

2022 Appendix 4E Preliminary Final Report

Mayfield Group Holdings Ltd ABN 57 010 597 672



1. Company details

Name of entity:	Mayfield Group Holdings Ltd
ABN:	57 010 597 672
Reporting period:	For the year ended 30 June 2022
Previous period:	For the year ended 30 June 2021

2. Results for announcement to the market

		% Restated*	\$
Revenues from ordinary activities	up	35.4% to	82,325,382
Loss from ordinary activities after tax attributable to the owners of Mayfield Group Holdings Ltd	down	170.1% to	(1,810,487)
Loss for the year attributable to the owners of Mayfield Group Holdings Ltd	down	170.1% to	(1,810,487)

* Refer to note 3 for detailed information on the Restatement of comparatives.

Dividends

There were no dividends paid, recommended or declared during the current financial period.

Comments

The loss for the Consolidated Entity after providing for income tax and non-controlling interest amounted to \$1,810,487 (30 June 2021: profit of \$2,580,881).

The performance of the electrical manufacturing and newly acquired telecommunications activities were in line with expectations. The consolidated loss was largely due to Mayfield Services Pty Ltd (formerly known as STE Solutions Pty Ltd) incurring a \$3m loss for the year ending 30 June 2022. Mayfield Services Pty Ltd (MS) provides construction and maintenance services in the high-voltage facilities and infrastructure sector. MS's loss was the result of significant cost overruns on a major construction project and the flow-on effect on maintenance services revenues. The impact of COVID-19 cross-border restrictions between South Australia and Victoria also impacted maintenance services revenues.

Management and strategy changes have been made at MS. The business has expanded its maintenance services to include critical, low voltage infrastructure, and withdrawn from construction activities, except for installation opportunities firmly within MS's capability. The business has been renamed Mayfield Services Pty Ltd to build on the Mayfield brand and embed MS as the services provider for Mayfield Industries' products. Business development will initially focus on opportunities within South Australia and Victoria, but then expand to WA where Mayfield Industries has a manufacturing facility.

Despite the consolidated loss, Mayfield has generated positive operating cash flows driven largely by the timing of cash receipts and payments, and the adequate cash performance of subsidiaries. In addition, Mayfield acquired \$3.2m of cash through the full acquisition of ATI Australia Pty Ltd (ATI), although partly utilised to repay ATI's borrowings of \$1.4m.

Mayfield holds more inventory, intangibles (goodwill and capitalised product development costs), contract assets, right-of-use assets, and leased liabilities, all driven by the full acquisition of ATI.

Revenue and activity

Revenue was well up on the prior period driven by improved demand and the 8-months contribution from the acquired telecommunications business, ATI Australia Pty Ltd. However, revenue was still below expectations, driven by the impact of COVID-19 resulting in supply chain delays, accessibility of work-in-hand driven by restrictions on cross-border travel, closure of offices and staff illness. In addition, revenue was also adversely impacted by bad weather/flooding in NSW.

Electrical manufacturing benefitted from a strong work-in-hand throughout the year, although COVID-19 and supply chain delays resulted in client delays and congestion in production that hampered efficiency. Margins improved through the year as the mix of work won in 2022 increased, and the low margin impacted by COVID-19 reduced.

Production through the manufacturing workshop in Henderson WA continues to grow with strong work-in-hand reflecting continued demand. Further investments in capacity and efficiency are planned for 2023.



Electrical manufacturing successfully delivered the 17 switchrooms for the Sydney Metro City & Southwest Line-Wide project, with only minor site works remaining at year-end. Delivery also commenced on the first of 8 switchrooms for the Lynas Rare Earth processing plant project in Kalgoorlie WA. The manufacturing business retained a strong orderbook throughout the year and has taken this into 2023. In June 2022, Mayfield Industries was awarded 10 switchrooms for the Kurri Kurri Gas-fired Power Station in NSW.

Mayfield Services Port Augusta Renewable Energy Park (PAREP) substation installation project in SA was successfully delivered. However, the separate 80-megawatt solar farm electrical construction contract incurred severe client delays and other contractual difficulties that resulted in significant cost overruns. MS has now exited construction works activities to concentrate on maintenance and asset installation services.

COVID-19 impacted Mayfield Services Pty Ltd (MS) Electrical maintenance services in H1, but the Ballarat facility was able to reopen in December. Cross-border travel restrictions between VIC and SA were also lifted at the end of H1, allowing maintenance crews to move more freely. Re-building the maintenance orderbook is taking longer than expected, although, in H2, a 3-year panel maintenance contract was won with a major renewable operator in Victoria.

3. Net tangible assets

	Reporting period Cents	Previous period Cents Restated*
Net tangible assets per ordinary security	16.62	19.34

For comparison purposes, the number of securities in the previous period is the number of ordinary securities issued to Mayfield shareholders at acquisition.

* Refer to note 3 for detailed information on restatement of comparatives.

4. Dividends

Current period

There were no dividends paid, recommended or declared during the current financial period.

Previous period

There were no dividends paid, recommended or declared during the previous financial period.

5. Details of associates and control gained over associates

Name of associate / joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$	Previous period \$
ATI Australia Pty Ltd	-	40%	218,959	421,142
<i>Group's aggregate share of associates and joint venture entities' profit/(loss) (where material)</i>				
Profit/(loss) from ordinary activities before income tax			218,959	421,142

The reporting entity acquired the remaining 60% of ATI Australia Pty Ltd (ATI) on 15 November 2021, when it became a wholly owned subsidiary of Mayfield.

	\$
Contribution of ATI to the reporting entity's profit/(loss) from ordinary activities before income tax during the period.	572,464



The total profit contribution of ATI Australia Pty Ltd (ATI) for the year was \$572,464 consisting of the \$218,959 equity-accounted profits and the \$353,505 after the full acquisition of ATI on 15 November 2021.

6. Audit qualification or review

Details of audit/review dispute or qualification (if any):

The financial statements are in the process of being audited.

7. Attachments

Details of attachments (if any):

The preliminary final Financial Statements of Mayfield Group Holdings Ltd and controlled entities for the year ended 30 June 2022 are attached.

8. Signed

Signed 

Date: 26 August 2022

JB Hobbs
Director
South Australia



Mayfield Group Holdings Ltd and controlled entities

ABN 57 010 597 672

Consolidated Financial Statements - 30 June 2022 (Unaudited)

Mayfield Group Holdings Ltd and controlled entities
Consolidated statement of profit or loss
For the year ended 30 June 2022



	Note	30 June 2022	30 June 2021
		\$	\$
			Restated*
Revenue	5	82,325,382	60,785,046
Share of profits of associates accounted for using the equity method	14	218,959	427,176
Other income	6	395,731	3,337,651
Capital restructure benefit		-	763,110
Interest income		8,908	2,947
Expenses			
Raw materials and consumables used		(45,437,154)	(29,337,336)
Employee benefits expense		(33,287,243)	(26,996,677)
Depreciation and amortisation expense	7	(2,153,305)	(2,127,985)
Occupancy expense		(555,833)	(451,919)
Finance expense	7	(239,837)	(196,908)
Advertising expense		(68,373)	(147,563)
Other expenses		(3,809,539)	(2,905,681)
Profit/(loss) before income tax	7	(2,602,304)	3,151,861
Income tax (expense)/benefit	8	791,817	(546,938)
Profit/(loss) after income tax for the year		<u>(1,810,487)</u>	<u>2,604,923</u>
Profit/(loss) for the year is attributable to:			
Non-controlling interest		-	24,042
Owners of Mayfield Group Holdings Ltd		<u>(1,810,487)</u>	<u>2,580,881</u>
		<u>(1,810,487)</u>	<u>2,604,923</u>
		Cents	Cents
Basic earnings per share	39	(2.04)	3.28
Diluted earnings per share	39	(2.04)	3.24

* Refer to note 3 for detailed information on the Restatement of comparatives.

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

Mayfield Group Holdings Ltd and controlled entities
Consolidated statement of other comprehensive income
For the year ended 30 June 2022



	30 June 2022 \$	30 June 2021 \$ Restated*
Profit/(loss) after income tax for the year	(1,810,487)	2,604,923
Other comprehensive income		
<i>Items that will not be reclassified subsequently to profit or loss</i>		
Loss on the revaluation of laboratory test equipment, net of tax	-	(333,323)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Foreign currency translation	-	(5,515)
Other comprehensive income for the year, net of tax	-	(338,838)
Total comprehensive income for the year	<u>(1,810,487)</u>	<u>2,266,085</u>
Total comprehensive income for the year is attributable to:		
Non-controlling interest	-	24,042
Owners of Mayfield Group Holdings Ltd	<u>(1,810,487)</u>	<u>2,242,043</u>
	<u>(1,810,487)</u>	<u>2,266,085</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.

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

Mayfield Group Holdings Ltd and controlled entities
Consolidated statement of financial position
As at 30 June 2022



	Note	30 June 2022	30 June 2021
		\$	\$
			Restated*
Assets			
Current assets			
Cash and cash equivalents	9	2,639,415	1,390,825
Trade and other receivables	10	11,820,028	14,265,788
Contract assets	11	5,258,291	6,816,903
Inventories	12	2,550,297	1,654,893
Other assets	13	944,939	1,456,702
Total current assets		<u>23,212,970</u>	<u>25,585,111</u>
Non-current assets			
Investments accounted for using the equity method	14	-	1,215,950
Right-of-use assets	15	2,485,410	1,379,464
Property, plant and equipment	16	11,504,628	11,803,425
Intangibles	17	1,852,033	517,913
Deferred tax	8	4,750,855	3,969,018
Other assets	13	72,725	71,540
Total non-current assets		<u>20,665,651</u>	<u>18,957,310</u>
Total assets		<u>43,878,621</u>	<u>44,542,421</u>
Liabilities			
Current liabilities			
Trade and other payables	18	4,995,767	9,590,909
Contract liabilities	19	5,560,947	3,492,231
Borrowings	20	257,450	448,334
Lease liabilities	21	1,065,654	684,756
Income tax	8	190,916	2,444
Provisions	22	3,046,390	2,510,566
Total current liabilities		<u>15,117,124</u>	<u>16,729,240</u>
Non-current liabilities			
Borrowings	20	5,552,369	5,964,966
Lease liabilities	21	1,675,988	771,368
Provisions	22	131,890	157,591
Total non-current liabilities		<u>7,360,247</u>	<u>6,893,925</u>
Total liabilities		<u>22,477,371</u>	<u>23,623,165</u>
Net assets		<u>21,401,250</u>	<u>20,919,256</u>
Equity			
Issued capital	23	10,568,133	8,278,715
Reserves	24	(110,610)	(119,188)
Retained profits		<u>10,943,727</u>	<u>12,759,729</u>
Total equity		<u>21,401,250</u>	<u>20,919,256</u>

* Refer to note 3 for detailed information on Restatement of comparatives.

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

Mayfield Group Holdings Ltd and controlled entities
Consolidated statement of changes in equity
For the year ended 30 June 2022



	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2020	2,386,520	476,330	10,178,848	239,635	13,281,333
Profit after income tax expense for the year – restated*	-	-	2,580,881	24,042	2,604,923
Other comprehensive income for the year, net of tax	-	(338,838)	-	-	(338,838)
Total comprehensive income for the year – restated*	-	(338,838)	2,580,881	24,042	2,266,085
<i>Transactions with owners in their capacity as owners:</i>					
Cost of combination for acquisition by Mayfield (note 23) - restated*	5,592,795	-	-	-	5,592,795
Share-based payments (note 40)	-	33,638	-	-	33,638
Dividend paid (note 25)	-	-	-	(26,250)	(26,250)
Shares issued for the full acquisition of Walker Control Pty Ltd (note 23)	299,400	-	-	(237,427)	61,973
Adjustment for the full acquisition of Walker Control Pty Ltd	-	(290,318)	-	-	(290,318)
Balance at 30 June 2021	<u>8,278,715</u>	<u>(119,188)</u>	<u>12,759,729</u>	<u>-</u>	<u>20,919,256</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.

	Issued capital \$	Reserves \$	Retained profits \$	Non- controlling interest \$	Total equity \$
Balance at 1 July 2021	8,278,715	(119,188)	12,759,729	-	20,919,256
Loss after income tax benefit for the year	-	-	(1,810,487)	-	(1,810,487)
Other comprehensive income for the year, net of tax	-	-	-	-	-
Total comprehensive income for the year	-	-	(1,810,487)	-	(1,810,487)
<i>Transactions with owners in their capacity as owners:</i>					
Issues of shares for the full acquisition of ATI Australia Pty Ltd (note 23)	2,089,818	-	-	-	2,089,818
Issues of shares for the full acquisition of Walker Control Pty Ltd Pty Ltd (note 23)	199,600	-	-	-	199,600
Share-based payments	-	3,063	-	-	3,063
Transfer from reserves upon the derecognition of subsidiary	-	5,515	(5,515)	-	-
Balance at 30 June 2022	<u>10,568,133</u>	<u>(110,610)</u>	<u>10,943,727</u>	<u>-</u>	<u>21,401,250</u>

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

Mayfield Group Holdings Ltd and controlled entities
Consolidated statement of cash flows
For the year ended 30 June 2022



	Note	30 June 2022	30 June 2021
		\$	\$
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		96,398,505	60,665,647
Payments to suppliers and employees (inclusive of GST)		<u>(94,201,059)</u>	<u>(59,713,722)</u>
		2,197,446	951,925
Interest received		8,908	2,947
Interest and other finance costs paid		<u>(239,837)</u>	<u>(193,818)</u>
Income taxes paid		<u>(218,739)</u>	<u>(1,266,471)</u>
Net cash from/(used in) operating activities	36	<u>1,747,778</u>	<u>(505,417)</u>
Cash flows from investing activities			
Net cash acquired in a business combination	32	3,171,061	3,693,295
Payments for property, plant and equipment		<u>(974,584)</u>	<u>(9,436,913)</u>
Proceeds from disposal of property, plant and equipment		286,734	86,376
Proceeds from capital investment grant		-	317,990
Derecognition of subsidiary		<u>(90,133)</u>	<u>-</u>
Net cash from/(used in) investing activities		<u>2,393,078</u>	<u>(5,339,252)</u>
Cash flows from financing activities			
Proceeds from borrowings		-	6,263,661
Dividends paid	25	-	(26,250)
Repayment of borrowings		<u>(1,977,870)</u>	<u>(774,324)</u>
Repayment of principle portion of lease liabilities		<u>(914,396)</u>	<u>(909,438)</u>
Net cash from/(used in) financing activities	38	<u>(2,892,266)</u>	<u>4,553,649</u>
Net increase/(decrease) in cash and cash equivalents		1,248,590	(1,291,020)
Cash and cash equivalents at the beginning of the financial year		<u>1,390,825</u>	<u>2,681,845</u>
Cash and cash equivalents at the end of the financial year	9	<u><u>2,639,415</u></u>	<u><u>1,390,825</u></u>

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



Note 1. Significant accounting policies

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

These consolidated financial statements comprise Mayfield Group Holdings Limited (the Company) and its subsidiaries (together referred to as the 'Group'). The comparative financial information includes the results of Mayfield Group Investments Pty Ltd (Mayfield) and its subsidiaries from 1 July 2020, as well as the Company and its subsidiaries from 20 November 2020 to 30 June 2021. The presentation of comparatives on this basis is in line with the accounting requirements for the reverse acquisition transaction that took place on 20 November 2020 whereby Mayfield was deemed the accounting acquirer of the Company (legal parent).

New or amended Accounting Standards and Interpretations adopted

The Consolidated Entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

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

Critical accounting estimates

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

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Mayfield Group Holdings Ltd ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. Mayfield Group Holdings Ltd and its subsidiaries together are referred to in these financial statements as the 'Consolidated Entity'.

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

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

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

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

Foreign currency translation

The financial statements are presented in Australian dollars, which is Mayfield Group Holdings Ltd's functional and presentation currency.

Foreign currency transactions

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



Note 1. Significant accounting policies (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the Consolidated Entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Impairment of non-financial assets

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

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

Finance costs

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

Goods and Services Tax ('GST') and other similar taxes

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2021. The Consolidated Entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations but they are not expected to have a material impact.

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Consolidated Entity for the annual reporting period ended 30 June 2022. The new or amended Accounting Standards and Interpretations are not expected to have any major impact.



Note 2. Critical accounting judgements, estimates and assumptions

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

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the Consolidated Entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, and the states in which the Consolidated Entity operates. There is continued concern about the impact of repeating waves of infection on workers and delays in equipment and services. The impact COVID-19 may have on the financial statements as at the reporting date is uncertain.

Estimation of useful lives of assets

The Consolidated Entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down. The useful lives of assets are disclosed in note 16.

Goodwill and other indefinite life intangible assets

The Consolidated Entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows as stated in note 17.

Income tax and Recovery of deferred tax assets

The Consolidated Entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Consolidated Entity makes specific judgments regarding unused tax losses, which are carried as a deferred tax asset to the extent that it is probable that future taxable amounts will be available to utilise those temporary differences and losses. The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Refer to note 8.

In determining the recoverability of the deferred tax asset, management has considered historical performance and the probability of utilisation of the next 4-years' tax losses per a forecast approved by management, as well as the risk that the Consolidated Entity will not continue to pass the continuity of ownership test.

Revenue from manufacturing of goods and rendering of services

A significant portion of the Consolidated Entity's activities is from contracts where revenue is recognised over time. The Consolidated Entity is required to make estimates of sales, costs or extent of progress towards completion. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. Changes in sales or costs, from a change in estimates, are reflected in the profit or loss in the period in which the circumstances become known to management. Refer to note 5 for further details on accounting policies.

Note 3. Restatement of comparatives

Adjustment of prior period misstatement

On 20 November 2020 Mayfield Group Investments Pty Ltd was deemed to have acquired Mayfield Group Holdings Limited (formally Stream Group Limited). This was accounted for as an AASB 2 Share based payments reverse acquisition with Mayfield Group Holdings Limited recognised as the accounting acquiree. At the time of the acquisition, the accounting acquiree had carried forward tax losses and tax credits giving rise to deferred tax assets that were not appropriately recognised even though they were considered recoverable to the consolidated group.

Consequently, the deferred tax assets reported as at 30 June 2021 have been increased by \$3,001,125 to \$3,969,018. Deferred tax assets have been recognised to the extent probable future taxable profits will be available within the Mayfield tax consolidated group to recover them.



Note 3. Restatement of comparatives (continued)

This adjustment has reduced the previously reported unrecognised unused tax losses at 30 June 2021 from \$17,677,262 to \$9,575,229. The adjusted unrecognised tax losses at 30 June 2021 represent an unrecognised deferred tax asset of \$2,872,569. This unrecognised deferred tax asset can only be utilised in the future if the continuity of ownership test is passed and sufficient taxable profits are considered probable.

In addition, the fair value of the deemed consideration for the reverse acquisition of Mayfield Group Holdings Limited at 20 November 2020 was inappropriately determined to be \$4,407,810, being 12,202,209 shares owned by the former Mayfield Group Holdings Limited shareholders prior to the acquisition date, valued at \$0.36 per share. The number of shares used to determine the deemed consideration should have included the 3,333,333 shares issued by Mayfield Group Holding Limited for cash on, but immediately before the reverse acquisition.

Consequently, the fair value of the deemed consideration should have been \$5,592,795, being 15,535,542 shares, valued at \$0.36 per share. As a result, the Issued capital reported at 30 June 2021 has increased by \$1,184,985

The net impact of both restatements resulted in the previously reported capital restructure expense of \$1,053,030 being adjusted to a capital restructure benefit of \$763,110 for the year ended 30 June 2021. These restatements have had no impact on the 1 July 2020 opening balance sheet, nor the 30 June 2021 cash flow statements.

Statement of profit or loss and other comprehensive income

	30 June 2021		30 June 2021
	\$	\$	\$
Extract	Reported	Adjustment	Restated
Capital restructure benefit	(1,053,030)	1,816,140	763,110
Profit before income tax expense	1,335,721	1,816,140	3,151,861
Income tax expense	(546,938)	-	(546,938)
Profit after income tax (expense)/benefit for the year	788,783	1,816,140	2,604,923
Other comprehensive income for the year, net of tax	(338,838)	-	(338,838)
Total comprehensive income for the year	<u>449,945</u>	<u>1,816,140</u>	<u>2,266,085</u>
Profit/(loss) for the year is attributable to:			
Non-controlling interest	24,042	-	24,042
Owners of Mayfield Group Holdings Ltd	<u>764,741</u>	<u>1,816,140</u>	<u>2,580,881</u>
	<u>788,783</u>	<u>1,816,140</u>	<u>2,604,923</u>
Total comprehensive income for the year is attributable to:			
Non-controlling interest	24,042	-	24,042
Owners of Mayfield Group Holdings Ltd	<u>425,903</u>	<u>1,816,140</u>	<u>2,242,043</u>
	<u>449,945</u>	<u>1,816,140</u>	<u>2,266,085</u>
	Cents	Cents	Cents
	Reported	Adjustment	Restated
Basic earnings per share	0.97	2.31	3.28
Diluted earnings per share	0.93	2.31	3.24



Note 3. Restatement of comparatives (continued)

	30 June 2021 \$ Reported	\$ Adjustment	30 June 2021 \$ Restated
Extract			
Assets			
Non-current assets			
Deferred tax	967,893	3,001,125	3,969,018
Total non-current assets	15,956,185	3,001,125	18,957,310
Total assets	41,541,296	3,001,125	44,542,421
Net assets	17,918,131	3,001,125	20,919,256
Equity			
Issued capital	7,093,730	1,184,985	8,278,715
Retained profits	10,943,589	1,816,140	12,759,729
Total equity	17,918,131	3,001,125	20,919,256

Note 4. Operating segments

Accounting policy for operating segments

The operating segments are identified based on separate financial information, which is reviewed by the Board of Directors, representing the Consolidated Entity's Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources.

The Consolidated Entity operates primarily in one operating segment, namely electrical and telecommunications infrastructure, and one geographical segment, namely Australia. As the Consolidated Entity operates in only one segment, the consolidated results are also its segment results.

Revenue from overseas customers is not material to the Consolidated Entity.

Note 5. Revenue

	30 June 2022 \$	30 June 2021 \$
<i>Revenue from contracts with customers</i>		
Sales recognised over a period of time	78,152,359	57,232,700
Sales recognised at a point in time	3,881,097	3,402,112
	82,033,456	60,634,812
<i>Other revenue</i>		
Rental income	26,919	26,006
Sundry revenue	265,007	124,228
	291,926	150,234
Revenue	82,325,382	60,785,046



Note 5. Revenue (continued)

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	30 June 2022	30 June 2021
	\$	\$
<i>Major product lines</i>		
Sale of purchased products	3,881,097	3,402,112
Revenue from rendering of services	19,560,266	16,698,062
Revenue from manufactured products	58,592,093	40,534,638
	<u>82,033,456</u>	<u>60,634,812</u>

Accounting policy for revenue recognition

The Consolidated Entity recognises revenue as follows:

Revenue from contracts with customers

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

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. The majority of contracts with customers does not include a variable component, and if provided, do not have a significant impact on revenue.

Sale of purchased products

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

Revenue from rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price based on a percentage of costs incurred over expected costs, or an hourly rate as the cost is incurred.

Revenue from manufactured products

Revenue from contracts for the manufacturing of goods is recognised based on a percentage of completion on a cost incurred basis including a reasonable profit margin.

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue

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



Note 6. Other income

	30 June 2022	30 June 2021
	\$	\$
Net foreign exchange gain	36,566	138,284
Net gain on disposal of property, plant and equipment	69,529	14,514
Net gain on disposal of right-of-use asset	-	63,062
Apprentices subsidies rebates	266,635	34,143
Government grants	23,001	-
Jobkeeper subsidies	-	3,087,648
	<hr/>	<hr/>
Other income	395,731	3,337,651
	<hr/>	<hr/>

Accounting policy for government grants and the jobkeeper subsidies

Government grants and the jobkeeper subsidies are recognised as income when it is reasonably assured that the condition attached to the subsidies can be complied with and that the subsidies will or have been received.



Note 7. Expenses

	30 June 2022 \$	30 June 2021 \$
Profit/(loss) before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Buildings	241,689	4,477
Leasehold improvements	54,298	276,990
Plant and equipment	636,183	578,372
Motor vehicles	262,031	231,831
Laboratory test equipment	20,211	76,849
Buildings right-of-use assets	836,384	959,466
Total depreciation	2,050,796	2,127,985
<i>Amortisation</i>		
Development	102,509	-
Total depreciation and amortisation	2,153,305	2,127,985
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	175,576	63,233
Interest and finance charges paid/payable on lease liabilities	64,261	133,675
Finance costs expensed	239,837	196,908
<i>Net loss on disposal</i>		
Net loss on derecognition of equity investment in ATI Australia Pty Ltd	41,697	-
Net loss on derecognition of subsidiaries	89,201	-
Net loss on disposal of right-of-use assets	40,719	-
<i>Leases</i>		
Rent concessions as direct consequence of the COVID-19 pandemic	-	20,184
<i>Superannuation expense</i>		
Defined contribution superannuation expense	2,163,623	1,694,249
<i>Share-based payments expense</i>		
Share-based payments expense	3,063	33,638
<i>Research costs</i>		
Research costs	92,151	-
<i>Write off/(Write back) of assets</i>		
Inventories	107,040	20,124
Bad and doubtful debts	105,095	(7,750)



Note 8. Income tax

	30 June 2022 \$	30 June 2021 \$
<i>Income tax expense</i>		
Current tax	-	477,430
Deferred tax	(801,808)	184,019
Adjustment recognised for prior periods	9,991	(114,511)
	<u>(791,817)</u>	<u>546,938</u>
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Profit/(loss) before income tax (expense)/benefit	(2,602,304)	3,151,861
Tax at the statutory tax rate of 30%	(780,691)	945,558
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	919	10,091
Other non-allowable items	43,652	378,795
Share of net profits of associates	(65,688)	(128,153)
Other non-assessable items	-	(544,842)
	<u>(801,808)</u>	<u>661,449</u>
Adjustment recognised for prior periods	9,991	(114,511)
Income tax expense/(benefit)	<u>(791,817)</u>	<u>546,938</u>
	30 June 2022 \$	30 June 2021 \$
<i>Amounts credited directly to equity</i>		
Deferred tax assets	-	(14,447)
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	10,572,227	9,575,229
Potential tax benefit @ 30%	3,171,668	2,872,569

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed.



Note 8. Income tax (continued)

	30 June 2022 \$	30 June 2021 \$ Restated*
<i>Deferred tax asset</i>		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Tax losses carried forward	4,098,998	3,513,782
Employee benefits	1,015,361	731,037
Provisions	15,131	10,565
Accrued expenses	86,583	64,436
Trade receivables	42,474	12,269
Property, plant and equipment	(556,848)	(473,630)
Inventories	49,156	6,966
Prepayments	-	(1,230)
Deferred transaction costs	-	104,823
Deferred tax asset	<u>4,750,855</u>	<u>3,969,018</u>
Movements:		
Opening balance	3,969,018	936,919
Credited to profit or loss	801,808	661,449
Credited to equity	-	14,447
Additions through business combinations (note 32)	(11,200)	(3,174)
Adjustments recognised for prior periods	<u>(8,771)</u>	<u>2,359,377</u>
Closing balance	<u>4,750,855</u>	<u>3,969,018</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.

The recoverability of the deferred tax assets has been reassessed using the probable cash flow projections. Despite the loss incurred in the current financial year, the group believes that future taxable amounts will be available to utilise the temporary differences and tax losses.

	30 June 2022 \$	30 June 2021 \$
<i>Provision for income tax</i>		
Provision for income tax	<u>190,916</u>	<u>2,444</u>

The current year's provision for income tax relates to the pre-acquisition income tax attributable to ATI Australia Pty Ltd.

Accounting policy for income tax

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

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

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

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



Note 8. Income tax (continued)

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

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

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

Tax Consolidation

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

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

Note 9. Cash and cash equivalents

	30 June 2022 \$	30 June 2021 \$
<i>Current assets</i>		
Cash on hand	1,021	1,000
Cash at bank	2,638,394	1,389,825
	<u>2,639,415</u>	<u>1,390,825</u>

Accounting policy for cash and cash equivalents

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

Note 10. Trade and other receivables

	30 June 2022 \$	30 June 2021 \$
<i>Current assets</i>		
Receivables from contracts with customers	11,919,336	14,300,152
Less: Allowance for expected credit losses	(140,995)	(40,979)
	<u>11,778,341</u>	<u>14,259,173</u>
Other receivables	41,687	6,615
	<u>11,820,028</u>	<u>14,265,788</u>

Allowance for expected credit losses

The Consolidated Entity has recognised a loss of \$105,095 (2021: gain \$7,750) in profit or loss in respect of the expected credit losses for the year ended 30 June 2022.



Note 10. Trade and other receivables (continued)

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

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	30 June 2022	30 June 2021	30 June 2022	30 June 2021	30 June 2022	30 June 2021
	%	%	\$	\$	\$	\$
Not overdue	0.04%	0.03%	9,447,591	9,254,238	3,779	2,776
1 month overdue	0.14%	0.09%	1,594,560	4,742,204	2,232	4,268
2 months overdue	1.17%	0.97%	161,864	193,393	1,894	1,876
3 months overdue	3.33%	3.60%	509,784	65,293	16,976	2,351
4 to 6 months overdue	16.17%	57.53%	156,400	51,639	25,290	29,708
over 6 months overdue	100.00%	100.00%	90,824	-	90,824	-
			<u>11,961,023</u>	<u>14,306,767</u>	<u>140,995</u>	<u>40,979</u>

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

	30 June 2022	30 June 2021
	\$	\$
Opening balance	40,979	494,307
Additional provisions recognised	105,095	-
Receivables written off during the year as uncollectable	(5,079)	(445,578)
Unused amounts reversed	-	(7,750)
Closing balance	<u>140,995</u>	<u>40,979</u>

The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2022 and rates have increased in each category up to 3 months overdue. Mayfield continues to improve its client mix in dealing with larger reputable companies, coupled with a low level of receivables written off during the last four years. The \$445,578 receivable written off during the prior year represented a single customer which was fully provisioned in the 30 June 2019 financial year, and finally written off.

Accounting policy for trade and other receivables

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

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

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.



Note 11. Contract assets

	30 June 2022 \$	30 June 2021 \$
<i>Current assets</i>		
Contract assets	<u>5,258,291</u>	<u>6,816,903</u>
<i>Reconciliation</i>		
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:		
Opening balance	6,816,903	1,891,989
Additions	5,258,291	6,816,903
Transfer to trade receivables	<u>(6,816,903)</u>	<u>(1,891,989)</u>
Closing balance	<u>5,258,291</u>	<u>6,816,903</u>

The Consolidated Entity has an unconditional right to consideration upon meeting specific contractual obligations as part of various contracts within an original expected duration of one year or less. Contract assets have no exposure to credit losses.

Accounting policy for contract assets

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

Note 12. Inventories

	30 June 2022 \$	30 June 2021 \$
<i>Current assets</i>		
Raw materials	880,644	631,587
Less: Provision for impairment	<u>(54,000)</u>	<u>-</u>
	<u>826,644</u>	<u>631,587</u>
Work in progress - at cost	<u>45,371</u>	<u>-</u>
Stock on hand	1,788,135	1,046,527
Less: Provision for impairment	<u>(109,853)</u>	<u>(23,221)</u>
	<u>1,678,282</u>	<u>1,023,306</u>
	<u>2,550,297</u>	<u>1,654,893</u>

Accounting policy for inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'weighted average costs' basis. Cost comprises of direct materials and delivery costs, direct labour, and import duties and other taxes. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Stock on hand is stated at the lower cost and net realisable value. Cost comprises purchase and delivery costs, net of rebates, and discounts received or receivable.

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



Note 13. Other assets

	30 June 2022	30 June 2021
	\$	\$
<i>Current assets</i>		
Prepayments	832,988	800,876
Security deposits	12,436	25,490
Other current assets	99,515	630,336
	<u>944,939</u>	<u>1,456,702</u>
<i>Non-current assets</i>		
Security deposits	17,350	71,540
Other non-current assets	55,375	-
	<u>72,725</u>	<u>71,540</u>
	<u><u>1,017,664</u></u>	<u><u>1,528,242</u></u>

Note 14. Investments accounted for using the equity method

	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Investment in associate	-	1,215,950
	<u><u>-</u></u>	<u><u>1,215,950</u></u>

Interests in associates

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the Consolidated Entity are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022	30 June 2021
		%	%
ATI Australia Pty Ltd*	Australia	-	40%

* The remaining 60% of ATI Australia Pty Ltd was acquired on 15 November 2021

ATI Australia Pty Ltd (ATI) is an engineering-led business that designs, constructs and supports enterprise-level, wireless telecommunication systems. The business holds a carrier license and provides systems integration services and solar and battery power systems for telecommunication. The Company's investment in ATI is driven by the trend towards increasing digitisation of electrical infrastructure and the recognition that data communication is a vital component of this trend.

The following table summarises the financial information of ATI Australia Pty Ltd and its subsidiaries as included in its own financial statements, adjusted for fair value adjustments at acquisition. The table also reconciles the summarised financial information to the carrying amount of the Consolidated Entity's interest in ATI. The information for 2022 presented in the table includes the results from 1 July 2021 to 15 November 2021, i.e. up to the of purchasing the remaining 60% in ATI.



Note 14. Investments accounted for using the equity method (continued)

Summarised financial information

	ATI Australia Pty Ltd	
	30 June 2022	30 June 2021
	\$	\$
<i>Summarised statement of financial position</i>		
Current assets	-	6,136,164
Non-current assets	-	1,842,675
Total assets	-	7,978,839
Current liabilities	-	2,863,984
Non-current liabilities	-	2,074,982
Total liabilities	-	4,938,966
Net assets	-	3,039,873
<i>Summarised statement of profit or loss and other comprehensive income</i>		
Revenue	4,566,537	9,592,259
Expenses	(3,807,371)	(8,275,260)
Profit before income tax	759,166	1,316,999
Income tax expense	(211,768)	(249,060)
Profit after income tax	547,398	1,067,939
Other comprehensive income	-	-
Total comprehensive income	547,398	1,067,939
<i>Reconciliation of the Consolidated Entity's carrying amount</i>		
Opening carrying amount	1,215,950	788,774
Share of profit after income tax	218,959	427,176
Derecognition upon the acquisition of remaining 60% interest in ATI (note 32)	(1,393,212)	-
Loss on derecognition of equity investment	(41,697)	-
Closing carrying amount	-	1,215,950

Accounting policy for associates

Associates are entities over which the Consolidated Entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Consolidated Entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the Consolidated Entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the Consolidated Entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The Consolidated Entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.



Note 15. Right-of-use assets

	30 June 2022 \$	30 June 2021 \$
<i>Non-current assets</i>		
Land and buildings - right-of-use	3,793,511	2,071,072
Less: Accumulated depreciation	<u>(1,308,101)</u>	<u>(691,608)</u>
	<u>2,485,410</u>	<u>1,379,464</u>

The Consolidated Entity leases land and buildings for its offices and warehouses under agreements of between 2 to 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

Reconciliations

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

	Land and Buildings \$
Balance at 1 July 2021	1,379,464
Additions	1,020,132
Additions through business combinations (note 32)	1,139,063
Disposals	(216,865)
Depreciation expense	<u>(836,384)</u>
Balance at 30 June 2022	<u>2,485,410</u>

Accounting policy for right-of-use assets

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

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

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



Note 16. Property, plant and equipment

	30 June 2022 \$	30 June 2021 \$
<i>Non-current assets</i>		
Land - at cost	1,363,099	1,363,099
Buildings - at cost	7,249,223	7,235,729
Less: Accumulated depreciation	(826,015)	(584,325)
	6,423,208	6,651,404
Leasehold improvements - at cost	252,456	190,928
Less: Accumulated depreciation	(152,755)	(98,814)
	99,701	92,114
Plant and equipment - at cost	6,109,834	5,850,647
Less: Accumulated depreciation	(3,787,548)	(3,225,198)
	2,322,286	2,625,449
Motor vehicles - at cost	1,101,305	1,163,778
Less: Accumulated depreciation	(595,141)	(479,147)
	506,164	684,631
Laboratory test equipment - at valuation	202,110	202,110
Less: Accumulated depreciation	(20,211)	-
	181,899	202,110
Capital Work in Progress	608,271	184,618
	<u>11,504,628</u>	<u>11,803,425</u>

Reconciliations

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

	Land \$	Buildings \$	Leasehold improve- ments \$	Plant and equipment \$	Motor vehicles \$	Laboratory test equipment \$	Capital Work in Progress \$	Total \$
Balance at 1 July 2020	-	-	945,746	2,028,507	674,393	551,653	-	4,200,299
Additions	1,363,099	6,133,945	36,802	1,403,816	310,961	3,672	184,618	9,436,913
Additions through business combinations (note 32)	-	-	-	629	-	-	-	629
Disposals	-	-	(2,005)	(644)	(68,892)	(321)	-	(71,862)
Revaluation decrements	-	-	-	-	-	(276,045)	-	(276,045)
Capital investment grant	-	-	-	(317,990)	-	-	-	(317,990)
Transfers in/(out)	-	521,936	(611,439)	89,503	-	-	-	-
Depreciation expense	-	(4,477)	(276,990)	(578,372)	(231,831)	(76,849)	-	(1,168,519)
Balance at 30 June 2021	1,363,099	6,651,404	92,114	2,625,449	684,631	202,110	184,618	11,803,425
Additions	-	13,493	25,051	247,096	218,975	-	469,968	974,583
Additions through business combinations (note 32)	-	-	20,086	73,682	64,368	-	-	158,136
Disposals	-	-	-	(15,375)	(199,779)	-	(1,950)	(217,104)
Transfers in/(out)	-	-	16,748	27,617	-	-	(44,365)	-
Depreciation expense	-	(241,689)	(54,298)	(636,183)	(262,031)	(20,211)	-	(1,214,412)
Balance at 30 June 2022	<u>1,363,099</u>	<u>6,423,208</u>	<u>99,701</u>	<u>2,322,286</u>	<u>506,164</u>	<u>181,899</u>	<u>608,271</u>	<u>11,504,628</u>



Note 16. Property, plant and equipment (continued)

Refer to note 27 for further information on fair value measurement.

Accounting policy for property, plant and equipment

Property, plant and equipment, excluding laboratory test equipment, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Laboratory test equipment is shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the revaluation date is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	30 years
Laboratory test equipment	10 years
Plant and equipment	3-20 years
Motor vehicles	5-10 years

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

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. The remaining lease terms range between 2 and 3 years.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the Consolidated Entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

During the previous year, the Consolidated Entity received \$317,990 in relation to the Manufacturing Modernisation Fund grant scheme. Government grants relating to assets are deducted from the carrying amount of those assets.

Note 17. Intangibles

	30 June 2022	30 June 2021
	\$	\$
<i>Non-current assets</i>		
Goodwill - at cost	1,390,742	517,913
Development - at cost	563,800	-
Less: Accumulated amortisation	(102,509)	-
	461,291	-
	<u>1,852,033</u>	<u>517,913</u>

The recoverable amount of the Consolidated Entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 4-year projection period approved by the board and extrapolated for a further year using a steady 2.5% rate, together with a terminal value.

For the purpose of impairment testing, \$307,337 of goodwill relates to Mayfield Services Pty Ltd (formerly STE Solutions Pty Ltd), \$210,576 to Walker Control Pty Ltd and \$872,828 to ATI Australia Pty Ltd, and they are separate cash-generating units. Key assumptions are those to which the recoverable amount of an asset or cash-generating unit is most sensitive.



Note 17. Intangibles (continued)

The following key assumptions were used in the discounted cash flow models:

- Pre-tax discount rates: Mayfield Services 21.8% (2021: 24.8%) , Walker Control 23.6% (2021: 24.8%) , and ATI Australia 21%;
- 2.5% (2021: 2.0%) per annum revenue and terminal value growth rate;
- Labour can be sourced and increases in labour cost can be recovered from customers;
- There is no significant delay in equipment and materials, and increases in costs can be recovered from customers; and
- Margins achieved on current contracts are sustainable in the current economic climate.

The discount rate of 16.0% pre-tax reflects the board's estimate of the time value of money, each entity's weighted average cost of capital, and the risk-free rate. Mayfield believes the projected 2.5% revenue growth rate is prudent and justified, based on the general slowing in the market. Based on the calculation, it is not reasonably possible that a change in key assumptions would result in the carrying amount being exceeded.

Goodwill

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

Research and development

Research costs are expensed in the period in which they are incurred. Development costs for a battery management system are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the Consolidated Entity is able to use or sell the asset; the Consolidated Entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 4 years.

Note 18. Trade and other payables

	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Trade payables	3,191,279	8,341,549
Sundry creditors and accruals	1,804,488	1,249,360
	<u>4,995,767</u>	<u>9,590,909</u>

Refer to note 26 for further information on financial instruments.

Accounting policy for trade and other payables

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

Note 19. Contract liabilities

	30 June 2022	30 June 2021
	\$	\$
<i>Current liabilities</i>		
Contract liabilities	<u>5,560,947</u>	<u>3,492,231</u>

Reconciliation

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

Opening balance	3,492,231	2,537,470
Payments received in advance	5,560,947	3,492,231
Transfer to revenue - included in the opening balance	<u>(3,492,231)</u>	<u>(2,537,470)</u>
Closing balance	<u>5,560,947</u>	<u>3,492,231</u>



Note 19. Contract liabilities (continued)

Unsatisfied performance obligations are part of various contracts with an original expected duration of one year or less.

Accounting policy for contract liabilities

Contract liabilities represent the Consolidated Entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the Consolidated Entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Consolidated Entity has transferred the goods or services to the customer.

Note 20. Borrowings

	30 June 2022 \$	30 June 2021 \$
<i>Current liabilities</i>		
Equipment finance loans	257,450	448,334
<i>Non-current liabilities</i>		
Bank loans	5,197,500	5,197,500
Equipment finance loans	354,869	767,466
	5,552,369	5,964,966
	<u>5,809,819</u>	<u>6,413,300</u>

Refer to note 26 for further information on financial instruments.

Total secured liabilities

The total secured liabilities are as follows:

	30 June 2022 \$	30 June 2021 \$
Equipment finance loans	612,319	1,215,800
Bank loan	5,197,500	5,197,500
	<u>5,809,819</u>	<u>6,413,300</u>

Assets pledged as security

The bank overdraft and equipment finance loans are secured by a first-ranking general security interest over the Consolidated Entity's property.



Note 20. Borrowings (continued)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

	30 June 2022 \$	30 June 2021 \$
Total facilities		
Bank overdraft	3,000,000	2,000,000
Bank loans	5,197,500	5,197,500
Bank guarantees	12,974,412	12,057,724
Equipment finance	3,000,000	3,353,074
	<u>24,171,912</u>	<u>22,608,298</u>
Used at the reporting date		
Bank overdraft	-	-
Bank loans	5,197,500	5,197,500
Bank guarantees	8,950,713	9,393,706
Equipment finance	612,319	1,215,800
	<u>14,760,532</u>	<u>15,807,006</u>
Unused at the reporting date		
Bank overdraft	3,000,000	2,000,000
Bank loans	-	-
Bank guarantees	4,023,699	2,664,018
Equipment finance	2,387,681	2,137,274
	<u>9,411,380</u>	<u>6,801,292</u>

The bank loan is a 3-year variable interest-only loan secured by the first registered mortgage over the property located at 3 Gidgie Court, Edinburgh, South Australia and is repayable on 21 June 2024.

Bank overdraft is repayable on demand.

In the course of providing goods and services to its customers, the group provides performance and latent defect bank guarantees to third parties. The Consolidated Entity has not had any claims against bank guarantees in the current or prior year up to the signing date of this financial report. The potential exposure is treated as a contingent liability.

Equipment finance loans have loan repayments periods between 2 and 5 years with fixed interest rates established at the commencement of the term.

The current facilities are subject to financial and non-financial covenants.

At 30 June 2022, the corporate entity has an unlimited interlocking corporate Guarantee and Indemnity between its Australian members of the Consolidated Entity.

Accounting policy for borrowings

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



Note 21. Lease liabilities

	30 June 2022 \$	30 June 2021 \$
<i>Current liabilities</i>		
Lease liability	1,065,654	684,756
<i>Non-current liabilities</i>		
Lease liability	1,675,988	771,368
	<u>2,741,642</u>	<u>1,456,124</u>

Accounting policy for lease liabilities

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

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

Note 22. Provisions

	30 June 2022 \$	30 June 2021 \$
<i>Current liabilities</i>		
Employee benefits	3,005,142	2,279,198
Warranties	41,248	231,368
	<u>3,046,390</u>	<u>2,510,566</u>
<i>Non-current liabilities</i>		
Employee benefits	131,890	157,591
	<u>3,178,280</u>	<u>2,668,157</u>

The aggregate employee benefits liability is \$3,137,032 (2021: \$2,436,789)

Warranties

The provision represents the estimated warranty claims in respect of sales of products and services which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts. It is expected that the majority of this expenditure will be incurred in the next annual reporting period, and all will be incurred within two years of the reporting date.



Note 22. Provisions (continued)

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Warranty provisions \$
30 June 2022	
Carrying amount at the start of the year	231,368
Additional provisions recognised	14,107
Amounts used	(8,074)
Derecognition of subsidiary	<u>(196,153)</u>
Carrying amount at the end of the year	<u><u>41,248</u></u>

Accounting policy for provisions

Provisions are recognised when the Consolidated Entity has a present (legal or constructive) obligation as a result of a past event, it is probable the Consolidated Entity 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 the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Accounting policy for employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Note 23. Issued capital

	30 June 2022 Shares	30 June 2021 Shares	30 June 2022 \$	30 June 2021 \$ Restated*
Ordinary shares - fully paid	<u>90,585,894</u>	<u>85,365,883</u>	<u>10,568,133</u>	<u>8,278,715</u>



Note 23. Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$ Restated*
Balance	1 July 2020	11,490		2,386,520
Exchange of Mayfield's shares for the Company's shares	20 November 2020	(11,490)		-
Ordinary Shares of the Company	1 July 2020	1,525,236,020		-
Share consolidation	23 October 2020	(1,513,033,811)		-
Shares issued before acquisition (a)	20 November 2020	3,333,333		-
Company shares issued to Mayfield vendors on acquisition (b)	20 November 2020	69,206,591		-
Cost of combination for acquisition by Mayfield (c)	20 November 2020	-		5,592,795
Shares issued for the full acquisition of Walker Control Pty Ltd (d)	27 January 2021	623,750	\$0.480	299,400
Balance	30 June 2021	85,365,883		8,278,715
Shares issued for the full acquisition of Walker Control Pty Ltd (d)	30 July 2021	207,916	\$0.480	99,800
Shares issued for the full acquisition of ATI Australia Pty Ltd (e)	15 November 2021	4,804,179	\$0.435	2,089,818
Shares issued for the full acquisition of Walker Control Pty Ltd (d)	24 March 2022	207,916	\$0.480	99,800
Balance	30 June 2022	<u>90,585,894</u>		<u>10,568,133</u>

- (a) The Company issued 3,333,333 shares through a public offering on 20 November 2020, raising \$1,151,842 (net of transaction costs) before completing the reverse acquisition with Mayfield.
- (b) The \$25,000,189 attributable to the issue of 69,206,591 shares to the Mayfield vendors disclosed in the 31 December 2020 interim financial statements has been reversed against the restructure reserve. The amount is not considered to be a consideration for the acquisition of the Company.
- (c) On 20 November 2020, the issue of shares to the shareholders of the Company at the capital raising share price of \$0.36 as consideration for the acquisition by Mayfield. No funds were raised as the consideration for the Shares was the transfer of shares in Mayfield.
- (d) On 27 January 2021, the Company issued 623,750 shares at \$0.48 per share, representing 60% of the consideration to purchase the remaining 35% minority interest in Walker Control Pty Ltd. On 30 July 2021 a further 207,916 shares at \$0.48 were issued, with the remaining 207,916 shares issued on 24 March 2022 at \$0.48 per share.
- (e) On 15 November 2021, the Company issued 4,804,179 fully paid ordinary shares at \$0.435 per share for the acquisition of the remaining 60% of ATI Australia Pty Ltd.

* Refer to note 3 for detailed information on the Restatement of comparatives.

Ordinary shares

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

Share buy-back

There is no current on-market share buy-back.

Capital risk management

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

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

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

The Consolidated Entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Consolidated Entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.



Note 23. Issued capital (continued)

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

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 24. Reserves

	30 June 2022	30 June 2021
	\$	\$
Revaluation surplus reserve	126,677	126,677
Foreign currency reserve	-	(5,515)
Share-based payments reserve	766,800	763,737
Restructure reserve	(1,004,087)	(1,004,087)
	<u>(110,610)</u>	<u>(119,188)</u>

Revaluation surplus reserve

The reserve is used to recognise increments and decrements in the fair value of the laboratory test equipment.

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations. The reserve related to Qusol business which was placed into liquidation and derecognised as a subsidiary.

Share-based payments reserve

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

Restructure reserve

During the prior year, an adjustment to the restructure reserve was recognised following the purchase of the remaining minority interest in Walker Control. The reserve is used to record equity restructures, including common control combinations and minority interest acquisitions.

Note 25. Dividends

Dividends

During the prior year, a subsidiary of Mayfield Group, Walker Control Pty Ltd paid a dividend of \$75,000 (or \$75 per ordinary share), of which \$26,250 was paid to the minority interest owner and the remainder was eliminated on consolidation.

Franking credits

	30 June 2022	30 June 2021
	\$	\$
Franking credits available for subsequent financial years based on a tax rate of 30%	<u>3,272,539</u>	<u>3,272,539</u>

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Accounting policy for dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the Company.



Note 26. Financial instruments

Financial risk management objectives

The Consolidated Entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Consolidated Entity's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Consolidated Entity. The Consolidated Entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the Consolidated Entity and appropriate procedures, controls and risk limits. Finance identifies and evaluates financial risks within the Consolidated Entity's operating units and reports to the Board on a regular basis.

Market risk

Foreign currency risk

The Consolidated Entity purchases inventory and equipment denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

To protect against exchange rate movements, the Consolidated Entity's policy is to enter into foreign exchange contracts for all exposures greater than \$100,000. The Consolidated Entity does not have a material foreign currency exposure at the reporting date, and there were no outstanding forward exchange contracts.

The Consolidated Entity did not maintain any derivative instruments at the end of the current or prior financial years.

Price risk

The Consolidated Entity is not exposed to any significant price risk.

Interest rate risk

The Consolidated Entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Consolidated Entity to interest rate risk. Borrowings obtained at fixed rates expose the Consolidated Entity to fair value interest rate risk.

As at the reporting date, the Consolidated Entity had the following variable rate borrowings outstanding:

	30 June 2022		30 June 2021	
	Weighted average interest rate	Balance	Weighted average interest rate	Balance
	%	\$	%	\$
Bank loans secured by mortgage	2.72%	5,197,500	2.68%	5,197,500
Equipment finance loans	2.68%	612,319	3.36%	1,215,800
Net exposure to cash flow interest rate risk		<u>5,809,819</u>		<u>6,413,300</u>

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

For the Consolidated Entity the bank loans outstanding, totalling \$5,197,500 (2021: \$5,197,500), are interest-only loans. Monthly cash outlays of approximately \$11,801 (2021: \$11,586) per month are required to service the interest payments. An official increase/decrease in interest rates of 3.0% (2021: 2.0%) would have an adverse/favourable effect on profit before tax of \$155,925 (2021: \$103,950) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts' forecasts.

Equipment finance loans have fixed interest rates.



Note 26. Financial instruments (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Consolidated Entity. The Consolidated Entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The Consolidated Entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The Consolidated Entity does not hold any collateral.

The Consolidated Entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the Consolidated Entity based on recent sales experience and historical collection rates.

The Consolidated Entity limits its exposure to credit risk from trade receivables by establishing a maximum payment period of one to two months. The group has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the Coronavirus (COVID-19) pandemic. As a result, the calculation of expected credit losses has been revised as at 30 June 2022 and rates have increased in each category up to 3 months overdue.

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

Credit risk related to balances with banks and other financial institutions is held with counterparties with a Standard and Poor's rating of at least a BBB rating.

Liquidity risk

Vigilant liquidity risk management requires the Consolidated Entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

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

Remaining contractual maturities

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

30 June 2022	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	3,191,279	-	-	-	3,191,279
Other payables	-	1,804,488	-	-	-	1,804,488
<i>Interest-bearing - variable</i>						
Bank loans	2.72%	141,372	5,338,872	-	-	5,480,244
<i>Interest-bearing - fixed rate</i>						
Equipment finance loans	2.68%	430,199	264,749	281,999	-	976,947
Lease liability	3.30%	1,120,420	888,672	795,335	-	2,804,427
Total non-derivatives		6,687,758	6,492,293	1,077,334	-	14,257,385



Note 26. Financial instruments (continued)

30 June 2021	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	8,341,549	-	-	-	8,341,549
Other payables	-	1,249,360	-	-	-	1,249,360
<i>Interest-bearing - variable</i>						
Bank loans	2.68%	139,033	139,033	5,333,830	-	5,611,896
<i>Interest-bearing - fixed rate</i>						
Equipment finance loans	3.36%	687,187	570,153	566,782	-	1,824,122
Lease liability	3.89%	729,814	640,003	152,566	-	1,522,383
Total non-derivatives		11,146,943	1,349,189	6,053,178	-	18,549,310

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 27. Fair value measurement

Fair value hierarchy

The following tables detail the Consolidated Entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

30 June 2022	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Assets				
Laboratory test equipment	-	-	202,110	202,110
Total assets	-	-	202,110	202,110
30 June 2021				
Assets				
Laboratory test equipment	-	-	202,110	202,110
Total assets	-	-	202,110	202,110

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.



Note 27. Fair value measurement (continued)

Valuation techniques for fair value measurements categorised within level 2 and level 3

The basis of the valuation of laboratory test equipment (NATA test equipment) is fair value. The NATA test equipment was last revalued on 30 June 2021 based on independent assessments by an Associate Member and a Certified Practising Valuer of Plant and Machinery of the Australian Property Institute having experience in the equipment being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar equipment in the same condition.

Accounting policy for fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

Note 28. Key management personnel disclosures

The directors and compensation for key management personnel represent the continuation of Mayfield's financial statements up to 20 November 2020 (the reverse acquisition date), and the Consolidated Entity thereafter.

Directors

The following persons were directors during the financial year:

LE Case	SM Chase AM
LJ Phillips	AB Steele
JB Hobbs	

Other key management personnel

The following person also had the authority and responsibility for planning, directing and controlling the major activities of the Consolidated Entity, directly or indirectly, during the financial year:

JB Hobbs - Group Chief Executive Officer

Compensation

The aggregate compensation made to directors and other key management personnel of the Consolidated Entity is set out below:

	30 June 2022	30 June 2021
	\$	\$
Short-term employee benefits	523,298	488,291
Post-employment benefits	40,104	37,587
Long-term benefits	2,758	1,835
Share-based payments	-	2,389
	<u>566,160</u>	<u>530,102</u>

Compensation for the 30 June 2022 year is amounts paid and accrued to key management of the Consolidated Entity.



Note 29. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by KPMG, the auditor of the Company:

	30 June 2022	30 June 2021
	\$	\$
<i>Audit services - KPMG (30 June 2021: Pitcher Partners)</i>		
Audit or review of the financial statements	144,689	149,500
<i>Other services - KPMG (30 June 2021: Pitcher Partners)</i>		
Taxation compliance services*	-	37,300
Other assurance services	-	2,620
	-	39,920
	144,689	189,420

* The amounts referred to above represents services provided to Mayfield prior to becoming a public interest entity.

Note 30. Contingent liabilities

The group provides performance and latent defect bank guarantees to third parties. The outstanding bank guarantees as at 30 June 2022 were \$8,950,713 (30 June 2021: \$9,393,706). These bank guarantees have varying expiry dates from July 2022 to July 2029. The group has not had any claims against bank guarantees given up to the signing date of this financial report.

Qusol NZ Ltd (in liquidation), a former subsidiary of the Company, is a co-defendant with Tower Ltd, a New Zealand insurance company, in long-standing litigation brought by a New Zealand company regarding the alleged unfair allocation of demolition work following the Canterbury earthquakes. The matter is currently in mediation and is being defended. It is not possible to reliably estimate any liability. The Directors believe that sufficient funds are in the liquidator's account to cover continuing defence costs and any anticipated obligations.

Note 31. Related party transactions

Parent entity

Mayfield Group Holdings Ltd is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 33.

Associates

Interests in associates are set out in note 14.

Key management personnel

Disclosures relating to key management personnel are set out in note 28 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	30 June 2022	30 June 2021
	\$	\$
Sale of goods and services:		
Sale of services to associate	-	251,369
Payment for other expenses:		
Other expenses paid to other related party*	-	532,981
Other transactions:		
Purchase of property from other related party*	-	7,425,000



Note 31. Related party transactions (continued)

- * The Consolidated Entity leased two premises, in Queensland and South Australia, from entities that were jointly controlled by two Company Directors, AB Steele and LJ Phillips. In February 2021, the Consolidated Entity cancelled the lease for the Queensland property, and in May 2021 purchased the property in South Australia. The purchase of the South Australian property was approved by shareholders at a General Meeting held on 18 May 2021.

Receivable from and payable to related parties

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

	30 June 2022	30 June 2021
	\$	\$
Current receivables:		
Trade receivables from associate	-	274,664

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.



Note 32. Business combinations

Acquisition of remaining 60% of ATI Australia Pty Ltd - 15 November 2021

On 15 November 2021, Mayfield acquired the remaining 60% of the ordinary shares of ATI Australia Pty Ltd (ATI) for the total consideration transferred of \$2,089,818. The ATI vendors are entitled to future payments if they remain employees and meet specific revenue and profit targets. The contingent obligation of \$232,686 has been accounted for as an employee expense. ATI was acquired to increase the digitisation of electrical infrastructure capability, of which data communication is a vital component. The goodwill of \$872,828 represents the expected synergies from merging this business with the electrical infrastructure business. The acquired business contributed revenues of \$6,589,778 and profit after tax of \$353,439 to the consolidated entity for the period from 15 November 2021 to 30 June 2022. If the acquisition occurred on 1 July 2021, the full-year contributions would have been revenues of \$11,156,315 and profit after tax of \$909,628. The values identified in relation to ATI acquisition are provisional as at 30 June 2022.

Details of the acquisition are as follows:

	Fair value \$
Cash and cash equivalents	3,171,061
Trade receivables	779,425
Contract assets	1,301,750
Inventories	969,957
Other current assets	106,813
Plant and equipment	158,135
Right-of-use assets	1,139,063
Product Development	563,800
Trade and other payables	(928,531)
Contract liabilities	(954,947)
Provision for income tax	(379,137)
Deferred tax liability	(11,200)
Employee benefits	(792,535)
Bank loans	(1,374,389)
Lease liability	(1,139,063)
	<hr/>
Net assets acquired	2,610,202
Goodwill	872,828
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>3,483,030</u>
Representing:	
Mayfield Group Holding Ltd shares issued to vendor	2,089,818
Fair value of investment in associate	1,393,212
	<hr/>
	<u>3,483,030</u>
	<hr/>
Acquisition costs expensed to profit or loss	<u>57,978</u>



Note 32. Business combinations (continued)

Reverse acquisition of Mayfield Group Holdings Ltd (formerly Stream Group Limited) - 20 November 2020

The Mayfield Group Holdings Limited (formerly Stream Group Limited) (the Company) acquired Mayfield Group Investments Pty Ltd and its subsidiaries (Mayfield) on 20 November 2020.

At the time of the acquisition, the Company had divested all its operations, apart from Qusol NZ Limited and Qusol Technology Limited (the Qusol business), both incorporated in New Zealand. Other than the Qusol business, the Company was limited to managing its cash balances, filing obligations (i.e. a listed shell), and completion of the acquisition. It is therefore considered that the Company did not meet the definition of a business for the purposes of AASB 3 as it did not have any processes or outputs.

The transaction was therefore accounted for as a reverse acquisition from a consolidated perspective, where Mayfield was the accounting acquirer, and the Company is the legal acquirer. The financial statements are the continuation of the financial statements of Mayfield, together with a deemed issue of shares, equivalent to the shares held by the former shareholders of the Company. This deemed issue of shares was treated as an equity settled share-based payment transaction whereby Mayfield received the net assets of Stream, together with the listing status of Stream. Accordingly, the transaction was accounted for in accordance with AASB 2 – Share-Based Payments.

The acquisition allows Mayfield greater access to liquid funds and unlocks cash to provide organic opportunities and acquisition potential.

Under the reverse acquisition principles, the consideration provided by Mayfield was determined to be \$5,592,795 which was the deemed fair value of the 15,535,542 shares owned by the former Mayfield Group Holdings Limited shareholders at the completion of the acquisition, valued at the capital raising share price of \$0.36 per share.

The Share Purchase Deed between the parties required the Company to sell Qusol by 28 November 2020 or pay the Mayfield Vendors \$250,000. Trade and other payables included \$250,000 as the Qusol business was not sold by the agreed date. The fair values of the assets and liabilities of the Company (being the accounting acquiree) as at the date of acquisition and the deemed consideration is as follows:

Details of the acquisition are as follows:

	Fair value \$ Restated*
Cash and cash equivalents	3,693,295
Trade and other receivables	144,247
Other current assets	45,628
Plant and equipment	629
Deferred tax asset	3,177,133
Trade and other payables	(438,537)
Other provisions	(266,490)
Acquisition-date fair value of asset acquired	<u>6,355,905</u>
Representing:	
Fair value of identifiable net assets acquired	6,355,905
Capital restructure benefit	(763,110)
Fair value of deemed consideration	<u>5,592,795</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.

Accounting policy for business combinations

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

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



Note 32. Business combinations (continued)

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

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

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

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

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

Combinations between entities under common control

Common control transactions which are business combinations involving entities that are ultimately controlled by the same parent entity are accounted for at book value.

Where the Consolidated Entity acquires, as part of a common control transaction, assets that meet the definition of a business, the assets and liabilities acquired are recorded using the book values included in the consolidated financial statements of the entity having the highest level within the common control group. The Consolidated Entity accounts for the difference between the consideration paid (including any contingent consideration) and the book value of the assets and liabilities acquired as a restructure reserve in equity. To the extent the restructure reserve is recognised against contributed equity, subsequent disposals or realisations of the relevant businesses may result in reclassification of the restructure reserve to retained earnings to reflect the realisation of assets to which the restructure reserve relates.

In the Consolidated Entity's financial statements, to the extent, the common control transaction occurred between entities ultimately controlled by the Company, gains and losses relating to a common control transaction are eliminated against the amount recorded in the acquirer's equity relating to the common control transaction.

Note 33. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		30 June 2022 %	30 June 2021 %
Mayfield Industries Pty Ltd	Australia	100.00%	100.00%
Power Parameters Pty Ltd	Australia	100.00%	100.00%
Mayfield Services Pty Ltd	Australia	100.00%	100.00%
Walker Control Pty Ltd	Australia	100.00%	100.00%
Mayfield Engineering Pty Ltd	Australia	100.00%	100.00%
Mayfield Group Investments Pty Ltd	Australia	100.00%	100.00%
ATI Australia Pty Ltd ⁱ	Australia	100.00%	40.00%
ATI Telecom Pty Ltd	Australia	100.00%	40.00%
Socius Technologies Pty Ltd	Australia	100.00%	40.00%
Qusol New Zealand Ltd ⁱⁱ	New Zealand	-	100.00%
Qusol Technology Ltd ⁱⁱ	New Zealand	-	100.00%



Note 33. Interests in subsidiaries (continued)

- (i) The remaining 60% of ATI Australia Pty Ltd was acquired on 15 November 2021
- (ii) Placed into liquidation on 27 July 2021 and derecognised due to loss of control. Other expenses include a loss of \$89,201 for the derecognition of the subsidiaries

Note 34. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Mayfield Group Holdings Limited (Holding Entity)
Mayfield Group Investments Pty Ltd
Mayfield Industries Pty Ltd
Mayfield Services Pty Ltd
Walker Control Pty Ltd
Power Parameters Pty Ltd
Mayfield Engineering Pty Ltd
ATI Australia Pty Ltd*
ATI Telecom Pty Ltd*
Socius Technologies Pty Ltd*

* Entities were added to the deed during the current reporting period, and no entities were removed.

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Mayfield Group Holdings Ltd, they also represent the 'Extended Closed Group'.

Note 35. Events after the reporting period

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the Consolidated Entity's operations, the results of those operations, or the Consolidated Entity's state of affairs in future financial years.



Note 36. Reconciliation of profit/(loss) after income tax to net cash from/(used in) operating activities

	30 June 2022 \$	30 June 2021 \$ Restated*
Profit/(loss) after income tax (expense)/benefit for the year	(1,810,487)	2,604,923
Adjustments for:		
Depreciation and amortisation	2,153,205	2,127,985
Net gain on disposal of non-current assets	(28,810)	(77,576)
Share of profit - associates	(218,959)	(427,176)
Foreign exchange differences	-	(5,515)
Share-based payments	3,063	33,638
Net loss on derecognition of subsidiary	89,201	-
Net loss on derecognition of equity investment in ATI Australia Pty Ltd	41,697	-
Capital restructure benefit	-	(763,110)
Transfer from reserves	(5,515)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	3,083,496	(4,809,590)
Decrease/(increase) in contract assets	2,860,362	(4,924,914)
Decrease/(increase) in inventories	74,553	(143,023)
Decrease/(increase) in deferred tax assets	(793,037)	55,033
Decrease in other assets	834,255	(890,986)
Increase/(decrease) in trade and other payables	(5,305,593)	6,178,885
Increase in contract liabilities	1,113,769	954,761
Decrease in provision for income tax	(190,665)	(824,635)
Increase/(decrease) in employee benefits	(92,294)	328,097
Increase/(decrease) in other provisions	(60,463)	77,786
Net cash from/(used in) operating activities	<u>1,747,778</u>	<u>(505,417)</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.

Note 37. Non-cash investing and financing activities

	30 June 2022 \$	30 June 2021 \$ Restated*
Additions to the right-of-use assets	1,020,132	797,006
Shares issued in relation to business combinations	2,089,818	5,592,795
Cancellation of leases	-	1,293,023
Disposal of right-of-use assets	(216,865)	(1,229,961)
	<u>2,893,085</u>	<u>6,452,863</u>

* Refer to note 3 for detailed information on the Restatement of comparatives.



Note 38. Changes in liabilities arising from financing activities

	Lease liability \$	Equipment finance \$	Bank loans \$	Total \$
Balance at 1 July 2020	2,861,579	923,963	-	3,785,542
Net cash used in financing activities	(909,438)	(774,324)	-	(1,683,762)
Cancellation of leases	(1,293,023)	-	-	(1,293,023)
Loans received	-	1,066,161	5,197,500	6,263,661
Acquisition of leases	781,086	-	-	781,086
Other changes	15,920	-	-	15,920
Balance at 30 June 2021	1,456,124	1,215,800	5,197,500	7,869,424
Net cash used in financing activities	(914,396)	(603,481)	(1,374,389)	(2,892,266)
Acquisition of plant and equipment by means of leases	1,025,509	-	-	1,025,509
Changes through business combinations (note 32)	1,139,063	-	1,374,389	2,513,452
Other changes	35,342	-	-	35,342
Balance at 30 June 2022	<u>2,741,642</u>	<u>612,319</u>	<u>5,197,500</u>	<u>8,551,461</u>

Note 39. Earnings per share

	30 June 2022 \$	30 June 2021 \$ Restated*
Profit/(loss) after income tax	(1,810,487)	2,604,923
Non-controlling interest	-	(24,042)
Profit/(loss) after income tax attributable to the owners of Mayfield Group Holdings Ltd	<u>(1,810,487)</u>	<u>2,580,881</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	88,845,890	78,580,866
Adjustments for calculation of diluted earnings per share:		
Options over ordinary shares	-	565,030
Ordinary shares for the final settlement of the remaining 40% of Walker Control Pty Ltd	-	415,833
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>88,845,890</u>	<u>79,561,729</u>
	Cents	Cents Restated*
Basic earnings per share	(2.04)	3.28
Diluted earnings per share	(2.04)	3.24

* Refer to note 3 for detailed information on the Restatement of comparatives.

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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



Note 40. Share-based payments

A share option plan has been established by the consolidated entity, approved by Boards and to be ratified by shareholders at the next general meeting, whereby the consolidated entity may, at the discretion of the Board, grant options over ordinary shares in the company to certain key management personnel and employees of the consolidated entity. The options are issued for nil consideration.

Set out below are summaries of options granted under the plan:

30 June 2022

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/11/2020	23/11/2025	\$0.36124	3,156,594	-	-	-	3,156,594
23/02/2022	23/02/2027	\$0.35060	-	215,000	-	-	215,000
			3,156,594	215,000	-	-	3,371,594
Weighted average exercise price			\$0.36124	\$0.35060	-	-	\$0.36056

The options granted in the current year will vest 24 months after the issue date. To exercise the options, holders are required to be employed by Mayfield on a full-time basis during the vesting period. Options do not entitle holders to dividends until such time as they become vested options and are exercised and issued as ordinary shares.

30 June 2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
23/11/2020	23/11/2025	\$0.36124	-	3,156,594	-	-	3,156,594
			-	3,156,594	-	-	3,156,594

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
23/06/2022	23/03/2027	\$0.37000	\$0.37000	24.93%	2.03%	2.25%	\$0.0748

Incremental fair value

The Company issued 1,059,647 ordinary shares for the paid-up portions, and 3,156,594 options over ordinary shares for the unpaid portions, of the partly paid shares held by Mayfield employees upon the reverse acquisition. The options have an exercise price of \$0.36124 and expire in five years from the issue date on 23 November 2020, or upon the employee's termination. The options can be exercised immediately.

This change is considered a continuation of the share-based payment for the partly-paid shares issued to Mayfield employees and resulted in an incremental fair value adjustment of \$33,638 at the reverse acquisition date. As the partly-paid shares have already vested and the options contain no further vesting conditions, the amount was expensed.



Note 40. Share-based payments (continued)

30 June 2021
Fair Value
\$

The incremental fair value adjustment has been derived as follows:

Options issued by the Company	578,788
Shares issued by the Company for the paid-up capital of the partly-paid shares	382,784
	<u>961,572</u>
Partly-paid shares issued by Mayfield	(838,411)
Paid-up capital for the partly-paid shares	<u>(89,523)</u>
Incremental fair value	<u><u>33,638</u></u>

Accounting policy for share-based payments

Equity-settled share-based compensation benefits are provided to employees. Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Consolidated Entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Consolidated Entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Consolidated Entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.