000	Total $'000
Balance at 1 July 2019	**25,121**	**533**	**(25,058)**	**596**	**446**	**1,042**
Loss for the period	-	-	(1,842)	(1,842)	18	(1,824)
Other comprehensive income/(loss) net of tax						
Exchange differences arising on translation of foreign operations	-	10	-	10	-	10
Gain on cash flow hedge taken to equity	-	(53)	-	(53)	-	(53)
Total comprehensive income/(loss) for the period	-	(43)	(1,842)	(1,885)	18	(1,867)
Recognition of share-based payments	-	6	-	6	-	6
Payment of distributions	-	-	-	-	(34)	(34)
Balance at 31 December 2019	**25,121**	**496**	**(26,900)**	**(1,283)**	**430**	**(853)**
Balance at 1 July 2020	**25,121**	**4**	**(28,846)**	**(3,721)**	**750**	**(2,971)**
Loss for the period	-	-	(57)	(57)	-	(57)
Other comprehensive income/(loss) net of tax						
Exchange differences arising on translation of foreign operations	-	-	-	-	-	-
Gain on cash flow hedge taken to equity	-	-	-	-	-	-
Total comprehensive income/(loss) for the period	-	-	(57)	(57)	-	(57)
Recognition of share-based payments	-	2	-	2	-	2
Payment of distributions	-	-	-	-	(750)	(750)
Balance at 31 December 2020	**25,121**	**6**	**(28,903)**	**(3,776)**	**-**	**(3,776)**

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the attached notes.

MPOWER GROUP LIMITED
Condensed Consolidated Statement of Cash Flows
For the half year ended 31 December 2020

	Half Year Ended 31 Dec 2020 $'000	Half Year Ended 31 Dec 2019 $'000
Cash flows from operating activities		
Receipts from customers	6,469	23,965
Payments to suppliers and employees	(7,702)	(25,096)
Interest and other costs of finance paid	(203)	(209)
Net cash utilised in operating activities	(1,436)	(1,340)
Cash flows from investing activities		
Payment for property, plant and equipment	(93)	(71)
Settlement paid from sale of investments	(1,250)	-
Proceeds from sale of property, plant and equipment	-	85
Net cash (utilised in) / generated by investing activities	(1,343)	14
Cash flows from financing activities		
Distributions paid to non-controlling interests	(750)	(34)
Proceeds from borrowings	-	563
Payments for lease liabilities capitalised under AASB16	(64)	-
Repayment of borrowings	-	(228)
Net cash (utilised in) / generated by financing activities	(814)	301
Net decrease in cash and cash equivalents	(3,593)	(1,025)
Cash and cash equivalents at the beginning of the period	6,521	2,655
Effects of exchange rate changes on the balance of cash held in foreign currencies	-	(1)
Cash and cash equivalents at the end of the period	2,928	1,629

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the attached notes.

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance
The half year financial report is a general-purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The half year financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

(b) Basis of preparation
The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of selected non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The Company is a company of the kind referred to in Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, and in accordance with that Corporations Instrument amounts in the Directors' Report and the half year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the company's 2020 annual financial report for the financial year ended 30 June 2020, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

(c) Amendments to Accounting Standards and new Interpretations that are mandatorily effective for the current reporting period
The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

(d) AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19-Related Rent Concessions

In the current year, the directors have elected to apply AASB 2020-4 Amendments to Australian Accounting Standards – COVID-19 Related Rent Concessions before its mandatory application date. AASB 2020-4 amends AASB 16 Leases and is effective for annual periods that begin on or after 1 June 2020.

The amendments introduce a practical expedient into AASB 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election does account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying AASB 16 if the change were not a lease modification.

The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

- The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change.
- Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession would meet this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021).
- There is no substantive change to other terms and conditions of the lease.

Impact on accounting for changes in lease payments applying the exemption

The Group has applied the practical expedient retrospectively to all rent concessions that meet the conditions in AASB 16.46B and has not restated prior period figures.

The Group has benefited from a $3k per month lease discount on offices leased in Mascot NSW. The discount reduces payments in the period to 31 December 2020 by $15k. The Group continued to recognise interest expense on the lease liability.

(e) Government grants

During the half-year, the Group became eligible for certain government support in response to the coronavirus pandemic, as explained in Note 11. The Group's accounting policy for government grants is explained below.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, wage subsidies received under the JobKeeper scheme are offset against wages in the profit and loss. Cash flow boost subsidies are presented as other income in the profit and loss.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

(f) Going concern

The financial statements have been prepared on the going concern basis, which assumes the Group will be able to realise its assets and discharge its liabilities in the normal course of business.

The condensed consolidated statement of profit or loss and other comprehensive income for the half year ended 31 December 2020 reflects a net loss after tax of $0.057 million and the condensed consolidated statement of cash flows reflects net cash outflows of $3.593 million. Further, the condensed consolidated statement of financial position reflects a working capital deficiency of $4.285 million and a net asset deficiency of $3.776 million.

The Directors have reviewed the cash flow forecast prepared by management for the period through to 28 February 2022. The cash flow forecast, which is predicated on the key assumptions noted below, indicates that the Group will have sufficient funding to operate as a going concern during the forecast period, and on this basis the Directors have prepared the financial statements on the going concern basis. One of these assumptions is that the Group will enjoy the continued support of the Group's bankers and that the existing debt will be rolled over at maturity. In this regard, it is noted that the Group will commence amortising its term debt facility during the period and the Group's banker has been very supportive of the Group through its restructure and the Directors believe it is reasonable to assume that the debt will be rolled over or that replacement funding will be available at that time.

Key assumptions of cashflow forecast
The cashflow forecast includes certain key assumptions including the following:
- continuing support from the Group's bankers (as described above);
- the conversion of pipeline opportunities over the forecast period;
- the delivery of projects in accordance with project estimates;
- commencement of execution of the Group's Build Own Operate strategy by securing a number of initial projects;
- the Group raising capital to support its forward strategy;
- the Group achieving its anticipated level of cash flows.

The Directors believe that the actions taken to re-align the focus of the core business operations will support achieving the forecast cash flows and the pipeline of projects supports the assumed cashflow forecasts from projects.

If the Group:
- ceases to receive continuing support from the Group's bankers; or
- is unable to meet the other key assumptions noted above,

then a material uncertainty would exist that may cast significant doubt as to whether the Group will be able to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

**NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

NOTE 2: REVENUE

	Half Year Ended	
	31 Dec 2020	**31 Dec 2019**
	$'000	**$'000**
Sales revenue		
Revenue from sale of goods	164	278
Revenue from the rendering of services	2,521	1,530
Projects and installations	4,952	4,460
Total revenue	7,637	6,268

NOTE 3: TRADE RECEIVABLES AND CONTRACT ASSETS

	31 Dec 2020	**30 Jun 2020**
	$'000	**$'000**
Trade receivables	550	681
Less: Credit loss allowance	(10)	(10)
	540	671
Contract assets – accrued revenue receivable	1,092	1,170
Total trade receivables and contract assets	1,632	1,841

The average credit period on sales of goods and rendering of services ranges from 30 to 60 days. The Group has provided for receivables based on estimated unrecoverable amounts from sales of goods and rendering of services, determined by reference to the particular circumstances in relation to the debt and past default experience.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The concentration of credit risk is limited due to the customer base being large and unrelated. Accordingly, the directors believe that there is no further credit provision required in excess of the allowance for doubtful debts. There is no security held in relation to these balances.

As the business held credit risk insurance which expired at the end of November 2020, the business has provided two excess values of $5,000 each as a provision against the current trade receivable balance of $50k greater than 60 days.

Trade receivables and contract assets are written off when there has been a significant change in the risk characteristics of a debtor and there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 4: RIGHT OF USE ASSETS

	31 Dec 2020 $'000	30 Jun 2020 $'000
Cost		
Buildings – right of use assets	1,182	1,182
Less: Accumulated depreciation	(192)	(104)
	990	1,078

There were no new additions to the right-of-use assets during the half-year. The Group leases land and buildings for its offices and warehouse under agreements of between 2 to 3 years with options to extend.

	31 Dec 2020 $'000	31 Dec 2019 $'000
Amounts recognised in profit and loss:		
Depreciation expense on right-of-use assets	88	13
Interest expense on lease liabilities	38	7
	126	20

NOTE 5: ISSUED CAPITAL

	Half Year Ended 31 Dec 2020		Year Ended 30 Jun 2020	
	No.'000	$'000	No.'000	$'000
Fully paid ordinary shares				
Balance at beginning of financial period	158,846	25,121	158,846	25,121
Shares issued	-	-	-	-
Balance at end of financial period	158,846	25,121	158,846	25,121

No ordinary shares were issued during the period (2019: Nil). There were 760,000 unlisted share options over ordinary shares issued under the Company's Executive Share Option plan during the period (2019: 2,100,000).

NOTE 6: RESERVES

	31 Dec 2020 $'000	30 Jun 2020 $'000
Share option reserve	278	276
Foreign exchange translation reserve	(272)	(272)
Total reserves	6	4

NOTE 7: DIVIDENDS

No dividends were declared or paid during the current or previous financial period.

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8: SEGMENT INFORMATION

AASB 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance.

The MPower Group's reportable segments are organised into two major sectors – Power investments and Property investments. These sectors are the basis on which the MPower Group reports its reportable segment information. The principal products and services of each of those sectors are as follows:

— Power investments consists of MPower Holdings Pty Limited, MPower Business Services Pty Limited, MPower Capital Pty Limited, MPower Projects Pty Limited, MPower Samoa Limited, ACN 071 129 738 Pty Limited and MPower Nominees Pty Limited. At 31 December 2020 these entities were wholly owned by the Company. This group is a leading provider of innovative and dependable power solutions for use in all manner of emergency, back-up, generated and renewable power situations in Australia.

MPower Products Pty Limited and MPower Pacific Limited (the distribution businesses) which form part of the Power investments segment and Power Property Unit Trust which forms part of the Property Investment segment has been disclosed as discontinued operations in the prior period. The segment information reported below does not include any amounts for these discontinued operations.

The following is an analysis of the Group's revenue and results by reportable segment:

	Revenue Half Year Ended		Segment profit / (loss) Half Year Ended	
	31 Dec 2020 $'000	31 Dec 2019 $'000	31 Dec 2020 $'000	31 Dec 2019 $'000
Power investments	7,637	6,268	599	(502)
Other	50	3	-	(5)
Total continuing operations	7,687	6,271	599	(507)
Discontinued operations	-	11,949	271	(237)
Total revenue and segment profit / (loss)	7,687	18,220	870	(744)
Depreciation and amortisation expense			(144)	(91)
Finance costs			(246)	(82)
Unallocated costs			(537)	(907)
Loss before income tax			(57)	(1,824)
Income tax expense			-	-
Consolidated segment loss for the period			(57)	(1,824)

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 8: SEGMENT INFORMATION (CONTINUED)

The accounting policies of the reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, depreciation and amortisation costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

The following is an analysis of the Group's assets by reportable operating segment:

	31 Dec 2020 $'000	30 Jun 2020 $'000
Power investments	6,116	7,803
Property investments	-	1,720
Total segment assets	6,116	9,523
Unallocated	385	986
Total consolidated assets	6,501	10,509

All assets are allocated to reportable segments. There are no assets used jointly by reportable segments.

NOTE 9: CONTINGENCIES AND COMMITMENTS

There are no material contingent liabilities or contingent assets at balance date (2019: Nil).

NOTE 10: SUBSEQUENT EVENTS

There are no other matters or circumstances which have arisen since the end of the financial period which significantly affected or may significantly affect the operation of the Group, the results of its operations, or the state of affairs of the Group in future financial periods.

NOTES TO THE HALF YEAR CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2020

NOTE 11: GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE

The Group has benefited from the following significant government support packages as a result of COVID-19 during the period:

Support received	Description
JobKeeper Scheme	Due to the impact of COVID-19 on the Group's turnover, government subsidies of $485,100 (2019: nil) were received under the Australian Federal Government's JobKeeper scheme. The entity became eligible for the Scheme from its inception in March 2020 up to 31 December 2020. The Group did not qualify for the Scheme for the period January to March 2021. The amounts were paid to employees in line with the government's objectives of helping businesses to continue paying employees to keep them in their jobs so that businesses can re-start when business conditions improve. The Company has booked receipts for Jobkeeper by offsetting wages.
Cash Flow Boost Scheme	Due to the impact of COVID-19, the Group received government subsidies of $50,000 (2019: nil) under the Australian Federal Government's Cash Flow Boost scheme. The company has booked receipts for Cash Flow Boost scheme in other income.

NOTE 12: BORROWINGS – CURRENT

	31 Dec 2020 $'000	30 Jun 2020 $'000
Bank facilities (secured)	5,500	5,500
Other interest bearing liabilities	176	29
Total borrowings	5,676	5,529

Bank facilities are fully secured by general security agreements granted by controlled entities over their assets.

Summary of borrowing and financial facility arrangements

MPower Group Limited (and various subsidiaries) has $5.5 million of borrowings from St George Bank Limited charged at a weighted average interest rate of 7.48%. There were no covenant reporting requirements as at 31 December 2020 (2019: nil). Bank facilities were renegotiated in July 2020 for a further term of 12 months with principal repayments to commence in March 2021. The bank facilities are secured by general security agreements and cross guarantees granted by MPower Group Limited and certain group subsidiaries

DIRECTORS' DECLARATION

The directors declare that:

(a) based on the matters set out in Note 1, 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; and

(b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the *Corporations Act 2001*.

On behalf of the directors

Peter Wise AM
Chairman

Sydney, 8 February 2021

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of MPower Group Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of MPower Group Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2020, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of MPower Group Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the MPower Group Limited financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Report* section of our report. We are independent of the Company 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 annual 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* has been given to the directors of the Company on 8 February 2021.

Material Uncertainty Related to Going Concern

We draw attention to Note 1(f) in the financial report, which indicates that the Group incurred a net loss of $0.057m during the period ended 31 December 2020 and the condensed consolidated statement of cash flows reflects net operating cash outflows of $1.436 million. Further, the condensed consolidated statement of financial position reflects a working capital deficiency of $4.285 million and a net asset deficiency of $3.776 million.

The ability of the Group to continue as a going concern and meet its planned operating, administration and other commitments is dependent upon the Group meeting the key assumptions in its cashflow budgets as discussed in note 1 (f) and/or raising further working capital. In the event that the Group is not successful in meeting the assumptions in the cashflow budgets and /or raising further equity, the Group may not be able to meet its liabilities as and when they fall due and the realisable value of the Group's current and non-current assets may be significantly less than book values.

Our conclusion is not modified in respect of this matter.

Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD
(Trading as Stantons International)
(An Authorised Audit Company)

Stantons International Audit & Consulting Pty Ltd

Martin Michalik
Director

West Perth, Western Australia
8 February 2021