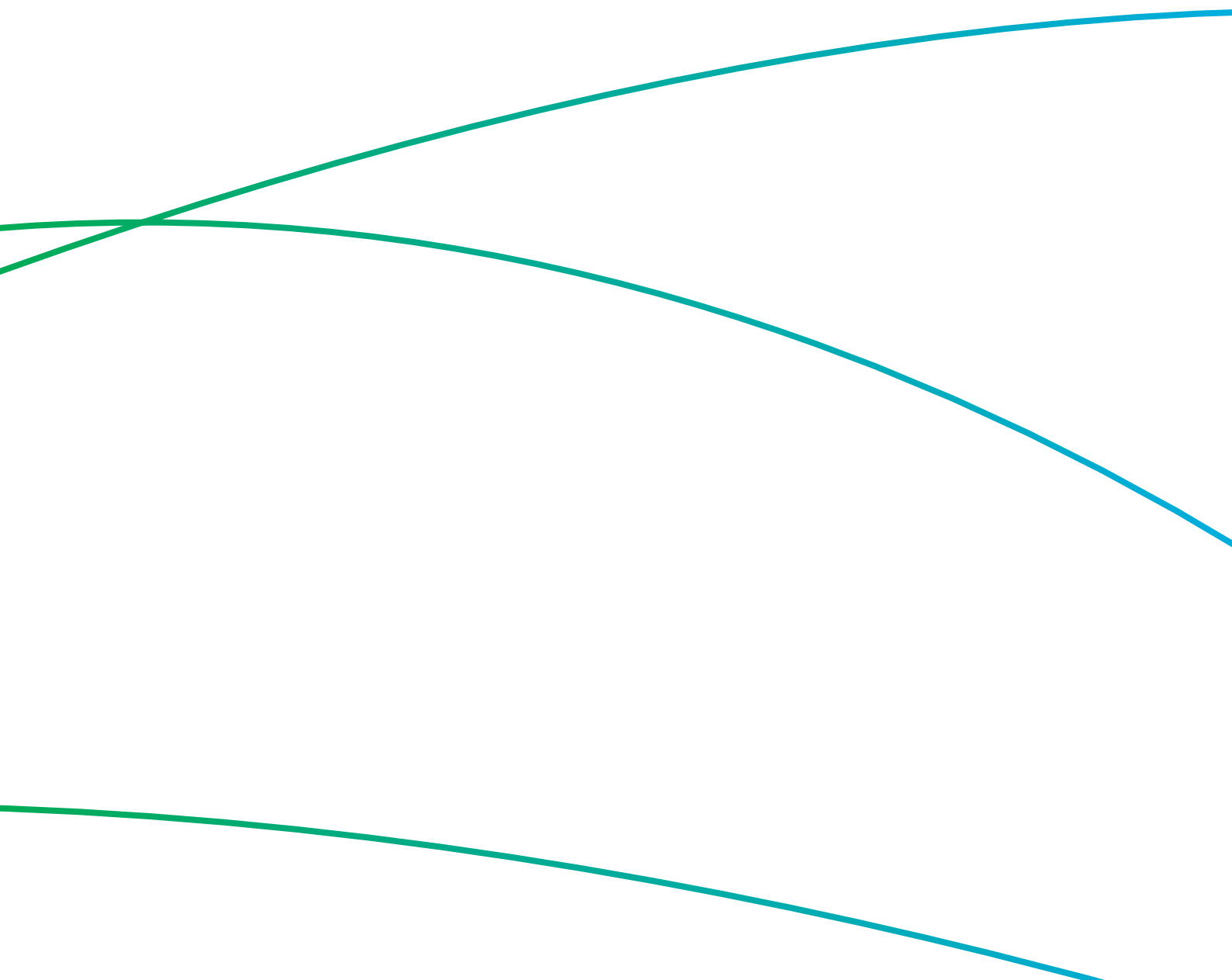




Annual Report 2021

MPower Group Limited
ABN 73 009 485 625



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Chairman's report

The 2021 annual report comes at a time when the Company is nearing a tipping point with its Build Own Operate strategy. The year to 30 June 2021 was the first financial year for the Company following its exit from previous non-core activities. This enabled MPower to advance as a technology led company with a dedicated focus on renewable and conventional power system projects, specialising in the design and delivery of renewable energy, battery storage and microgrid solutions.

Revenue for the year was \$11.1 million which was a 1% increase over the previous comparative period. The total comprehensive loss for the year of \$2.07 million reflects the transition towards the Company's Build Own Operate strategy, takes into account the impact of the Covid-19 pandemic and compares to a total comprehensive loss of \$3.98 million in 2020.

Operational overview

The main projects completed by MPower during the year were the two 5MW solar farm projects at South Hummocks and Kadina in South Australia. Commissioning of the two projects commenced in February 2021 and the projects were both connected to the grid and first energised during March 2021. The two 5MW solar farm projects have reached commercial operation and are exporting at full capacity.

The relative speed with which the South Australian projects progressed from initial commissioning through to full commercial operation illustrates the expertise MPower has developed in this area and highlights one of the many benefits of 5MW projects.

MPower ended the 2021 financial year well placed in its quest to establish a Build Own Operate portfolio of its own 5MW renewable energy projects.

During the year exclusivity was secured over ten new renewable energy sites in New South Wales, Victoria and South Australia, with four of these sites added during the last quarter. The substantial steps taken by MPower highlights our drive to deliver on the initial planned portfolio of up to twenty 5MW sites with an estimated end value of over \$150 million.

Negotiations regarding the formal purchase agreements on the first sites are well advanced, with contractual formalities on track for execution in the first quarter of FY22. There have been Covid-19 related delays in both accessing sites and in assessing the various financing alternatives which need to be finalised in advance of the construction phase.

Potential funding partners that are seeking exposure to green energy projects which can deliver attractive financial returns over the longer-term life cycle of the infrastructure assets are expressing considerable interest in MPower's plans.

Investors have given MPower's planned offering of renewable energy infrastructure projects a strong vote of confidence by participating in the \$5 million placement of new shares in the second half of the financial year. MPower's improved financial position as a result of this placement is a key driver in the Company's progress in implementing its BOO strategy.

In parallel with our strategy, and supplementary to it, extensive due diligence and reviews were undertaken by MPower's technical team into various energy storage technologies. Lithium-ion battery technology has been chosen as it provides the best form of electrical energy storage available today and into the foreseeable future. With a decreasing cost curve, a higher density than competing technologies, and operating under a large temperature range, the technology is highly advantageous given the location of a number of MPower's planned sites.

The Company intends to augment its portfolio of 5MW solar projects with 5MW of DC-coupled battery storage which will enhance project returns. MPower's approach to solar farm design is to incorporate a higher DC capacity initially, so revenue can be maximised through increased power generation during the morning and afternoon periods and enhanced further with the subsequent augmentation of battery storage.

MPower has already successfully delivered more than 10MWh of battery storage projects for customers and will leverage its established in-house expertise for its own battery storage strategy.

In parallel with these activities, MPower's service division, which provides regular maintenance and asset management services to critical power system assets, continued to build steadily during the year and provides a constant revenue stream for the Company.

Financial overview

Pleasing progress was made during the year in putting the Company's finances on an improved footing. After finalising financial matters associated with the Company's discontinued activities, the \$5 million placement (before placement costs) saw approximately 58.8 million new shares issued at an issue price of 8.5 cents per share in two tranches to a range of sophisticated and institutional investors. This included an institutional fund focussed on Environmental, Social and Corporate Governance (ESG) investment characteristics. The second tranche of the placement was completed in late April 2021 and the Company ended the financial year with a cash balance of \$3.5 million.

Pursuant to the placement and following shareholder approval, the Company also issued 8 million unlisted share options to advisors.

The Company's \$5.4 million term debt and other banking facilities were extended for a further twelve months to July 2022. MPower is making principal repayments of \$25,000 per month, with the facility terms otherwise remaining unchanged.

MPower maintains a franking credit balance of \$7.4 million, equating to 3.4 cents per share.

Covid-19

The Covid-19 pandemic has created its fair share of issues for MPower. As with so many enterprises in Australia and worldwide, the health orders and other restrictions during 2020 and continuing in 2021 have hampered MPower's operations; caused significant delays; and impacted on MPower's timetable and plans to commence construction of its planned portfolio of solar farms. This has come at a significant financial cost to the Company, and whilst the Company has benefited from some Government financial supports, these only cover a portion of the actual financial cost. MPower continues to mitigate these adverse circumstances by maintaining a flexible approach and believes that it is well placed to significantly advance development of its portfolio in the 2022 financial year.

Board composition

The Company has been actively working to strengthen its board and diversify the skill base by adding to the number of non-executive directors with renewable energy sector expertise.

In May 2021, Gary Cohen resigned as a non-executive director after having assisted the Company on its journey to become an industry leader. The Company thanks him for his valuable contribution and for his constant support to the management team over many years.

In August 2021, the Company announced the appointment of Amy Kean as a non-executive director, with effect from 1 September 2021. Amy Kean has deep experience in the renewable energy sector, both as a consultant, having served as the NSW Government Renewable Energy Advocate and being instrumental in developing NSW's renewable energy zones and emerging energy programs. The Company looks forward to her contribution as the next phase gains momentum.

Management and staff

MPower sincerely thanks its management and staff for their energy, commitment and support as the Company realigns itself to its burgeoning new path. MPower is fortunate to have such a quality team of professionals and renewable energy technology experts.

Looking ahead

At the heart of MPower's strategy are the following key points:

- The establishment of an initial portfolio of twenty 5MW solar farms across Australia with a total capacity of 100MW.
- The mitigation of weather and network variations by diversifying the locations of MPower's solar farms, initially focussing on NSW, VIC and SA.
- The maximisation of future power market pricing opportunities using a flexible offtake approach and augmenting power output with battery storage when warranted in the future.

These strategies have been carefully considered but will still take time to reach fruition and require appropriate funding lines to be established. MPower is standardising its approach to solar farm design and construction, enabling projects to typically progress from shovel ready status to generating revenue from the power output in nine months. The grid connection process is simpler than for large utility-scale solar farms, there is no risk of curtailment; nor is there exposure to ancillary service charges. And by taking a portfolio approach the risk of a single point of failure is eliminated.

For these reasons, and because the Company has well credentialed in-house expertise operating within a flexible cost base, MPower has good cause to believe that successful execution of its strategy will progressively deliver financial benefits to the Company and facilitate a future growth pathway.



Peter Wise AM
Chairman

23 August 2021

Directors' report

The directors present their report on the company (MPower Parent) and its controlled entities (MPower Group) for the financial year ended 30 June 2021 in accordance with the provisions of the Corporations Act 2001 (Cth). The Chairman's Report (pages 1 to 2) contains a review of the operations of the MPower Group during the financial year and the results of those operations and details of significant changes in the MPower Group. The Chairman's Report is incorporated into and forms part of this Directors' Report.

Principal activity

MPower Group is a technology-led company specialising in the delivery of on-grid and off-grid power solutions and innovative products for blue chip customers.

Review of operations

The operating result of the MPower Group for the financial year ended 30 June 2021 after eliminating non-controlling interests and providing for income tax was a loss of \$2,065,000 (2020: \$4,213,000). Reference should be made to the Chairman's Report for a more detailed review of operations.

Changes in the state of affairs

There were no significant changes in the state of affairs of MPower Group during the year to 30 June 2021 other than as set out in the Chairman's Report.

Subsequent events

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

Future developments

Details of the future developments of the MPower Group are contained in the Chairman's Report. To the extent that the disclosure of information regarding likely developments in the activities of the MPower Group in future financial years and the expected results of those activities is likely to result in unreasonable prejudice to the MPower Group, it has not been disclosed in this report.

Dividends

No dividends have been paid or declared during the current or previous financial years.

Indemnification of directors, officers and auditor

During the financial year, the company paid a premium to insure each of the directors and officers against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director or officer of the company, other than conduct involving a wilful breach of duty in relation to the company.

The company has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify a director, officer or auditor of the company or any related body corporate against a liability incurred as an officer or auditor.

Non-audit services

Details of amounts paid or payable to Stantons International for non-audit services provided during the year by the auditors are outlined in note 27 to the financial statements. The directors are satisfied the provision of non-audit services during the year by the auditors is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 (Cth). The directors are of the opinion the services as disclosed in note 27 to the financial statements do not compromise the external auditor's independence, based on advice received from the audit committee, for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks or rewards.

There were no non-audit services for the year ended 30 June 2021.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The company was not a party to any such proceedings during the year.

Options on issue

At the date of this report, the options on issue over unissued ordinary shares in MPower Group Limited were as follows:

Unlisted ESOP options

Grant date	Expiry date	Exercise price	Number of options
15-Oct-19	31-May-22	\$0.0300	630,000
15-Oct-19	31-May-23	\$0.0300	840,000
19-Oct-20	31-May-22	\$0.0300	228,000
19-Oct-20	31-May-23	\$0.0300	228,000
19-Oct-20	31-May-24	\$0.0300	304,000
Total ESOP options			2,230,000

Unlisted advisor options

Grant date	Expiry date	Exercise price	Number of options
22-Feb-21	27-Apr-24	\$0.1700	8,000,000
Total advisor options			8,000,000
Total options on issue			10,230,000

990,000 unlisted options granted under the MPower Group Limited Executive Share Option Plan (ESOP) were exercised during the year.

No person entitled to exercise an option had or has any right, by virtue of the option, to participate in any share issue of any other body corporate.

Environmental and Social regulations

Subsidiaries of the Company are subject to a range of environmental laws and regulations as well as project and site-specific environmental permits and approvals issued at both the Federal and State Government Levels. The Company is not aware of any breaches of these laws and regulations.

The MPower Group's operations do not pose a high risk for breach of environmental and social legislation and in the directors' opinion there is no known breach of regulatory requirements that may:

- potentially result in financial penalties;
- result in the governing authority having the ability to suspend an operation;
- have a major impact on surrounding ecosystems; or
- have a financial impact on the operations and results of the MPower Group.

Auditor's independence declaration

The lead auditor's independence declaration under section 307C of the Corporations Act 2001 (Cth) for the year ended 30 June 2021 has been received and a copy can be found on page 48 of this report.

Rounding off of amounts

The company is a company of the kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, and in accordance with the Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Corporate governance

A copy of the company's 2021 corporate governance statement can be found at www.mpower.com.au/corporategovernance.

Information on directors

The names and particulars of the current directors of the company during or since the end of the financial year are as follows. References to directors' relevant interest in shares and options are current at the date of this report.

Peter Wise AM	Chairman	
Qualifications	Dip ID	
Experience	Appointed Chairman and board member in 1986. Active since then and before as Chairman or director of a wide range of investments and businesses across Australia and New Zealand, including over 30 years involvement in the power systems sector.	
Interest in shares	77,242,294 ordinary shares in MPower Group Limited held by Tag Private Pty Limited.	
Length of service	35 years	
Nathan Wise	Chief Executive Officer and Managing Director	
Qualifications	BCom, LLM (UNSW)	
Experience	Appointed Chief Executive Officer and Managing Director in 2012 after serving as Head of Corporate Development from 2003. Company Secretary from 2006 until 2012. Director of MPower and a number of controlled entities within the MPower Group. Practiced as a corporate and commercial lawyer before joining the MPower Group.	
Interest in shares and options	77,242,294 ordinary shares in MPower Group Limited held by Tag Private Pty Limited. 750,000 ordinary shares in MPower Group Limited held by Investment Associates Pty Limited. 910,000 unlisted options over unissued ordinary shares in MPower Group Limited held by Investment Associates Pty Limited.	
Length of service	9 years	
Robert Constable	Director (non-executive)	
Qualifications	MA (Cantab.)	
Experience	Director since 1986. Former positions include secretary of the Beecham Group, director of Sime Darby Holdings Limited and deputy chief executive of Bousteadco Singapore Limited.	
Interest in shares	434,000 ordinary shares in MPower Group Limited.	
Special responsibilities	Chairman of the audit committee and a member of the remuneration committee.	
Length of service	35 years	
Robert Moran	Director (non-executive)	
Qualifications	BEc LLB (Hons)	
Experience	Director since 2002. Chairman of Oceania Capital Partners Limited. Has extensive experience in principal investing and previously practiced as a corporate and commercial lawyer.	
Interest in shares	1,854,546 ordinary shares in MPower Group Limited.	
Special responsibilities	Member of the audit committee.	
Directorships held in other listed entities in the previous 3 years	Listed entity Oceania Capital Partners Limited (Previously Listed)	Relevant dates since 25 July 2007
Length of service	19 years	
Neil Langridge	Company Secretary	
Qualifications	BBS, CA, FGIA, GAICD	
Experience	Appointed Company Secretary and Interim Chief Financial Officer of MPower Group Limited on 6 August 2019. Prior to joining MPower, worked as a CFO in GFG Liberty Steel, UGL Rail and Defence, Pentair Flow Control and Downer Rail. Held various directorships and secretarial positions in these companies and related joint ventures over the past 15 years.	
Interest in shares	None.	
Length of service	2 years	
Gary Cohen	Director (non-executive)	
Qualifications	B Comm, LLB, LLM (Hons)	
Experience	Director since 1999. Executive Chairman of Invigor Group Limited.	
Special responsibilities	Member of the remuneration committee.	
Directorships held in other listed entities in the previous 3 years	Listed entity Invigor Group Limited	Relevant dates since 18 July 2012
Resigned	25 May 2021	

Changes to directors and company secretary

Gary Cohen resigned as a director on 25 May 2021. Amy Kean has been appointed as a director effective 1 September 2021. There were no other changes to the directors of MPower Group Limited during the year and up to the date of this report.

Remuneration of directors

Information about the remuneration of directors and senior management is set out in the remuneration report on pages 6 to 11.

Directors' meetings

The following table outlines the number of directors' meetings (including meetings of committees of directors) held during the financial year and the number of meetings attended by each director (while they were a director or committee member). During the financial year, ten board meetings, two audit committee meetings and one remuneration committee meeting were held.

	Board meetings		Audit committee meetings		Remuneration committee meetings	
	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend	Attended
Peter Wise	10	10	2	2	–	–
Nathan Wise	10	10	2	2	–	–
Gary Cohen	9	9	–	–	1	1
Robert Constable	10	10	2	2	1	1
Robert Moran	10	10	2	2	–	–

Remuneration report (Audited)

This report details the remuneration arrangements in respect of each director of MPower Group Limited and the key management personnel.

Remuneration policy

MPower's remuneration policy has been designed to align director and senior manager objectives with shareholder and business objectives by providing a fixed remuneration component and, where applicable, offering specific short-term and long-term incentives based on key performance areas affecting MPower's financial results. The board believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best senior managers and directors to run and manage MPower, as well as create goal congruence between directors, senior managers and shareholders. During the year the company did not employ a remuneration consultant.

The board's policy for determining the nature and amount of remuneration for executive board members and key management personnel of MPower is as follows:

- The remuneration policy, setting the terms and conditions for executive directors and other senior managers, was developed by the remuneration committee and approved by the board.
- Senior managers may receive base remuneration (which is based on factors such as length of service and experience), superannuation, fringe benefits, short-term incentives or long-term incentives.
- The remuneration committee reviews certain senior manager packages annually by reference to MPower's performance, senior manager performance and comparable information from industry sectors.

The performance of MPower's senior managers is measured against criteria agreed regularly with each senior manager and is based predominantly on the forecast growth of the MPower Group's profits and shareholder value. Short-term incentives, where applicable, are linked to predetermined performance indicators where possible. The board may exercise its discretion in relation to approving short-term and long-term incentives and can recommend changes to the committee's recommendations. Any changes must be justified by reference to measurable performance indicators. The policy is designed to attract the highest calibre of senior managers and reward them for performance that results in long-term growth in shareholder wealth.

All remuneration paid to directors and senior managers is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

The board's policy is to remunerate non-executive directors for time, commitment and responsibilities. The remuneration committee determines payments to the non-executive directors based on market practice, duties and accountability. Independent external advice may be sought when required. No independent expert has been used during the current financial year. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders. Fees for non-executive directors are not linked to MPower's performance. However, to align directors' interests with shareholders' interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

MPower has a policy which sets out the framework for awarding performance based remuneration to MPower senior managers. Performance based remuneration may comprise both a short-term incentive (STI) and a long-term incentive (LTI) component. The STI takes the form of a cash bonus and the LTI comprises the issue of options under the MPower Group Limited Executive Share Option Plan. The remuneration committee has the discretion to determine the STI and LTI for eligible senior managers.

Short-term incentives

The remuneration package for an eligible senior manager may comprise a STI in the form of a performance based cash bonus. The maximum STI component of a remuneration package is expressed as a percentage of the relevant senior manager's base remuneration. A senior manager may be awarded a STI depending on performance against a set of performance indicators. The performance indicators may differ for each senior manager and are determined by the remuneration committee from time to time. A weighting is given to each performance indicator at the time the performance indicators are set.

Details of the STI's in respect of the year to 30 June 2021 are as follows:

Nathan Wise

At the date of this report a cash bonus in respect of the year to 30 June 2021 had not been assessed for Nathan Wise. The total STI that is available (subject to performance against set criteria) is in the range of 0% to 40% of his base remuneration of \$372,600 per annum (\$0 to \$149,040). The performance criteria against which the STI will be assessed are improvement in group profitability; shareholder value and long term strategy.

Ryan Scott

At the date of this report a cash bonus in respect of the year to 30 June 2021 had not been assessed for Ryan Scott. The total STI that is available (subject to performance against set criteria) is in the range of 0% to 25% of his base remuneration of \$279,450 per annum (\$0 to \$69,863). The performance criteria against which the STI will be assessed are improvement in group profitability; cashflow management; value of orders taken; improvement in business processes and productivity; and people management.

Long-term incentives

Options over unissued shares in MPower Group Limited may be awarded to eligible senior managers in accordance with the MPower Group Limited Executive Share Option Plan. The award of options is considered appropriate as it contains an element of reward for individual achievement together with an incentive aligned to the group's longer term performance. The approach also aligns management's interests with those of shareholders.

The maximum number of options that can be on issue under the Executive Share Option Plan at any time is 5% of the shares on issue at that time. In addition, the maximum number of options that can be issued to any one senior manager is 2,350,000 (2020: 2,350,000). The remuneration committee must make reference to these and other rules of the Executive Share Option Plan when deciding on long-term incentive components.

400,000 executive share options were issued to directors and key management personnel during the year ended 30 June 2021 (2020: 2,100,000).

Option holdings

Unlisted Executive Share Option holdings

2021	Balance 1 July 2020 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2021 No.	Unvested No.	Vested and exercisable No.
Nathan Wise ¹	1,900,000	–	(990,000)	910,000	910,000	–
Ryan Scott	800,000	400,000	(240,000)	960,000	960,000	–
Total	2,700,000	400,000	(1,230,000)	1,870,000	1,870,000	–

2020	Balance 1 July 2019 No.	Granted as compensation No.	Lapsed/ exercised No.	Balance 30 June 2020 No.	Unvested No.	Vested and exercisable No.
Nathan Wise ¹	1,050,000	1,300,000	(450,000)	1,900,000	1,900,000	–
Ryan Scott	–	800,000	–	800,000	800,000	–
Darrell Godin	332,500	–	(332,500)	–	–	–
Anthony Csillag	332,500	–	(332,500)	–	–	–
Total	1,715,000	2,100,000	(1,115,000)	2,700,000	2,700,000	–

1. Under the terms of the Executive Share Option Plan, options may be issued to and held by an executive or their nominee.

Refer to note 28 for the factors and assumptions used in determining share-based payments.

At 30 June 2021, the following share-based payment arrangements were in existence under the MPower Group Limited Executive Share Option Plan:

Option series	No. of options	Grant date	Expiry date	Fair value at grant date (cents)	Vesting date
1. Issued 15 October 2019	1,470,000	15-Oct-19	31 May 2023*	0.02	01-Mar-23
2. Issued 19 October 2020	760,000	19-Oct-20	31 May 2024*	0.03	01-Mar-24

* Various dates

There are no performance criteria that need to be met in relation to executive share options granted, however, the options lapse if the relevant senior manager no longer provides services to or is no longer employed by the Group.

The value of options lapsed during the year was \$1,129.

The following executive share options previously held by directors and key management personnel lapsed during the year:

	No. of options	Grant date
Nathan Wise	240,000	25 Jan 2019
Total	240,000	

Shareholdings

Key management personnel and key management personnel-related entities hold directly, indirectly or beneficially as at 30 June 2021 the following interests in ordinary shares in MPower Group Limited:

2021	Balance at 1 July 2020 No.	Net other change No.	Balance at 30 June 2021 No.
Directors			
Peter Wise ¹ } Nathan Wise ¹ }	77,071,518	170,776	77,242,294
Nathan Wise ²	–	750,000	750,000
Gary Cohen ³	619,766	–	619,766
Robert Constable	434,000	–	434,000
Robert Moran	1,854,546	–	1,854,546
Key management personnel			
Ryan Scott	10,000	240,000	250,000
Total	79,989,830	1,160,776	81,150,606
2020	Balance at 1 July 2019 No.	Net other change No.	Balance at 30 June 2020 No.
Directors			
Peter Wise ¹ } Nathan Wise ¹ }	77,071,518	–	77,071,518
Gary Cohen	619,766	–	619,766
Robert Constable	434,000	–	434,000
Robert Moran	1,854,546	–	1,854,546
Key management personnel			
Ryan Scott	10,000	–	10,000
Total	79,989,830	–	79,989,830

1. Peter Wise and Nathan Wise are directors of Tag Private Pty Limited which had an interest in 77,242,294 ordinary shares in MPower Group Limited at 30 June 2021.

2. Nathan Wise is a director of Investment Associates Pty Limited which had an interest in 750,000 ordinary shares in MPower Group Limited at 30 June 2021.

3. Ordinary shares held at date of resignation as a director.

Company performance, shareholder wealth and director and senior management remuneration

The MPower remuneration policy has been tailored to increase goal congruence between shareholders, directors and senior managers. The main method applied in achieving this aim has been the issue of options to select senior managers to encourage the alignment of personal and shareholder interests.

The following table shows the gross revenue, profits and dividends for the last five years for MPower Group Limited, as well as the share price at the end of the respective financial years.

	2017	2018	2019	2020	2021
Revenue (\$'000)*	40,123	40,802	48,047	10,930	11,087
Other gains / (losses) (\$'000)	120	4	7	690	–
Net loss before non-controlling interests (\$'000)	(3,855)	(2,895)	(6,129)	(3,875)	(2,065)
Dividends paid (\$'000)	–	–	–	–	–
Share price at year end (cents per share)	4.3	7.9	3.0	2.0	8.0
Loss per share from continuing and discontinued operations					
Basic (cents per share)	(3.1)	(2.4)	(4.4)	(2.7)	(1.2)
Diluted (cents per share)	(3.1)	(2.4)	(4.4)	(2.7)	(1.2)

* Revenue includes discontinued operations revenue in period prior to 30 June 2020.

Details of remuneration

The remuneration for each director and the key management personnel in respect of the year to 30 June 2021 was as follows:

2021 \$	Salary, fees and allowances	Superannuation contributions	Cash bonus	Non-cash benefits	Options	Total	Performance related %
Directors							
Peter Wise							
Chairman ¹	75,000	–	–	–	–	75,000	–
Nathan Wise							
Chief Executive Officer ²	369,450	–	30,240	–	1,711	401,401	8.0
Gary Cohen							
Non-executive director ³	18,333	–	–	–	–	18,333	–
Robert Constable							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran							
Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	502,783	–	30,240	–	1,711	534,734	
Key management personnel							
Ryan Scott							
General Manager ⁴	296,955	21,515	27,675	–	2,498	348,643	8.7
Total	799,738	21,515	57,915	–	4,209	883,377	

1. An additional \$75,000 payment was made during the year for long service leave taken therefore a total of \$150,000 for the year.

2. A STI of \$30,240 was paid during the year in respect of the year to 30 June 2020.

3. Gary Cohen resigned on 25 May 2021.

4. A STI of \$27,675 was paid during the year in respect of the year to 30 June 2020.

5. During the year the company paid \$30,650 for Directors and Officers insurance.

The remuneration for each director and the key management personnel in respect of the year to 30 June 2020 was as follows:

2020 \$	Salary, fees and allowances	Superannuation contributions	Cash bonus	Non-cash benefits	Options	Total	Performance related %
Directors							
Peter Wise							
Chairman	124,500	–	–	–	–	124,500	–
Nathan Wise							
Chief Executive Officer	355,833	–	–	–	4,342	360,175	1.2
Gary Cohen							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Constable							
Non-executive director	20,000	–	–	–	–	20,000	–
Robert Moran							
Non-executive director	20,000	–	–	–	–	20,000	–
Total directors	540,333	–	–	–	4,342	544,675	
Key management personnel							
Darrell Godin							
Chief Financial Officer ¹	106,085	4,039	–	–	1,125	111,249	1.0
Ryan Scott							
General Manager, MPower Projects ²	277,529	21,309	–	–	771	299,609	0.3
Total key management personnel	383,614	25,348	–	–	1,896	410,858	
Total	923,947	25,348	–	–	6,238	955,533	

1. Darrell Godin resigned on 6 August 2019.

2. A STI has not been assessed at the date of this report but is subject to a minimum guaranteed amount of \$20,000 in respect of the year to 30 June 2020 and is not included in the above table.

3. During the year the company paid \$26,000 for Directors and Officers insurance.

All directors held their positions for the whole year.

Non-executive Director fees are determined within an aggregate fee pool limit, which is periodically recommended for approval by shareholders. The current fee aggregate limit is \$250,000. Non-executive Directors do not receive performance-based pay or non-retirement allowances. The chairman does not receive additional fees for participating in or chairing committees.

Contract details

There were no written contracts in place with directors or key management personnel other than the following:

1. A written contract with a salary of \$372,600 was in place in respect of the services provided by Nathan Wise to MPower Group Limited. The contract has no specified duration and requires three months' notice of termination (equating to a termination payment of \$93,150).
2. A written contract with a salary of \$299,450 per annum was in place in respect of the services provided by Ryan Scott to MPower Projects Pty Limited. The contract has no specified duration and requires three months' notice of termination (equating to a termination payment of \$74,863).

Performance income as a proportion of total remuneration

In some circumstances, key management personnel are paid performance bonuses based on set monetary figures and not as a proportion of their salary. These bonuses have been set to encourage achievement of specific goals that have been given a high level of importance in relation to the future growth and profitability of the MPower Group. The payment of bonuses and other incentive payments for specified senior managers are reviewed by the remuneration committee annually as part of the review of executive remuneration and a recommendation is put forward to the board for approval. Bonuses, options and incentives are linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and options and can make changes to the committee's recommendations.

Signed in accordance with a resolution of the directors.



Peter Wise AM
Chairman

23 August 2021

Consolidated statement of profit or loss and other comprehensive income

	Note	2021 \$'000	2020 \$'000
Continuing operations			
Revenue	3	11,037	10,855
Other revenue	4	50	75
Other income	5	–	690
Raw materials and consumables used		(8,240)	(8,755)
Advertising and marketing expense		–	(6)
Depreciation and amortisation expense	7	(293)	(228)
Employee benefits expense	7	(3,248)	(2,729)
Finance costs	6	(556)	(271)
Freight and transport		–	(16)
Occupancy expense		(43)	184
Other expenses		(1,021)	(1,948)
Loss before income tax		(2,314)	(2,149)
Income tax expense	8	(22)	–
Loss for the year from continuing operations		(2,336)	(2,149)
Discontinued operations			
Gain/(loss) from discontinued operations	32	271	(1,726)
LOSS FOR THE YEAR		(2,065)	(3,875)
Attributable to:			
Owners of the company		(2,065)	(4,213)
Non-controlling interest		–	338
		(2,065)	(3,875)
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss:			
Loss on cash flow hedges taken to equity of discontinued operations		–	(53)
Exchange loss on translating discontinued operations		–	(53)
Other comprehensive (loss)/income net of tax		–	(106)
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(2,065)	(3,981)
Total comprehensive loss attributable to:			
Owners of the company		(2,065)	(4,319)
Non-controlling interest		–	338
		(2,065)	(3,981)
Loss per share from continuing and discontinued operations			
Basic (cents per share)	30	(1.2)	(2.7)
Diluted (cents per share)	30	(1.2)	(2.7)
Loss per share from continuing operations			
Basic (cents per share)	30	(1.4)	(1.6)
Diluted (cents per share)	30	(1.4)	(1.6)

The accompanying notes form part of these financial statements

Consolidated statement of financial position

	Note	2021 \$'000	2020 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents	9	3,533	6,521
Trade receivables and contract assets	10	1,864	1,841
Inventories	11	121	220
Other current assets	12	199	454
Total current assets		5,717	9,036
<i>Non-current assets</i>			
Property, plant & equipment	15	452	395
Right of use assets	25	902	1,078
Total non-current assets		1,354	1,473
Total assets		7,071	10,509
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	17	1,069	3,833
Borrowings	18	391	5,529
Provisions	19	574	799
Lease liabilities	25	150	133
Contract liabilities and other liabilities	20	–	2,195
Total current liabilities		2,184	12,489
<i>Non-current liabilities</i>			
Borrowings	18	5,140	–
Provisions	19	23	14
Lease liabilities	25	827	977
Total non-current liabilities		5,990	991
Total liabilities		8,174	13,480
Net liabilities		(1,103)	(2,971)
Equity			
Issued capital	21	29,503	25,121
Reserves	22	305	4
Accumulated losses		(30,911)	(28,846)
Equity attributable to owners of the company		(1,103)	(3,721)
Non-controlling interest	23	–	750
Total deficiency		(1,103)	(2,971)

The accompanying notes form part of these financial statements

Consolidated statement of changes in equity

	Issued capital	Reserves	Accumulated losses	Attributable to owners of parent entity	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2019	25,121	533	(25,058)	596	446	1,042
Loss for the year	–	–	(4,213)	(4,213)	338	(3,875)
<i>Other comprehensive income/(loss) net of tax</i>						
Exchange differences arising on translation of foreign operations	–	(53)	–	(53)	–	(53)
Loss on cash flow hedge taken to equity	–	(53)	–	(53)	–	(53)
Total comprehensive income/(loss) for the year	–	(106)	(4,213)	(4,319)	338	(3,981)
Transferred to accumulated losses	–	(425)	425	–	–	–
Recognition of share-based payments	–	2	–	2	–	2
Payment of distributions	–	–	–	–	(34)	(34)
Balance at 30 June 2020	25,121	4	(28,846)	(3,721)	750	(2,971)
Balance at 1 July 2020	25,121	4	(28,846)	(3,721)	750	(2,971)
Loss for the year	–	–	(2,065)	(2,065)	–	(2,065)
<i>Other comprehensive income/(loss) net of tax</i>						
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–
Gain on cash flow hedge taken to equity	–	–	–	–	–	–
Total comprehensive income/(loss) for the year	–	–	(2,065)	(2,065)	–	(2,065)
Issue of shares net of costs	4,382	–	–	4,382	–	4,382
Transferred to accumulated losses	–	–	–	–	–	–
Recognition of share-based payments	–	301	–	301	–	301
Payment of distributions	–	–	–	–	(750)	(750)
Balance at 30 June 2021	29,503	305	(30,911)	(1,103)	–	(1,103)

The accompanying notes form part of these financial statements

Consolidated statement of cash flows

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
Receipts from customers		9,830	39,831
Payments to suppliers and employees		(14,713)	(39,188)
Cash (used in) / from operations		(4,883)	643
Interest and other costs of finance paid		(436)	(448)
Net cash (used in) / generated by operating activities	9	(5,319)	195
Cash flows from investing activities			
Payments for property, plant & equipment		(189)	(266)
Proceeds from sale of property, plant and equipment		–	2,629
Payments for sale of business net of costs		(1,250)	–
Proceeds from sale of business net of costs		–	4,246
Net cash (used in) / generated by investing activities		(1,439)	6,609
Cash flows from financing activities			
Proceeds from borrowings		–	5,500
Repayment of borrowings		(60)	(8,331)
Distributions paid by controlled entities to non-controlling interests		(624)	(34)
Payments for lease liabilities capitalised under AASB16		(252)	(73)
Proceeds from share issue		5,043	–
Share issue costs		(337)	–
Net cash generated by / (used in) financing activities		3,770	(2,938)
Net (decrease)/increase in cash and cash equivalents		(2,988)	3,866
Cash and cash equivalents at the beginning of the financial year		6,521	2,655
Cash and cash equivalents at the end of the financial year	9	3,533	6,521

The accompanying notes form part of these financial statements

Notes to the financial statements

For the financial year ended 30 June 2021

1. General information

MPower Group Limited is a technology-led company with a dedicated focus on renewable and conventional power system projects, specialising in the design and delivery of renewable energy, battery storage and microgrid solutions. MPower Group Limited is a listed public company, incorporated and domiciled in Australia and is the ultimate parent of the MPower Group (MPower Group Limited and its controlled entities).

The registered office and principal place of business of the company is:

MPower Group Limited
Level 4, 15 Bourke Road
Mascot NSW 2020
Australia

2. Statement of significant accounting policies

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity.

Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the company and the Group comply with International Financial Reporting Standards ('IFRS').

The financial statements were authorised for issue by the directors on 19 August 2021.

The following is a summary of the material accounting policies adopted by the MPower Group in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Basis of preparation

The accounting policies set out below have been consistently applied to all years presented.

The consolidated financial statements have been prepared on the basis of historical costs, except for certain properties and financial instruments that are measured at revalued amounts or fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars unless otherwise noted. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether the price is directly observable or estimated using another valuation technique.

In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of AASB 2, leasing transactions that are within the scope of AASB 16, and the measurements that have some similarities to fair value but are not fair value, such as net realisable value in AASB 2 or value in use in AASB 136.

The MPower Parent has applied the relief available to it in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191. Accordingly, amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Critical accounting judgments and key sources of estimation uncertainty

In the application of the MPower Group's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key estimates – Construction contracts

Construction revenue is recognised by management after assessing all factors relevant to each contract. Significant management estimation is required in assessing the following:

- Estimation of total contract revenue, including determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims;
- Estimation of total contract costs, including revisions to total forecast costs for events or conditions that occur during the performance of the contract, or are expected to occur to complete the contract;
- Estimation of project contingencies; and
- Estimation of stage of completion including determination of project complete date.

For other key estimates refer to: credit losses note 10, warranties note 2(m), share based payments note 2(t) and deferred tax assets note 2(b).

(a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of MPower Group Limited and entities controlled by MPower Group Limited (its subsidiaries).

Control is achieved when MPower Group Limited:

- has the power over the investee;
- is exposed, or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect the returns.

MPower Group Limited reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. A list of subsidiaries is contained in note 13. All controlled entities have a 30 June financial year-end.

The results of the subsidiaries acquired or disposed of during the year are included in consolidated profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the MPower Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. In the parent entity disclosures in note 33 for MPower Group Limited, intra-group transactions ('common controlled transactions') are generally accounted for by reference to the existing (consolidated) book value of the items. Where the transaction value of common control transactions differ from their consolidated book value, the difference is recognised as a contribution by or distribution to equity participants by the transacting entities.

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the MPower Group's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination. Losses applicable to the non-controlling interests in excess of the non-controlling interests' interest in the subsidiary's equity are allocated against the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as required.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with AASB 112 'Income Taxes' and AASB 119 'Employee Benefits' respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payments of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 'Share-based Payment' at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date. The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139, or AASB 137 'Provisions, Contingent Liabilities and Contingent Assets', as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. Statement of significant accounting policies continued

Where a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Business combinations that took place prior to 1 July 2009 were accounted for in accordance with the previous version of AASB3.

(b) Income tax**Current tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantively enacted by the balance date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is recognised in profit or loss except where it relates to items that may be recognised directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised. Capitalised losses are only brought to account when it is probable they will be recouped through future taxable gains.

(c) Construction Contracts

The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the amount invoiced exceeds the revenue recognised to date then the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in construction contracts with customers as the period between the recognition of revenue and the receipt of payment is always expected to be less than one year.

(d) Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs. Refer to note 2(o) for the policy in relation to work in progress and construction contracts

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account recent sales experience, the ageing of inventories, damaged, obsolete, slow moving inventories and other factors that affect inventory value.

(e) Property, plant and equipment

Each class of property, plant and equipment is carried at cost less any accumulated depreciation and impairment.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets, employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed within the MPower Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the MPower Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Land and buildings

Freehold land and buildings are shown at their fair value being the amount that would be received to sell an asset in an orderly transaction between market participants at the measurement date, based on a valuation by external independent valuers, less subsequent depreciation for buildings. Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity, all other decreases are charged to profit or loss.

Depreciation

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

The depreciable amount of all fixed assets including capitalised lease assets are depreciated on a straight-line and diminishing value basis over their useful lives to the MPower Group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Leasehold improvements	6-33%
Plant and equipment	5-40%
Buildings	2.5%
Leased plant and equipment	20-23%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in profit or loss.

(f) Leased assets

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the Group's incremental borrowing rate. This rate has been determined by considering the nature of the leased assets, the Group's credit rating and the borrowing rate of funds in similar economic environments.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset.

The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

(g) Financial assets

Recognition

Financial assets are initially measured at fair value on trade date, which includes transaction costs (other than financial assets at fair value through profit/loss), when the related contractual rights or obligations exist. Subsequent to initial recognition these financial assets are measured as set out below.

Financial assets at fair value through profit or loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or if so designated by management and within the requirements of AASB 139: *Recognition and Measurement of Financial Instruments*. Specifically, the financial asset forms part of a group of financial assets which is managed and its performance is evaluated on a fair value basis, in accordance with the MPower Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in profit or loss in the period in which they arise.

Loans and receivables

Trade receivables, loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method less impairment. Interest income is recognised by applying the effective interest rate.

Fair value

For all quoted investments fair value is determined by reference to observable prices of market transactions for identical assets at or near the measurement date whenever that information is available. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate

The carrying amount of financial assets including uncollectible trade receivables is reduced by the impairment loss through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(h) Impairment of assets

At each reporting date, the MPower Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the MPower Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

2. Statement of significant accounting policies continued

(i) Intangible assets**Goodwill**

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill on acquisition of controlled entities is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing.

If the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to reduce the other assets of the cash-generating units pro-rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash-generating units).

An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period. On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

Patents and trademarks

Patents and trademarks are recognised at cost of acquisition. Patents and trademarks have a finite life and are carried at cost less any accumulated amortisation and any impairment losses.

Research and development

Expenditure during the research phase of a project is recognised as an expense as incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably. Development costs are amortised on a straight line basis over the period during which the related benefits are expected to be realised, once commercial production has commenced.

(j) Foreign currency transactions and balances**Functional and presentation currency**

The functional currency of each of the MPower Group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the MPower Group's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss, except where deferred in equity as a qualifying cash flow hedge.

MPower Group companies

The financial results and position of foreign operations whose functional currency is different from the MPower Group's presentation currency are translated as follows:

- assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- income and expenses are translated at date of transaction and
- retained earnings are translated at the historical exchange rates.

Exchange differences arising on translation of foreign operations are transferred directly to the MPower Group's foreign currency translation reserve in the consolidated statement of financial position. These differences are recognised in the consolidated profit or loss in the period in which the operation is disposed.

In the year ended 30 June 2021 the functional currency for all subsidiaries is AUD.

(k) Employee benefits

A liability is recognised at balance date for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs excluding super.

Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Contributions are made by the MPower Group to employee superannuation funds and are charged as an expense when employees have rendered service entitling them to the contributions.

(l) Provisions

Provisions are recognised when the MPower Group has a present obligation (legal or constructive), as a result of a past event, for which it is probable that the MPower Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(m) Provision for warranties

Provision is made in respect of the MPower Group's estimated liability on all services under warranty at balance date. The provision is measured at the Group's best estimate of the expenditure required to settle the warranty obligation. The provisions have been estimated by reference to the MPower Group's history of warranty claims.

(n) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(o) Revenue

Sale of goods

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, stock rotation, price protection, rebates and other similar allowances. Revenue from sale of goods is recognised upon delivery of goods to customers.

Services revenue

Fixed price contracts

For fixed price services contracts, revenue arises from maintenance and other services supplied to infrastructure assets and facilities which may involve a range of services and processes. The Group has assessed the services provided to be one performance obligation. The transaction price typically contains a fixed lump sum amount. The total transaction price may include variable consideration.

Performance obligations are fulfilled over time as the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs, and the Group enhances assets which the customer controls as the Group performs. Thus control of the goods and services is transferred to the customer over time. Revenue is recognised as the services are provided using cost as the measure of progress. Customers are in general invoiced on a monthly basis for an amount that is in line with costs incurred. Payment is received following invoicing on normal commercial terms. Where payment is received prior to or post recognition of revenue using the percentage cost of completion method, revenue is deferred or accrued for on the balance sheet.

Projects and installation revenue

Design and construction revenue arises from contracts maintained by the Group to design and construct power related infrastructure.

The transaction price is typically a fixed price broken down into various milestone payments. The total transaction price is allocated across each performance obligation based on stand-alone selling prices.

Each performance obligation is fulfilled over time as the Group enhances assets which the customer controls, for which the Group does not have alternative use and for which the Group has right to payment for performance to date. Revenue is recognised as the services are provided using cost as the measure of progress.

Customers are in general invoiced as milestones are achieved which is generally in line with costs incurred. Payment is received following invoice on normal commercial terms. Where payment is received prior to or post recognition of revenue using the percentage cost of completion method, revenue is deferred or accrued for on the balance sheet.

Variable consideration

Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The Group assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. When calculating the estimates of variable consideration, the Group considers available information including historic performance on similar contracts and other information regarding events that affect the variability that are out of the control of the Group.

Where modifications in design or contract requirements are entered into, these are treated as a continuation of the original contract in accordance with the contract modification guidance in AASB 15, and the transaction price and measure of progress is updated to reflect these. Where the price of the modification has not been confirmed, this is treated as variable consideration and an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

Dividend, distribution and interest revenue

Dividend and distribution revenue from investments is recognised when the MPower Group's right to receive payment has been established. Dividends received from associates are accounted for in accordance with the equity method of accounting.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

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

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

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

(r) Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

2. Statement of significant accounting policies continued**(s) Derivative financial instruments**

The MPower Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including foreign exchange forward contracts.

Note 31 contains details of the fair values of the derivative instruments used for hedging purposes.

Derivatives are initially recognised at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative with a positive fair value is recognised as a financial asset; a derivative with a negative fair value is recognised as a financial liability.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Group designates certain hedging instruments, which include derivatives as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in the line of the statement of comprehensive income relating to the hedged item.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line of the statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, when the hedging instrument expires or is sold, terminated or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

(t) Share-based payments

Share-based payments with employees and others providing similar services are measured at the fair value of the equity instrument at the grant date. Fair value is measured by use of the Black-Scholes model. Further details on how the fair value of equity-settled share-based transactions has been determined can be found in note 28.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the group's estimate of equity instruments that will eventually vest.

At each reporting date, the group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss over the remaining vesting period, with corresponding adjustment to the equity-settled employee benefits reserve.

(u) Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of the subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

(v) Government Grants

During the year, the Group became eligible for certain government support in response to the coronavirus pandemic, as explained in Note 14. 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.

(w) Adoption of new and revised Accounting Standards

In the current year, 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 its operations and effective for the current annual reporting period. There has been no material impact of these changes on the Group's accounting policies.

- 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.

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

Impact on application

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:

- 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.

The standards listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(w.1) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements the impact of some of these standards has not been assessed yet.

(x) Going concern

The consolidated statement of profit or loss and other comprehensive income for the year ended 30 June 2021 reflects a total comprehensive loss after tax attributable to owners of \$2 million. The consolidated statement of financial position, consequently, shows negative net assets of approximately \$1 million.

The Directors have reviewed the cash flow forecast prepared by management for the period through to 31 August 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 continue amortising its term debt facility during the period and the Group's banker has been very supportive of the Group to date and the Directors believe it is reasonable to assume that the debt will be rolled over in July 2022 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;
- execution of the Group's Build Own Operate strategy; and
- 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. The Group has the ability to raise equity/debt as and when required.

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.

	2021	2020
	\$'000	\$'000
3. Revenue		
The following is an analysis of the group's revenue for the year from continuing operations (excluding other revenue – refer note 4):		
– Revenue from sale of goods	419	353
– Revenue from the rendering of services	4,321	3,051
– Revenue from projects and installations	6,297	7,451
Total revenue	11,037	10,855

4. Other revenue

Rental Income	–	20
Grant income – COVID-19 Cash Flow Boost and other income	50	55
Total other revenue	50	75

The following is an analysis of other revenue earned on financial assets by category of asset:

Loans and receivables (including cash and bank balances)	–	–
Total interest income for financial assets not designated at fair value through profit or loss	–	–
Rental Income	–	20
Other Income	–	5
Grant income – COVID-19 Cash Flow Boost	50	50
Total other revenue	50	75

5. Other income

Gain on disposal of property held by the Power Property Unit Trust	–	690
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6. Finance costs

Finance costs		
– banks/financial institutions	482	223
– Right of Use Assets lease charges	74	48
Total finance costs	556	271

2021
\$'000

2020
\$'000

7. Loss for the year

The loss before income tax has been determined after:

Depreciation of property plant & equipment and amortisation of right of use assets	293	228
JobKeeper receipts	(485)	(243)
Cash Flow Boost Scheme sundry income	(50)	(50)
Employee benefits expense		
– Post-employment benefits	227	134
– Short-term employee benefits	3,015	2,592
– Share-based payments	6	2
Total employee benefits expense	3,248	2,729
Provision for doubtful debts raised	(15)	(1)
Operating lease rentals – minimum lease payments net of lease surrender benefit	(22)	–
Net foreign exchange loss/(gain)	16	(104)

8. Income tax expense

(a) The components of income tax expense comprise:

Current tax

In respect of the current year	22	–
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Deferred tax

In respect of the current year	–	–
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Total income tax expense recognised in the current year	22	–
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(b) The prima facie tax on loss before income tax is reconciled to income tax as follows:

Prima facie tax benefit on loss before income tax at 26% (2020: 27.5%)	(511)	(1,065)
Add tax effect of:		
– temporary differences not brought to account	218	625
– unused tax losses not brought to account	751	1,690
Income tax expense attributable to the entity	22	–

The applicable weighted average effective tax rates are as follows:	–	–
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The tax rate used for the reconciliations above is the corporate tax rate of 26% payable by Australian corporate entities on taxable profits under Australian tax law.

9. Cash & cash equivalents

	2021	2020
	\$'000	\$'000

9. Cash & cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the statement of consolidated financial position as follows:

Cash and bank balances	3,533	6,521
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The weighted average effective interest rate on cash and cash equivalents for the financial year ended 30 June 2021 was 0.02% (2020: 0.02%).

Reconciliation of loss for the year to net cash flow from operating activities

Loss from operating activities after income tax	(2,065)	(3,875)
Non-cash flows		
– depreciation and amortisation of right of use assets	293	355
– payment of principal of lease liabilities	251	73
– share based payments	6	2
– unrealised currency loss/(gain)	16	(90)
– gain on sale of property, plant and equipment	(13)	(690)
– (gain)/loss on sale of discontinued operations	(271)	1,726
Changes in assets and liabilities – net of sale of subsidiaries		
– decrease in receivables, prepayments and other assets	232	3,939
– decrease in inventories	99	6,568
– decrease in trade creditors & accruals	(3,709)	(6,420)
– decrease in provisions	(158)	(1,393)
Net cash (used in) / generated by operating activities	(5,319)	195

Liquidity risk management

Financing facilities¹

Credit facilities	7,790	9,075
Amounts utilised	(6,285)	(8,777)
Unused credit facilities	1,505	298

1. Finance facilities include bank guarantees and surety bonds.

Loan and other facilities

Loan and other facilities are arranged with a number of Australian institutions with the general terms and conditions being set and agreed to annually. Interest rates are variable and subject to adjustment.

Non-cash financing and investment activities

During the year the MPower Group did not acquire any plant and equipment by means of finance leases and hire purchases (2020: nil).

	2021 \$'000	2020 \$'000
Trade receivables	675	681
Less: Credit loss allowance	(35)	(10)
	640	671
Contract assets – accrued revenue receivable	1,224	1,170
Total trade receivables and contract assets	1,864	1,841
Ageing of past due but not impaired		
60-90 days	4	(7)
Over 90 days	32	38
Total	36	31
Average age of trade receivables (days)	22	23
Movement in credit loss allowance		
Balance at the beginning of the year	10	45
Impairment losses recognised on receivables	–	–
Amounts written off during the year as uncollectible	25	(35)
Balance at the end of the year	35	10

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.

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.

Contract assets

Contract assets are balances due from customers under long term contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the services transferred to date. Amounts are generally reclassified to accounts receivable when these have been invoiced to a customer.

The directors of the Group always measure the loss allowance on amounts due from customers at an amount equal to lifetime expected credit losses, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the reporting period is past due. There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the amounts due from customers under construction contracts.

	2021	2020
	\$'000	\$'000

11. Inventories

At lower of cost and net realisable value:

Raw materials	–	77
Goods-in-transit	–	38
Finished goods	121	105
Total inventories	121	220

The cost of inventory recognised as an expense during the year was \$0.2 million (2020: \$9 million).

12. Other current assets

Current

Prepayments	199	68
Other debtors	–	102
GST receivable	–	284
Total other assets	199	454

13. Subsidiaries

Details of the Group's subsidiaries at 30 June 2021 are as follows:

Entity	Place of incorporation	Class of share	% Owned 2021	% Owned 2020
ACN 071 129 738 Pty Limited ⁽ⁱ⁾	Australia	ord	100	100
Electro Securities Pty Limited	Australia	ord	100	100
MPower Business Services Pty Limited ⁽ⁱ⁾	Australia	ord	100	100
MPower Capital Pty Limited	Australia	ord	100	100
MPower Holdings Pty Limited	Australia	ord	100	100
MPower Nominees Pty Limited	Australia	ord	100	100
MPower Projects Pty Limited	Australia	ord	100	100
Flatbat Ltd ⁽ⁱⁱ⁾	New Zealand	ord	100	100
PISL Limited ⁽ⁱⁱ⁾	New Zealand	ord	100	100
Spedding Ltd ⁽ⁱⁱ⁾	New Zealand	ord	100	100
MPower Samoa Limited ⁽ⁱⁱ⁾	Samoa	ord	100	100

(i) Companies incorporated in New Zealand and Samoa carry on business primarily in their respective countries.

(ii) Companies that are no longer trading.

14. Government grants & government assistance

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

JobKeeper Scheme

Due to the impact of COVID-19 on the Group's turnover, government subsidies of \$485,100 (2020: \$243,000) 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 (2020: \$50,000) under the Australian Federal Government's Cash Flow Boost scheme. The company has booked receipts for Cash Flow Boost scheme in other income.

	2021 \$'000	2020 \$'000
Cost or valuation	906	1,137
Accumulated depreciation	(454)	(742)
Total property, plant & equipment	452	395

Plant & equipment	347	263
Leasehold improvements	105	132
Capitalised leased assets	-	-
Total property, plant & equipment	452	395

Cost	Plant & equipment at cost	Leasehold improvements at cost	Capitalised leased assets at cost	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	4,017	188	634	4,839
Additions	419	137	-	556
Other disposals	(3,486)	(188)	(584)	(4,258)
Balance at 30 June 2020	950	137	50	1,137
Additions	189	-	-	189
Other disposals	(370)	-	(50)	(420)
Balance at 30 June 2021	769	137	-	906

Accumulated Depreciation	Plant & equipment at cost	Leasehold improvements at cost	Capitalised leased assets at cost	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	(3,201)	(188)	(432)	(3,821)
Eliminated on disposals of assets	2,733	188	386	3,307
Depreciation expense	(219)	(5)	(4)	(228)
Balance at 30 June 2020	(687)	(5)	(50)	(742)
Eliminated on disposals of assets	355	-	50	405
Depreciation expense	(90)	(27)	-	(117)
Balance at 30 June 2021	(422)	(32)	-	(454)
Net Balance at 30 June 2021	347	105	-	452
Net Balance at 30 June 2020	263	132	-	395

	2021	2020
	\$'000	\$'000
Current tax liabilities	–	–
Deferred tax balances	–	–

Deferred tax assets not brought to account which will only be realised if the conditions for deductibility set out in note 2(b) occur comprise:

– timing differences	211	431
– revenue losses	10,793	12,488
– capital losses	3,453	4,456

The recoverability of the deferred tax assets has been determined by reference to forecast future taxable profits of the group. As a result of the uncertainty as to the timing of utilisation, of revenue tax losses and timing differences, deferred tax assets of \$11.004 million have not been raised (2020: \$12.919 million). This position is reassessed on an ongoing basis. The losses will remain available indefinitely to offset against future taxable profits, subject to continuing to meet the statutory tax tests of continuity of ownership or failing that, the same business test.

Tax consolidation

The company and its wholly-owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity. The head entity within the tax-consolidated group is MPower Group Limited. The wholly-owned Australian resident entities that are members of the tax-consolidated group are included in the list of subsidiaries in note 13.

Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the company (as head entity in the tax-consolidated group). Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

17. Trade & other payables

Current unsecured liabilities

– trade payables	731	1,364
– sundry payables and accrued expenses	338	2,469
	1,069	3,833

The general policy for subsidiaries within the MPower Group with foreign currency exposure arising from cross border trading is to hedge between 50% and 100% of the exposure. There were no hedges taken out during the year.

The credit period on purchases from overseas suppliers generally ranges from 30 to 90 days. No interest is charged on trade payables paid within the relevant supplier term. Average credit periods for local purchases range from 7 to 30 days.

18. Borrowings

Current

– Bank facilities (secured)	300	5,500
– Other interest bearing liabilities	91	29
	391	5,529

Non Current

– Bank facilities (secured)	5,140	–
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Bank facilities are fully secured by general security agreements granted by certain controlled entities over their assets.

Summary of borrowing and financial facility arrangements

MPower Group Limited (and various subsidiaries) has \$5.4 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 30 June 2021 (2020: nil). Bank facilities have been renegotiated for a further term of 12 months to July 2022 with principal repayments increasing to \$25,000 in July 2021. The facilities are secured by general security agreements and cross guarantees granted by MPower Group Limited and certain group subsidiaries.

	2021	2020
	\$'000	\$'000
19. Provisions		
Employee benefits ^(a)	563	735
Warranties ^(b)	34	78
Total provisions	597	813
Current	574	799
Non-current	23	14
Total provisions	597	813
Warranties		
Opening balance at beginning of year	78	82
Provisions (reversed)/raised during year	(26)	(4)
Amounts used	(18)	–
Balance at end of year	34	78

(a) The provision for employee benefits represents annual leave and long service leave entitlements accrued by employees. A provision has been recognised for employee entitlements relating to long service leave. The calculation for the present value of future cash flows in respect of long service leave is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in note 2.

(b) The provision for warranty claims represents the present value of the directors' best estimate of the future outflow of economic benefits that will be required under the MPower Group's warranty program for projects undertaken. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, other events affecting product quality or changes in the nature of projects undertaken.

20. Other liabilities

Current

Customer deposits in advance	–	34
Contract liabilities	–	2,161
Total current other liabilities	–	2,195

Non-Current

Sundry other liabilities	–	–
Total non-current other liabilities	–	–

Contract liabilities relate to milestone payments received in advance from customers. The stage of completion is used to measure the revenue to be recognised. If the amount of revenue recognised is less than payments received, the difference is included as part of contract liabilities. See note 2(o).

	2021 \$'000	2020 \$'000
218,659,946 (2020: 158,846,416) fully paid ordinary shares	29,503	25,121

21. Issued capital

	Number of shares '000	Share capital \$'000
Balance at 30 June 2019	158,846	25,121
Shares issued during the year ^(a)	–	–
Balance at 30 June 2020	158,846	25,121
Shares issued during the year ^(a)	59,814	4,382
Balance at 30 June 2021	218,660	29,503

Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the company does not have authorised capital or par value in respect of the issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and upon a poll each is entitled to one vote for each share held.

- (a) 58,823,530 shares were issued through an equity raise and 990,000 were issued through employee share option plan during the current financial year (2020: Nil).
- (b) 2,230,000 unlisted executive share options remain on issue at 30 June 2021 (refer note 28).
- (c) 8,000,000 unlisted advisor share options remain on issue at 30 June 2021 (refer note 28).

22. Reserves

	2021 \$'000	2020 \$'000
Revaluation reserve ^(a)	–	–
Share option reserve ^(b)	577	276
Foreign currency translation reserve ^(c)	(272)	(272)
Total reserves	305	4

(a) Revaluation reserve

Balance at beginning of the year	–	425
Revaluation of property net of minority interests transferred to accumulated losses	–	(425)
Balance at end of the year	–	–

(b) Share option reserve

Balance at beginning of the year	276	274
Share based payments for the year	301	2
Balance at end of the year	577	276

The share option reserve records items recognised as expenses in relation to executive share options and advisor options. Refer to note 28 for reconciliation of options at year end.

(c) Foreign currency translation reserve

Balance at beginning of the year	(272)	(220)
Exchange differences arising on translating the foreign operations	–	(52)
Balance at end of the year	(272)	(272)

The foreign currency translation reserve records exchange differences arising on translation of foreign controlled entities.

2021 2020
 \$'000 \$'000

23. Non-controlling interest in controlled entities

Non-controlling interest comprises:

– balance at year end	–	750
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24. Dividends

Recognised amounts

No dividends were paid during the current or previous years.

Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax, amounts transferred in and franking debits arising from payment of dividends

7,420	7,420
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25. Right of use assets & lease liabilities

Right of use assets

At cost	1,182	1,182
Less: Accumulated amortisation	(280)	(104)
	902	1,078

Lease Liabilities

Current	150	133
Non-current	827	977
	977	1,110

Lease liabilities maturity profile

– Year 1	150	133
– Year 2	125	150
– Year 3	108	125
– Year 4	113	108
– Year 5	123	113
– later than six years	358	481
	977	1,110

Consolidated Right of Use Assets

– Adoption of AASB 16	1,182	1,182
– Additions	–	–
– Depreciation/amortisation expense	(280)	(104)
Balance at 30 June 2021	902	1,078

Leases relate to office premises with lease terms of between 1 to 7 years.

26. Segment information

(a) Products and services from which reportable segments derive their revenues

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group's reportable segments under AASB 8 are therefore as follows:

- Power investments – consists of MPower Holdings Pty Limited, MPower Business Services Pty Ltd, MPower Capital Pty Limited, MPower Projects Pty Ltd, MPower Samoa Limited, ACN 071 129 738 Pty Ltd and MPower Nominees Pty Ltd (all 100% owned at 30 June 2021). 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.
- Property investments consist principally of MPower's investments in the Power Property Unit Trust (PPUT) which owned a property previously occupied by MPower in Melbourne, Victoria.

(b) Segment revenues and results

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

	Segment revenue		Segment profit/(loss)	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Continuing operations				
Power investments	11,037	10,842	(356)	(536)
Other (net of inter-segment eliminations)	50	(61)	–	(61)
Revenue and segment profit/(loss) for continuing operations	11,087	10,781	(356)	(597)
Discontinued operations				
	–	15,869	271	(916)
Total revenue and segment profit/(loss)	11,087	26,650	(85)	(1,513)
Depreciation and amortisation expense			(293)	(228)
Finance costs			(556)	(271)
Unallocated costs			(1,131)	(1,863)
Consolidated segment loss for the year			(2,065)	(3,875)

Revenue reported above represents revenue generated from external customers. There was no inter-segment sale during the year. (2020: \$113,813 was rental income charged by the other investments segment to the power investments segment, which was eliminated on consolidation).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, profits of associates, depreciation and amortisation costs, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(c) Segment assets and liabilities

	2021	2020
	\$'000	\$'000
Segments assets		
Power investments	3,560	7,803
Property investments	–	1,720
Total segment assets	3,560	9,523
Unallocated assets	3,511	986
Consolidated assets	7,071	10,509
Segments liabilities		
Power investments	2,256	5,624
Property investments	–	8
Total segment liabilities	2,256	5,632
Unallocated liabilities	5,918	7,848
Consolidated liabilities	8,174	13,480

For the purposes of monitoring performance and allocating resources between segments:

- (i) There are no assets used jointly by reportable segments.
- (ii) There are no liabilities for which reportable segments are jointly liable.
- (iii) Corporate assets and liabilities with no defined segment are classified as unallocated.

(d) Other segment information

	Depreciation and amortisation		Additions to non-current assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Power investments	290	198	189	228
Unallocated	3	9	–	2
Discontinued operations	–	148	–	34
Total	293	355	189	264

(e) Revenue from major products and services

The following is an analysis of the Group's revenue from continuing and discontinued operations from its major products and services.

	2021	2020
	\$'000	\$'000
Power investments – project and installations revenue	6,297	7,451
Power investments – sale of goods & rendering of service	4,740	3,391
Other	–	(61)
Total continuing operations	11,037	10,781
Discontinued operations	–	15,869
Total	11,037	26,650

(f) Geographical information

The investment in the power sector has business segments located across Australia and New Zealand (discontinued). Specifically, geographical segments consist of branches and activities across Australia and includes overseas projects managed in Australia. In the prior year the product distribution businesses were included in both regions. The product distribution businesses were sold during the prior year.

The Group's revenue from continuing and discontinued operations from external customers and information about its non-current assets by geographical location are detailed below.

	Revenue from external customers		Non-current assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Australia	11,037	10,930	1,354	1,473
Discontinued operations	–	15,030	–	–
Total (excluding Other Income)	11,037	25,960	1,354	1,473

(g) Information about major customers

Included in revenues arising from power projects and installation revenue of \$6.3 million (2020: \$7.45 million) are revenues of \$6.03 million (2020: \$2.5 million) which arose from sales to the Group's largest customer.

27. Auditor's remuneration

	2021	2020
	\$'000	\$'000
Remuneration of the auditor of MPower Group:		
Deloitte Touche Tohmatsu (including network member firms)		
– Auditing or reviewing financial statements	–	45
Stantons International (including network member firms)		
– Auditing or reviewing financial statements	44	25
Total	44	70

28. Share based payments**Executive Share Option Plan**

The following share-based payment arrangement existed at 30 June 2021.

Under the MPower Group Limited Executive Share Option Plan, the remuneration committee may offer options to executives having regard to their length of service with the Group, the contribution made to the MPower Group by the executive, the potential contribution of the executive and any other matters considered relevant.

The maximum number of options that can be on issue at any time is 5% of the shares on issue at that time. In addition, the maximum number of options that can be issued to any one executive is 2,350,000 (2020: 2,350,000).

An option may be exercised, if vested, by the relevant participant lodging a Notice of Exercise of Option and Application for Shares, together with the exercise price for each share to be issued on exercise. Options may only be exercised by a participant at the times and in the numbers and subject to the satisfaction of any conditions set by the remuneration committee at the time of the offer of the options. The remuneration committee may stipulate that options may only be exercised if the Group achieves stipulated performance benchmarks.

There are no performance criteria that need to be met in relation to the options currently on issue, except service condition where the executive remains with the group. An option not exercised will lapse on the expiry of the exercise period or if the relevant senior manager no longer provides services to or is no longer employed by the company. Unless the remuneration committee determines otherwise, options may not be transferred.

There were 760,000 options granted under the MPower Group Limited Executive Share Option Plan during the year ended 30 June 2021 (2020: 2,100,000).

	MPOWER Group		Weighted average exercise price	
	2021 No.	2020 No.	2021 \$	2020 \$
Movement in the number of share options held by executives are as follows:				
Opening balance	2,724,000	2,173,500	0.0416	0.0804
Granted during year	760,000	2,100,000	0.0300	0.0300
Exercised during the year	(990,000)	–	0.0200	–
Lapsed during the year	(264,000)	(1,549,500)	0.0978	0.0200
Balance at end of the year	2,230,000	2,724,000	0.0300	0.0416
Number of holders of ESOP share options	5	3		

Details of the options on issue at year end were as follows:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options
15-Oct-19	31-May-22	\$0.0300	\$0.02	630,000
15-Oct-19	31-May-23	\$0.0300	\$0.02	840,000
19-Oct-20	31-May-22	\$0.0300	\$0.03	228,000
19-Oct-20	31-May-23	\$0.0300	\$0.03	228,000
19-Oct-20	31-May-24	\$0.0300	\$0.03	304,000
Total				2,230,000

During the year 760,000 share options were granted under the MPOWER Group Limited Executive Share Option Plan, 990,000 options were exercised and 264,000 share options lapsed. No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

The options outstanding at 30 June 2021 had a weighted average exercise price of \$0.0300 and a weighted average remaining contracted life of 1.67 years.

The fair value of options issued is calculated by using a Black Scholes option pricing model. Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of potential future movements, which may not eventuate. This method includes the inputs set out in the table below.

Expiry date	31-May-22	31-May-22	31-May-23	31-May-23	31-May-24
Share price of the asset at grant date (\$)	0.020	0.030	0.020	0.030	0.030
Exercise price (\$)	0.030	0.030	0.030	0.030	0.030
Risk free rate	2.75%	0.87%	2.75%	0.87%	0.87%
Annualised time to expiry (years)	2.627	1.622	3.627	2.627	3.627
Volatility of asset	85.30%	139.67%	85.30%	139.67%	139.67%

Included under employee benefits expense in the statement of profit or loss and other comprehensive income is an expense of \$5,645 (2020: \$2,230) relating to equity-settled share-based payment transactions.

28. Share based payments continued

Advisor Options

The following share-based payment arrangement existed at 30 June 2021.

An option may be exercised, if vested, by the relevant participant lodging a Notice of Exercise of Option and Application for Shares, together with the exercise price for each share to be issued on exercise. Options may only be exercised by a participant at the times and in the numbers and subject to the satisfaction of any conditions set out in the terms and conditions governing the advisor options.

There were 8,000,000 options granted during the year ended 30 June 2021 (2020: Nil).

Details of the options on issue at year end were as follows:

Grant date	Expiry date	Exercise price	Fair value at grant date	Number of options
22-Feb-21	27-Apr-24	\$0.17	\$0.07	8,000,000
Total				8,000,000

The fair value of options issued is calculated by using a Black Scholes option pricing model. Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of potential future movements, which may not eventuate. This method includes the inputs set out in the table below.

Expiry date	27-Apr-24
Share price of the asset (\$)	0.100
Exercise price (\$)	0.170
Risk free rate	1.32%
Asset income rate (eg dividend rate)	0.00%
Annualised time to expiry (years)	2.992
Volatility of asset	146.20%

29. Related parties

Parent entity

The parent entity and ultimate parent entity of the group is MPower Group Limited.

Controlled entities

Information relating to controlled entities is set out in note 13.

Director related entities

(a) Tag Private Pty Limited

Peter Wise has a controlling interest in Tag Private Pty Ltd through family interests and Nathan Wise is a director of the company. During the year the company was entitled to management fees and allowances for services rendered of \$75,000 and \$75,000 in long service leave entitlements. (2020: \$124,500). 170,776 ordinary shares held in MPower Group Limited were acquired by Tag Private Pty Limited during the year (2020: No shares acquired). The details of the fees and executive share options are included in the remuneration of directors' disclosures in the Directors' Report. The company held no unlisted executive share options during the year.

(b) Investment Associates Pty Limited

Nathan Wise has a controlling interest in Investment Associates Pty Ltd through family interests. During the year the company received management fees for services rendered and bonus paid of \$399,690 (2020: \$355,833). There were no unlisted executive share options over unissued ordinary shares in MPower Group Limited granted during the year (2019: 1,300,000). During the year 240,000 unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited lapsed. During the year 750,000 unlisted executive share options held by the company over unissued ordinary shares in MPower Group Limited were exercised. The details of the fees and executive share options are included in the remuneration of directors' disclosures in the Directors' Report.

Directors

The names of the directors of the MPower Group during the year under review were Peter Wise, Nathan Wise, Gary Cohen, Robert Constable, and Robert Moran. Information on the remuneration of directors and their respective periods of service is set out in the Directors' Report. Information on directors' interests in shares and options is detailed in the Directors' Report.

Key management personnel

The names and positions held by key management personnel of the MPower Group who have held office during the current and previous financial years are:

- Peter Wise – Chairman
- Nathan Wise – Chief Executive Officer and Managing Director
- Gary Cohen – Non-executive Director (resigned 25 May 2021)
- Robert Constable – Non-executive Director
- Robert Moran – Non-executive Director
- Ryan Scott – General Manager

The aggregate compensation made to directors and other key management personnel of the parent entity and consolidated group are set out below:

	MPower Group	
	2021	2020
	\$	\$
Short-term employee benefits	857,653	923,947
Post-employment benefits	21,515	25,348
Other payments	–	–
Share based payments	4,209	6,238
	883,377	955,533

Key management personnel remuneration has been included in the remuneration section of the Directors' Report.

30. Loss per share

	2021	2020
	cents	cents
	per share	per share
Basic loss per share from continuing and discontinued operations	(1.2)	(2.7)
Diluted loss per share from continuing and discontinued operations	(1.2)	(2.7)
Basic loss per share from continuing operations	(1.4)	(1.6)
Diluted loss per share from continuing operations	(1.4)	(1.6)
	2021	2020
	\$'000	\$'000

Reconciliation to net loss

Net loss after income tax from continuing and discontinued operations	(2,065)	(3,875)
Attributable to non-controlling interests	–	(338)
Earnings used in the calculation of basic and diluted earnings per share	(2,065)	(4,213)
Weighted average number of shares used in the calculation of basic earnings per share	170,648,979	158,846,416
Weighted average number of shares used in the calculation of diluted earnings per share	170,648,979	158,846,416

No dilution has been included as losses were incurred in the current and previous years.

31. Financial instruments

(a) Capital risk management

The MPower Group manages its capital to ensure that entities in the MPower Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. This strategy remains unchanged from the previous year.

The capital structure of the MPower Group consists of cash and cash equivalents, debt (including the borrowings disclosed in note 18), and equity attributable to equity holders of the MPower Parent, comprising issued capital (disclosed in note 21), reserves (disclosed in note 22) and accumulated losses. The MPower Group also utilises certain off-balance sheet bank financing arrangements, including documentary credit facilities for the provision of performance guarantees to customers.

Gearing ratio

The MPower Group's senior management reviews the capital structure on a semi-annual basis. As part of this review, senior management considers the cost of capital and the risks associated with each class of capital. The MPower Group has a target gearing ratio in line with the industry custom that is determined as a proportion of net debt to equity. The MPower Group balances its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

The gearing ratio at year-end was as follows:

Debt ⁽ⁱ⁾	5,531	5,529
Cash and cash equivalents	(3,533)	(6,521)
Net (cash)/debt	1,998	(992)
Equity ⁽ⁱⁱ⁾	(1,103)	(2,971)

The net debt to equity ratio at 30 June 2021 is not meaningful as equity is negative. The net debt to equity ratio at 30 June 2020 was not meaningful as equity is negative.

- (i) Debt is defined as long-term and short-term borrowings, as detailed in note 18.
- (ii) Equity includes all capital, reserves and non-controlling interests.

(b) Categories of financial instruments

	2021	2020
	\$'000	\$'000
Financial assets		
Trade and other receivables	1,864	1,841
Cash and cash equivalents	3,533	6,521
Other assets	–	386
Total financial assets	5,397	8,748
Financial liabilities		
Amortised cost	7,577	10,472
Total financial liabilities	7,577	10,472

(c) Financial risk management objectives

The MPower Group's corporate treasury function provides services to the business, including negotiation and ongoing co-ordination of financing facilities, and monitors and manages the financial risks relating to the operations of the MPower Group through internal risk reports which analyse exposures by degree and magnitude of risks. These risks include market risk (including currency risk, fair value interest rate risk and price risk), credit risk, liquidity risk and cash flow interest rate risk where appropriate.

The MPower Group generally hedges 50% to 100% of its foreign currency exposures. The MPower Group does not enter into or trade financial instruments for speculative purposes. There were no hedges taken out during the year.

The board of MPower Group Limited is ultimately responsible for ensuring that there is an effective risk management control framework in place.

(d) Market risk

The MPower Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates (refer note 31(e)) and interest rates (refer note 31(f)).

Market risks are reviewed at least monthly at a MPower Group level and at a subsidiary company level.

There has been no change to the MPower Group's exposure to market risks or the manner in which it manages and measures the risk from the previous year.

(e) Foreign currency risk management

The MPower Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise.

To manage its exposure to foreign currency risk the MPower Group generally enters into forward foreign exchange contracts to hedge the exchange rate risk arising on sales denominated in foreign currencies. There were no hedges taken out during the year.

The carrying amount of the MPower Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date is as follows:

	Liabilities		Assets	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
US Dollars	–	11	2	–
Euros	–	2	–	–
Total	–	13	2	–

Foreign currency sensitivity analysis

The following table details the MPower Group's sensitivity to a 10% increase or decrease in the Australian Dollar against the relevant foreign currencies. This sensitivity of 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. A positive number indicates an increase in profit where the Australian Dollar strengthens against the respective currency. For a weakening of the Australian Dollar against the respective currency, there would be an equal and opposite impact on the profit, and the balances below would be negative.

	2021	2020
	\$'000	\$'000
Profit or loss		
US Dollars	–	1
Total	–	1

31. Financial instruments continued

(f) Interest rate risk management

The MPower Group is exposed to interest rate risk as entities in the MPower Group borrow funds at floating interest rates. The MPower Group does not enter into interest rate hedging activities.

Exposures to interest rates on the financial liabilities of the MPower Group are detailed in note 31(h) below.

Interest rate sensitivity analysis

The following analysis illustrates the MPower Group's sensitivity to a 200 basis point (i.e. 2% p.a.) increase or decrease in nominal interest rates, based on exposures in existence at the reporting date. This represents management's assessment of the reasonably possible change in interest rates as at that date.

At reporting date, if interest rates on borrowings had been 200 basis points higher (or lower) and all other variables were held constant, the MPower Group's net loss would increase/(decrease) by \$111,000 (2020: \$111,000). This is mainly attributable to the MPower Group's exposure to interest rates on its variable rate borrowings.

There was no significant change in the MPower Group's sensitivity to interest rates during the current year.

At reporting date, if interest rates had been 200 basis points higher (or lower) and all other variables were held constant, the MPower Group's net profit would increase/(decrease) on deposits by \$71,000 (2020: \$130,000). This is mainly attributable to the MPower Group's exposure to interest rates on its cash and cash equivalents.

(g) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the MPower Group. The MPower Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The MPower Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of each operating subsidiary on a regular basis.

Trade receivables consist of a large number of customers, spread across diverse industries and geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The group has assessed the expected credit loss on receivables and have used a provision matrix to measure the Group's estimated impairment losses (refer note 10)

The MPower Group does have a significant credit risk exposure to a group of counterparties, as at 30 June 2021 the top 5 debtors had a balance of \$336,000. The Group has provided an expected credit loss of \$35,000. The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The following table sets out the carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, representing the MPower Group's maximum exposure to credit risk without taking account of the value of any collateral obtained:

	Maximum risk	
	2021	2020
	\$'000	\$'000
MPower Group		
Trade receivables	675	1,841
Total	675	1,841

The Company has a policy to maintain balances with reputed banks to minimise the counterparty risk.

(h) Liquidity risk management

Liquidity risk is the risk that the MPower Group will encounter difficulty in meeting its obligations associated with financial liabilities.

Ultimate responsibility for liquidity risk management rests with the MPower Parent board of directors, who have built an appropriate liquidity risk management framework for the management of the MPower Group's short, medium and long-term funding and liquidity management requirements. The MPower Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in note 9 is a listing of additional undrawn facilities that the MPower Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following tables detail the MPower Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the MPower Group can be required to pay. The table includes both interest and principal cash flows.

MPower Group

Financial liabilities	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000
2021					
Non-interest bearing liability	–	942	340	–	–
Lease liability	7.00	52	161	483	543
Variable interest rate instruments	4.96	166	225	5,140	–
Total		1,160	726	5,623	543
2020					
Non-interest bearing liability	–	1,900	1,934	–	–
Lease liability	7.00	51	156	546	694
Variable interest rate instruments	4.96	5,565	–	–	–
Total		7,516	2,090	546	694

MPower Group (and subsidiaries) has an available performance guarantee and surety bond facility with Vero Insurance. There were performance guarantee and surety bond contracts in respect of open construction contracts at year end of \$772,177 (2020: \$3,165,459). At the end of the year it was not probable that the counterparty to any of the performance guarantee contracts will claim under the contract. Consequently, the amount included in the above table is nil.

The MPower Group is planning to finance the payment of the above liabilities by way of expected cash-flow arising from operating activities based upon prepared forecasts and budgets.

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

MPower Group

Financial assets	Weighted average effective interest rate	Less than 3 months	3 months to 1 year	1-5 years	5+ years
	%	\$'000	\$'000	\$'000	\$'000
2021					
Non-interest bearing	–	675	–	–	–
Variable interest rate instruments	0.15	3,533	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		4,208	–	–	–
2020					
Non-interest bearing	–	671	–	–	–
Variable interest rate instruments	0.15	6,521	–	–	–
Forward exchange contracts	–	–	–	–	–
Total		7,192	–	–	–

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

31. Financial instruments continued

(i) Fair value measurements recognised in the consolidated statement of financial position**Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis**

NIL

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of the following financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values at 30 June:

	2021	2020
	\$'000	\$'000
Financial assets		
Trade and other receivables	1,864	1,841
Cash and cash equivalents	3,533	6,521
Other Assets	–	386
Total financial assets	5,397	8,748
Financial liabilities		
Trade and other payables	1,069	3,833
Borrowings	5,531	5,529
Lease liabilities	977	1,110
Total financial liabilities	7,577	10,472

32. Discontinued operations

Part A

During the prior year a provision of \$1.7 million was recognised for the finalisation of the distribution businesses that were sold in February 2020. A payment of \$1.25 million was made by the company on 16 December 2020 to finalise the sale and the balance was recognised as a gain in the current year.

The results of the discontinued operation relating to the sale of business, which have been included in the profit or loss for the year, was a gain of \$0.3 million (2020: Loss of \$1.7 million).

Part B

Property held by the Group at Rowville Victoria was sold in May 2020. The gross sale value of the property was \$2.6 million representing a net gain of approximately \$0.7 million over the carrying value. During August 2020 final distributions were paid to the unit holders and subsequently the Power Property Unit Trust was wound-up.

Financial performance and cash flow information

	2021 \$'000	2020 \$'000
Revenue	–	134
Gain on sale of property		705
Operating expenses	–	(93)
Profit before income taxes	–	746
Income tax benefit	–	–
Profit from income tax	–	746
Net cash outflow from ordinary activities	(98)	(97)
Net cash inflow from investing activities	–	2,600
Net cash outflow from financing activities ¹	(1,616)	(1,033)
Net decrease in cash generated by the subsidiaries	(1,714)	1,470

1. Gross distributions made by Power Property Unit Trust.

Details of the sale of the property

Consideration received	–	2,600
Carrying amount of net assets sold	–	(1,895)
Gain on sale	–	705

The carrying amounts of assets and liabilities as at the date of sale

Current assets

Cash and cash equivalents	–	1,714
Other Current Assets	–	5
Total financial assets	–	1,719

Current liabilities

Trade and other payables	–	(8)
Total current liabilities	–	(8)
Net Assets	–	1,711

	MPower Parent	
	2021	2020
	\$'000	\$'000
33. Parent entity disclosures		
(a) Financial position		
Assets		
Current assets	3,550	1,232
Non-current assets	4	5
Total assets	3,554	1,237
Liabilities		
Current liabilities	823	7,848
Non-current liabilities	5,140	–
Total liabilities	5,963	7,848
Equity		
Issued capital	29,503	25,121
Accumulated losses	(32,217)	(32,008)
Share option reserve	305	276
Total (deficiency)/equity	(2,409)	(6,611)
(b) Financial performance		
Loss for the year	(209)	(7,655)
Other comprehensive income	–	–
Total comprehensive loss	(209)	(7,655)
(c) Guarantees entered into by the parent entity		
The parent entity, MPower Group Limited, has provided the following guarantees in relation to its subsidiaries:		
(i) Cross guarantees under banking facilities as detailed in note 18		
(ii) Cross guarantee under surety bond facility provided by Vero Insurance.		
(iii) Securities provided for the loan refer to note 18		
(d) Contingent liabilities of the parent entity		
Refer note 35 for contingent liabilities of the parent entity.		
(e) Commitments for the acquisition of property, plant and equipment by the parent entity		
There are no commitments for the acquisition of property, plant and equipment by the parent entity.		

(c) Guarantees entered into by the parent entity

The parent entity, MPower Group Limited, has provided the following guarantees in relation to its subsidiaries:

- (i) Cross guarantees under banking facilities as detailed in note 18
- (ii) Cross guarantee under surety bond facility provided by Vero Insurance.
- (iii) Securities provided for the loan refer to note 18

(d) Contingent liabilities of the parent entity

Refer note 35 for contingent liabilities of the parent entity.

(e) Commitments for the acquisition of property, plant and equipment by the parent entity

There are no commitments for the acquisition of property, plant and equipment by the parent entity.

34. Subsequent events

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

35. Contingent liabilities & contingent assets

In the ordinary course of business, contingent liabilities exist in respect of claims and potential claims against entities in the consolidated entity. The consolidated entity does not consider that the outcomes of any such claims known to exist at the date of this report, either individually or in aggregate, are likely to have a material effect on its operations or financial position.

In August 2021 Astronergy Solar Australia Pty Limited notified MPower Projects Pty Limited of a claim for liquidated damages relating to an alleged delay in achieving commercial operations in respect of two projects. This claim is disputed by MPower Projects Pty Limited. MPower Projects Pty Limited has back-to-back arrangements with key subcontractors in respect of delay liquidated damages.

Directors' declaration

The directors of MPower Group Limited declare that:

- (a) 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;
- (b) the attached financial statements are in compliance with International Financial Reporting Standards, as stated in note 2 to the financial statements;
- (c) 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 for the year ended 30 June 2021; and
- (d) the directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors made pursuant to section 295(5) of the Corporations Act 2001.

On behalf of the directors



Peter Wise AM
Chairman

Sydney, 23 August 2021



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23 August 2021

Board of Directors
Mpower Group Limited
Level 4, 15 Bourke Road
Mascot NSW 2020

Dear Directors

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 audit of the financial statements of Mpower Group Limited for the year ended 30 June 2021, 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 audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely

STANTONS INTERNATIONAL AUDIT AND CONSULTING PTY LTD

Martin Michalik
Director





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**INDEPENDENT AUDITOR'S REPORT
 TO THE MEMBERS OF
 MPOWER GROUP LIMITED**

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Mpower Group Limited the Company and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (i) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the 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 (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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Relating to Going Concern

Without modifying our audit opinion expressed above, attention is drawn to the following matter.

As referred to in Note 2(x) to the financial statements, the consolidated financial statements have been prepared on a going concern basis. At 30 June 2021, the Group had cash and cash equivalents of \$3,533,000, and incurred a loss after income tax from continuing operations of \$2,336,000. The Group had working capital of \$3,533,000 as at 30 June 2021. The Group's main bank facility of \$5,440,000 was extended in June 2021 for a further 12 months to July 2022 with principal repayments of \$25,000 per month starting in July 2021.

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 2(x) 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.



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Key Audit Matters

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matter described below to be a Key Audit Matter to be communicated in our report.

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How the matter was addressed in the audit
<p>Revenue Recognition</p> <p>Revenue recognition is considered to be a key audit matter due to the material amounts involved and significant audit effort expended.</p> <p>These procedures included addressing the unique circumstances of the individualised contract arrangements that the Group enters into, the significance of the Group's judgements relating to the point in time at which revenue is recorded, in particular those relating to the satisfaction of performance obligations and transfer of control of assets.</p> <p>We focused on sales as a key audit matter due to these conditions leading to increased risk of incorrect revenue recognition.</p>	<p>Inter alia, our audit procedures included the following:</p> <ul style="list-style-type: none"> i. We assessed the Group's revenue recognition policies against the requirements of AASB 15 (<i>Revenue from Contracts with Customers</i>); ii. We tested a sample of significant customer contracts and read the terms and conditions of sale to understand the features distinguishing the revenue elements against performance obligations and the revenue recognition; and iii. We obtained management's written assessments and discussed with management the compliance with the performance obligations (including any potential future contract losses) and revenue recognition within these significant contracts, including the accounting for contract assets and contract liabilities. iv. Ensured completeness and accuracy of the financial statements to ensure appropriate disclosures are made



Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, 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 opinion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report.

The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

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.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We 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.

We 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 obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

The Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements. We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 6 to 11 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Mpower Group Limited for the year ended 30 June 2021 complies with section 300A of the Corporations Act 2001.

Responsibilities

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

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

Stantons International Audit & Consulting Pty Ltd

A handwritten signature in blue ink, appearing to read "Martin Michalik".

Martin Michalik
Director
West Perth, Western Australia
23 August 2021

Securityholder information

The following information is current as at 19 August 2021:

Shareholders

Spread of shareholders

Range	Number of shareholders	Percentage
1-1,000	532	0.11
1,001-5,000	590	0.77
5,001-10,000	342	1.18
10,001-100,000	565	9.25
100,001 and over	201	88.69
Total	2,230	100.00

1,304 shareholders held less than a marketable parcel.

Substantial shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	86,280,448	39.64

Twenty largest shareholders

Name	Number of shares	Percentage
TAG PRIVATE PTY LIMITED	77,242,294	35.33
KV MANAGEMENT (NOMINEES) PTY LTD	8,914,152	4.08
MR HAN SWEE TAN	7,835,295	3.58
MR PAUL DOUGLAS SHARP	6,214,125	2.84
MR GEORGE CHIEN-HSUN LU	5,350,000	2.45
MR FRANK LEVIN	3,400,000	1.55
DR JOHN ALOIZOS & MRS MURIEL PATRICIA ALOIZOS <SUPERANNUATION FUND NO 2 A/C>	3,000,000	1.37
JOHN WILLIAM QUAYLE	2,884,615	1.32
MS LAY HOON LEE	2,518,639	1.15
MRS PENELOPE MARGARET SIEMON	2,145,435	0.98
JINDABYNE CAPITAL PTY LTD <PROVIDENCE EQUITY A/C>	2,075,000	0.95
PAUL DOUGLAS SHARP & LISA MARIE SHARP <THE PAUL SHARP CHILDRENS TRUST>	1,940,737	0.89
MR DWAYNE PAUL LANGE & MRS ANGELA GAYE LANGE <LANGE SUPER FUND A/C>	1,526,275	0.70
MR GEORGE CHIEN HSUN LU & MRS JENNY CHIN PAO LU	1,424,000	0.65
MR BRIAN ROBERT O'MALLEY	1,342,344	0.61
ANDREW HAAVISTO	1,337,143	0.61
MULTI TECH SYSTEMS PTY LTD <BHATIA SUPERANNUATION A/C>	1,300,000	0.59
MS XIAODAN WU	1,248,907	0.57
QUANTAL GROUP PTY LTD	1,169,782	0.54
JINDABYNE CAPITAL PTY LTD <PROVIDENCE EQUITY A/C>	1,100,000	0.50
Total	133,968,743	61.26

Voting rights

At meetings of members each member may vote in person or by proxy, attorney or (if the member is a body corporate) corporate representative. On a show of hands every person present who is a member or a representative of a member has one vote and on a poll every member present in person or by proxy or attorney has one vote for each fully paid ordinary share held.

On-market buy-back

MPower Group Limited has an on-market buy-back facility in place for up to 10% of its issued shares and operating with no fixed duration. A total of 1,532,983 shares have been purchased by the company under the on-market buy-back for an amount of \$368,541.

Stock exchange listing

Fully paid ordinary shares issued by MPower Group Limited are quoted on the Australian Securities Exchange (under the code MPR).

Corporate directory

Directors

Peter Wise AM (Chairman)
Nathan Wise (CEO)
Robert Constable
Robert Moran

Company secretary

Neil Langridge (CFO)

Registered office

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