SKS Technologies

2022 ANNUAL REPORT

Corporate Directory

Directors

Peter Jinks

Greg Jinks

Terence Grigg

Secretary

Gary Beaton

Matthew Jinks

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Share Registry

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452 Johnston Street
Abbotsford, Victoria 3067

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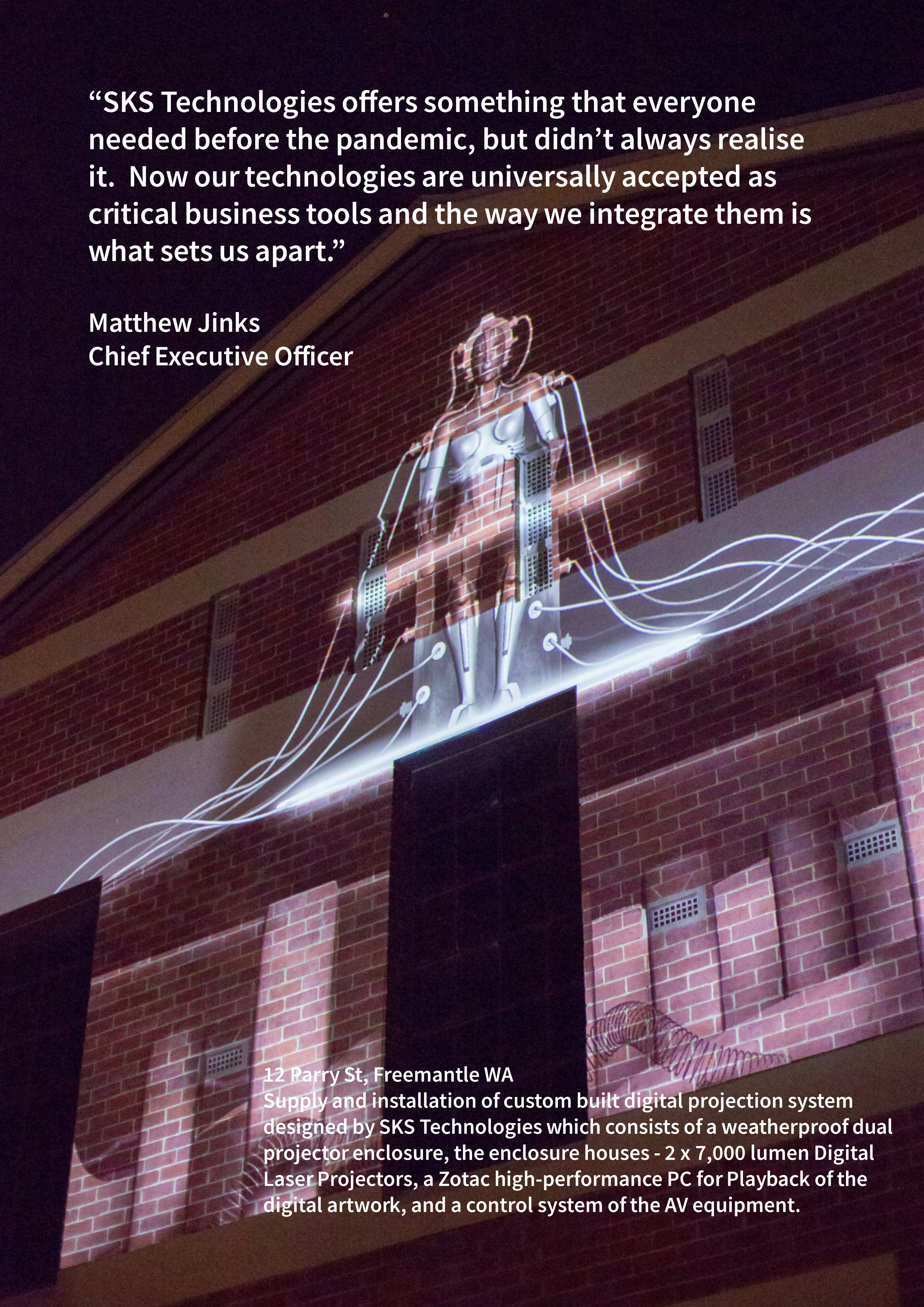
“SKS Technologies offers something that everyone needed before the pandemic, but didn’t always realise it. Now our technologies are universally accepted as critical business tools and the way we integrate them is what sets us apart.”

Matthew Jinks
Chief Executive Officer



12 Parry St, Freemantle WA
Supply and installation of custom built digital projection system designed by SKS Technologies which consists of a weatherproof dual projector enclosure, the enclosure houses - 2 x 7,000 lumen Digital Laser Projectors, a Zotac high-performance PC for Playback of the digital artwork, and a control system of the AV equipment.

Contents

Who We Are

SKS Technologies designs and installs audiovisual systems, integrated communications and electrical networks, intelligent lighting and control solutions to business-to-business customers. The business also offers ongoing customer support initiatives.

Projects are delivered to customers across a range of sectors and include:

Multi-storey commercial fit-outs
Hospitals
Commercial buildings
Correctional facilities
Hotels
Airports
Data centres
Distribution facilities
Retail
Sporting complexes
Universities
Government/Defence
Mining

What We Do

Audiovisual

- Audiovisual integration
- Media Walls
- Digital signage
- Room control systems
- Display and projector systems
- Interactive whiteboards
- Video and audio conferencing

Communications

- Voice and data structured cabling
- Optical fibre and copper
- Patch panel management
- Active equipment
- Cable networking auditing
- WAP Installation

Electrical

- General lighting and power
- High voltage systems
- Earthing systems
- Uninterruptible power systems
- Power quality analysis
- Power factor correction

Maintenance & Essential Services

- Service Level Agreements
- Desktop power and data works
- Light level audits
- Exit and emergency light tests
- Test and tag electrical equipment
- Switchboard testing
- Ongoing Maintenance Agreements

Energy Management

- Energy audits
- Energy savings timers and sensors
- Energy monitoring
- Power analysis and data logging
- Lighting efficiency analysis

Smart Building Solutions

- Master Systems Integration
- Converged Networks
- Digital Twins
- Active monitoring of essential services to facilitate timely fault detection

Fully integrated technology systems that underpin successful organisational operation

Our National Footprint

SKS Technologies Group is headquartered in West Melbourne with branch offices in the capital cities of all states and territories in Australia, except Tasmania, which is serviced from Victoria.

We are the only ASX listed business of its kind to offer technologies and services nationwide.

Rejuvenated iconic State Heritage listed Adelaide Railway Station, SA
An extensive architectural lighting package of 350mts of Linear LED & 173 Linear spotlights were implemented on the external facades to improve the night time visual appearance, highlighting the heritage grandeur of the building & to create a strong presence on North Tce.

Southern Cross Austereo Network, VIC
Supply and install CAT6A shielded communications system, Fibre optic tie cables, DMX and DALI lighting control system for RGBW and general lighting, Main and distribution switchboards, UPS system and 325kVA Generator with integrated fuel system.

Our End-User Customers

Disney+
zoom
JLL
Dropbox
Pitcher Partners
Australian Red Cross
zendesk
Victoria State Government
PEXA Property Exchange Australia
Hydro Tasmania The power of natural thinking
Westpac
Carlton & United Breweries
Melbourne & Olympic Parks
LogMeIn
slack
airbnb
Pinterest
Warner Music Group
myob
InterContinental Hotels & Resorts
vicroads
Red Bull
Alibaba.com
Porter Davis
QBE
LinkedIn
dimension data
okta
Government of Western Australia
Toyota
yorktel

Environmental and Social Governance

Misson

To preserve and improve the physical, social, environmental cultural and economic health and wellbeing of its neighbourhoods, while ensuring quality of life for current and future generations.

Health & Safety

Management continues to ensure that people understand the value of health and safety, and with the significant increase in the workforce over the past 18 months, the company's commitment has become apparent in the corresponding relative decrease in lost time injuries against a significant increase in worked hours.

During and since the pandemic, all measures have been taken to ensure the health of the workforce and while there has been some impact on employee availability, everyone has recovered and returned to work and all projects have proceeded according to schedule.

Sustainability

The company is conscious of its impact on the environment, making buying and operating decisions according to best environmental practice. Waste is recycled, water and energy are used efficiently and procured based on sustainable practice, and materials and supplies are re-used where possible as are refillable and recycled options. Single-use plastics are avoided, as are items using virgin materials. Where possible SKS Technologies procures from organisations with demonstrated commitment to human rights and social improvement, particularly where there is evidence of social enterprise, fair trade certification, positive and inclusive employment practices, direct community involvement or other positive impacts on society.

Diversity

SKS Technologies seeks to create a tolerant and cohesive workforce that is unbiased, fair and empathetic in its approach to fellow workers. Age and ethnicity diversity are both evident throughout the business, while gender diversity is a focus, given the nature of the business's operations. At present, females represent 6% of the company, but management is concentrating on increasing opportunities for women and recently hired two female apprentices.

The new Indigenous business will also bolster cultural diversity with the hiring of Aboriginal employees as the business grows across Australia. SKS Technologies expects to become a member of Supply Nation, which connects Indigenous businesses, along with procurement teams from government and corporate sectors, to help shape the Indigenous business sector.

SKS Indigenous Technologies

SKS Indigenous Technologies

Each year Chris Johnson, ex-AFL footballer and Managing Director of SKS Indigenous Technologies, takes a group of boys and girls from AFL Cape York House on a road trip to compete in the Chris Johnson Cup.

Mission
To provide education and create employment opportunities in order to support and nurture economic independence and the feelings of self-confidence and self-worth so as the benefits can be shared within families.

SKS Indigenous Technologies provides an opportunity for Indigenous Australians to gain an education and develop skills and qualifications through employment and commercial activity.

In early August, SKS Technologies Group announced the establishment of SKS Indigenous Technologies, an initiative formed with Indigenous identity, Chris Johnson, who is the Managing Director, to provide employment opportunities for Indigenous people as well as capture growth for the business. Chris owns 51% of the business and SKS Technologies Group owns 49%.

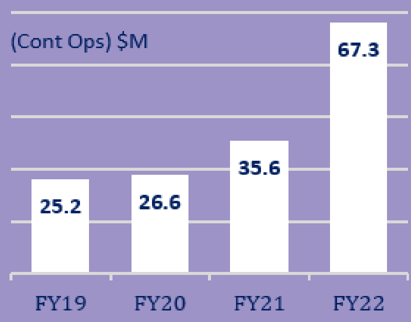
The business principles are founded on a passion, a vision and a material contribution to a more equitable Australia, and a significant improvement in economic independence and prosperity for Indigenous people.

As a profit-for-purpose business, SKS Technologies Group works with key industry bodies to help close the gap through education and employment opportunities. We also have a commitment to procure products and services from Indigenous companies.

SKS Technologies Group has set a minimum target for its overall Indigenous employment to exceed the national Indigenous 3% of the total Australian population.

FY22 Performance Snapshot

Revenue

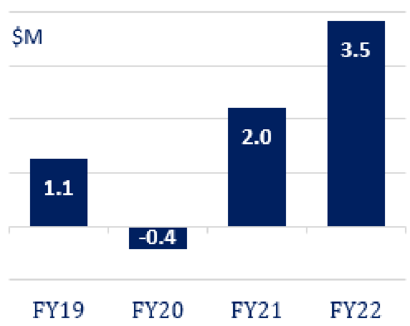


New branches

Darwin
Canberra

EBITDA

(Cont Ops) $M

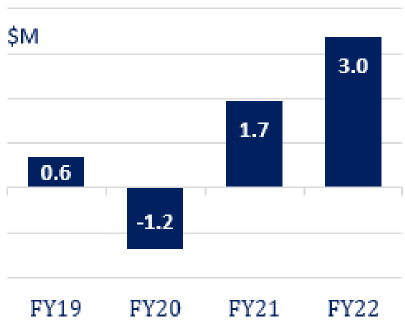


Safety

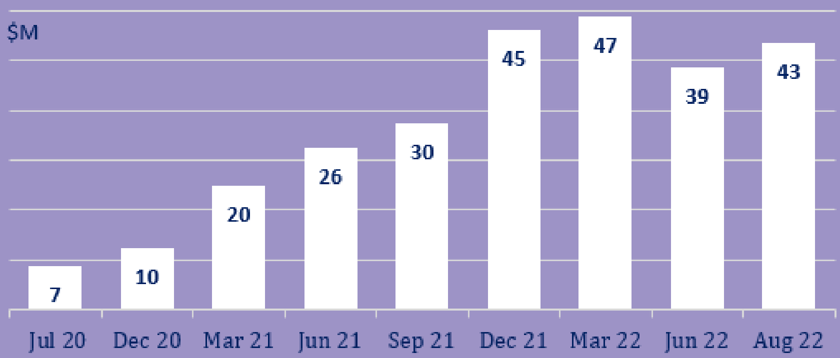
0 LTIs
against a 67.5% increase in workforce

NPAT

(Cont Ops) $M



Work on hand

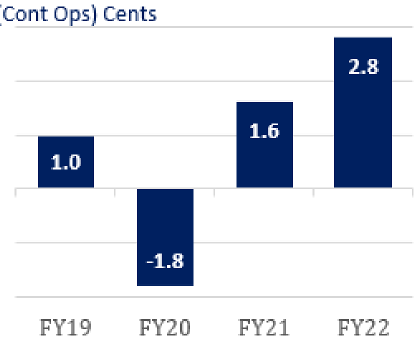


Repeat business

96%

EPS

(Cont Ops) Cents



NTA/share

1.47 cents
Up from – 0.57 cents in FY21

Chairman's Letter

Dear Shareholder,

I am pleased to report a year of significant growth, as planned and guided by our strategic plan, against the continuing backdrop of uncertainty and challenges thrown up by the pandemic. We are fortunate that the reshaping and streamlining of our company has corresponded with ongoing strong demand for our solutions and services, and that our economy remains in reasonable shape to date, partly driven by government stimulus, with the lowest unemployment level the country has seen for almost 50 years.

These positives are countered, however, by rising inflation and supply shortages, as offshore and local suppliers grapple with their own supply constraints caused to some degree by bottlenecks down the entire logistics chain. Yet, I am confident, after our quick and innovative responses to the ever-changing trading conditions over the past few years, that we are well positioned to identify risks as they arise and mitigate their impact on our business.

The business achieved increases in all earnings metrics for continuing operations with an almost doubling in sales revenue from $35.60 million in FY21 to $67.29 million in FY22. Profit before tax increased by 66.5% from $1.20 million in FY21 to $2.00 million in FY22, while profit after tax was 73.4% higher at $3.02 million compared with $1.74 million in the prior corresponding period.

Earnings Highlights - Continuing Business

	FY22	% Change	FY21
Sales Revenue	$67.29M	89.0%	$35.60M
EBITDA	$3.45M	73.0%	$2.00M
Net Profit Before Tax	$2.00M	66.5%	$1.20M
Net Profit After tax	$3.02M	73.4%	$1.74M

Our balance sheet continues to grow stronger with improved shareholder equity leading to a turnaround in net tangible assets per share from -0.57 cents per share at FY21 year end to 1.47 cents per share at FY22 year end. Earnings per share rose from 1.61 cents in FY21 to 2.80 cents per share in FY22.

With the successful acquisition and integration of the APEC Technologies business in the final quarter of FY21, SKS Technologies has extracted the intended synergies that supported the rationale for the acquisition and is now focusing on achieving organic growth from the expanded platform of expertise, customers and work on hand of the augmented operations.

Having restructured and grown the business, both organically and via complementary bolt-on acquisitions, the focus is now firmly on organic growth, with new people and new offices and sites in new regions to complete our national footprint. The next phase of growth for our business lies in converged IT networks in intelligent buildings and we intend to broaden our offering by building capability and capacity to service future demand and target larger opportunities across multiple industry sectors.

A further arm of growth is expected to emanate from the newly established SKS Indigenous Technologies, which was announced to the market earlier this month. The new business was formed with high-profile indigenous identity, Chris Johnson, who will own 51% of the new entity while SKS Technologies Group will own the remaining 49%. The new business will embody both our expansion plans for a wider offering from a larger national footprint as well as our desire to provide opportunities for a broader community, and at least initially, exceed the national Indigenous population proportion in employing first nations people in our business.

Our Values

SKS Technologies is committed to having an undisputed forward-looking client focus, delivering quality services with integrity and working together as a team

Client Focus

As a trusted technologies solutions provider, everything we do is focused on our clients requirements

Integrity

We always act with integrity through honesty, fairness & accountability

Quality

We are proud to stand behind the quality of work we deliver

Teamwork

We work together with passion & respect, act professionally & have fun

Outlook

While our business faces the economy-wide issues with recruiting appropriate qualified people to perform specific roles as well as supply constraints along the entire supply chain, we are buoyant about the future. Australia's remarkable economic resilience has been pronounced over the past few years, bolstered by government stimulus which kept people employed and companies in business, and significantly lessened the impact of the pandemic.

As a result, our orderbook remains at record levels with the pipeline of opportunities remaining healthy, combined with our endeavours to build new markets for our solutions and services in new regions, the year ahead is exciting.

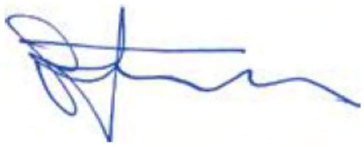
Dividend

This year, based on our strong performance and an assessment of the need for capital to support the forecast level of growth, the Board has resolved to pay an unfranked dividend of $0.0025 per share. This return is the maiden dividend for shareholders and reflects the Board's confidence in the streamlined operations and the future performance of the business, given the strength of demand and the ability to meet it, even as it continues to grow.

On behalf of the Board, I thank our employees for another year of dedicated service. The skill with which management has steered the business over the past few years and the adaptability of the workforce in fulfilling orders and servicing customers during the most difficult trading conditions that we have ever seen is admirable. The 96% level of repeat business that we enjoy is in no small part due to our experienced and committed employees who approach every project with passion and creativity.

I also want to thank our shareholders, who believe in our strategy and our ability to invest capital to execute it for maximum benefit. We are very pleased to be in a position this year to return a dividend to our investors.

I am proud to be able to report to you that despite enduring unpredictable and unstable trading conditions over the past few years, the fallout of which continues to be felt across the globe, we have produced our best performance to date, since streamlining the business a few years ago. We have now well and truly launched the next chapter of our company as it expands and captures the upside that comes with every upheaval. I look forward to keeping you updated on our progress.



Peter Jinks

EXECUTIVE CHAIRMAN

Chief Executive Officer's Report

Several years ago, we embarked upon a comprehensive streamlining initiative to re-orient the business solely towards the areas in which we were most profitable. The tail end of this process overlapped with the onset of the pandemic, which resulted in lockdowns, border closures and a quick but all-encompassing remodelling of how we operated the business: how we communicated with our employees in a remote working environment; how we undertook projects under a raft of new processes required by clients and sites; and, not least, how we kept everyone around us safe.

So, it is against this difficult backdrop that we have grown our work on hand by a multiple that hovers between six and seven times; acquired, integrated and optimised the value of the APEC Technologies business; executed our national expansion plans with new locations that make our national footprint complete; strengthened our balance sheet; and grew earnings. There is no doubt that the new foundations of the business have enabled it to weather the uncertainties and challenges that have been thrown up by the pandemic. Many of the processes and policies introduced to manage its onset and which persisted for the duration of lockdowns and other restrictions are now built in to our processes and routines across the operations, standing us in good stead for future such unexpected events.

Financial Performance

In last year's annual report, we foreshadowed annual revenue of $60 million for FY22. However, with an 89.0% increase in revenue from $35.60 million in FY21 to $67.29 million in FY22, we have exceeded this target by 12%. In addition, we have completed the year with a revenue run rate in excess of $90 million against the previously stated $80 million annual revenue target for FY23. Not least, our revenue compound annual growth rate since FY20 is 59.2%.

These excellent revenue results emanate from work on hand levels that have grown from $7 million in FY20 year end to $43 million in August this year, reflecting healthy markets and the strength of our ability to win work and deliver excellent quality projects and services.

Expenses increased at a rate slightly lower than revenue as the rapidly growing order book required the recruitment of additional people to undertake projects. Profit after tax increased by 73.4% with $3.02 million in FY 22 compared with $1.74 million in the prior year, and represents a $4.24 million turnaround since FY20.

Additional funds to grow the business are available through external debt facilities and given the revenue momentum and growing order book we believe our working capital remains adequate. We also expect that the cash position will improve off the back of record billings of $10 million for the month of June.

Operational Performance

The Group has achieved much in FY22 with new clients, new branches in new states and territories, new projects and new markets facilitated by strong demand. We have employed new management teams in both our Perth and Brisbane branches, and we have opened new branches in Darwin and Canberra to capitalise on specific markets in those areas.

The rationale for the Canberra presence is to concentrate on expanding into the defence industry and to secure other Federal Government projects, while the move into the Northern Territory underpins our new SKS Indigenous Technologies business, which was launched in August this year, as well as to secure further work in the defence sector.

With SKS Technologies Group owning 49% of the business and indigenous identity, Chris Johnson, owning 51%, the initiative represents our strong desire to foster a diverse and tolerant culture, melded with commercial opportunity. We believe we can capture significant value from that market while providing opportunities for indigenous employment, training and career advancement. In Perth, we are pursuing projects for the mining and resources sector.

We are also expanding into offering and maintaining converged networks in intelligent buildings, as set out in our strategy, and recently secured our first such project in South Australia.

In Victoria, which is our largest market by virtue of the fact that the business originated in Melbourne, we have progressed a drive to secure direct, end-user work with the aim of being contracted by the ultimate client. As part of our geographic expansion plan, we have been pursuing these relationships with large retailers where we can become directly involved in identifying the underlying client requirements and drivers for our systems and services and design more tightly tailored solutions under continuing subscription arrangements.

We have also established a specialist data centre team to capture a share of the rapidly evolving data warehousing market. With increasing role of business intelligence and analytics, and data-driven decision making to improve business performance, the function of data warehousing is forecast to reach approximately $51 billion by 2028, with a compound annual growth rate of almost 11% for the preceding eight years. With the merging of economies as trading relationships and logistics have become more sophisticated, Australia will no doubt see proportionate growth in this market, and we are already seeing large firms purchasing large tracts of land on the outskirts of cities to build warehousing facilities to host data. SKS Technologies is well placed to capture the opportunities that evolve from this fast-developing market.

While there have been many successes, the business has not been immune from the effects of the global supply chain issues, with longer lead times for supplies that have in turn delayed project completions. While customers everywhere have now come to expect these delays with sourcing critical materials, it means that orders cannot be closed out and invoicing is delayed.

Fortunately, SKS Technologies has not been hampered by the current workforce shortages that are being experienced across the economy. While suitably qualified and experience technical people are scarce, this was a problem before the onset of Covid and one that we habitually manage.

People and Culture

SKS Technologies is an employer of choice, having won the international PSNI Global Alliance award for "Best Place to Work in AV' in February 2021. The award measures employee engagement, an element of our business that has always been strong. To date, one of the pillars of our success has been our relationships with supplier and customers, and not least, with our employees, and thus remains a core focus for management as the company rapidly augments its workforce to support the large increase in demand.

The 96% repeat business measure not only reflects our high degree of customer satisfaction, but also engenders a correspondingly high degree of job satisfaction.

The company also supports diversity and inclusion of minority groups, seeking to create a tolerant and cohesive workforce that is unbiased, fair and empathetic in its approach to fellow workers. Age and ethnicity diversity are both evident throughout the business, while gender diversity is a focus, given the nature of the business's operations. At present, females represent 6% of the company, but management is concentrating on increasing opportunities for women and was recently pleased to hire two female apprentices. The new Indigenous business will also bolster cultural diversity with the hiring of Indigenous employees as the business grows across Australia.

Health and Safety

We have an enviable track record in safety and that has continued throughout FY22. Management continues to ensure that all employees understand the value of health and safety, and with the significant increase in the workforce over the past 18 months, the company's commitment has become apparent in the corresponding relative decrease in lost time injuries against a significant increase in worked hours.

During and since the pandemic, all measures have been taken to ensure the health of the workforce and while there has been a small impact on productivity due to employee availability, everyone has recovered and returned to work and all projects have been completed according to schedule.

Sustainability

The company is conscious of its impact on the environment, making buying and operating decisions according to best environmental practice. Waste is recycled, water and energy are used efficiently and procured based on sustainable practice, materials and supplies are re-used where possible as are refillable and recycled options. Single-use plastics are avoided, as are items manufactured from virgin materials, and items which generate less waste are sought wherever possible.

Each year, the business participates in Earth Hour to 'switch off' and join the movement to make the world a cleaner, more sustainable place.

Strategy

SKS Technologies is in the fortunate position of having solutions and services that are required across the full spectrum of industries, from sectors as diverse as essential services providers of energy and utilities to education, property, health, mining and transport. While organisations all needed AV and IT systems and services before the pandemic, since that time, the perception of their intrinsic worth to an organisation

Chief Executive Officers

that must keep its communications flowing, its data safe and its building management operating efficiently, has been magnified.

Over the past few years, the Board and management have broadened the range of systems and services offered by SKS Technologies to capture the opportunities that come with the convergence of elements of a business that can be designed to operate co-operatively for greater efficiency and efficacy. Having been experts in audiovisual and electrical communications, the next logical step was the confluence of information technology and the secure storage of data. We are now active in delivering such systems and services to existing and new customers and have, during the year, begun to win work in the building management space to enable accurate and timely reporting for greater efficiency and fault rectification.

With a national footprint and a comprehensive suite of integrated technologies and services, we are focusing on aggressive organic growth and have been increasingly successful in winning work over the past few years, as our consistently accelerating work on hand levels show.

We have an offering that is in demand across sectors, that is vital for an organisation's survival from many perspectives, and thus a business model that is scalable and in high demand. We intend to remain ahead of the curve in our space to offer customers the most advanced and productive packaged solutions and services.

The Future

Given the sustained level of demand and the vital nature of SKS Technologies systems and services to businesses across the spectrum of industry, we remain optimistic about the future, while continuing to identify and manage the risks as they arise.

Before the pandemic, the supply chain and logistics function was habitually taken for granted with the expectation that, by and large, supplies could be sourced without difficulty. In a post-Covid trading environment, this is no longer the case. Many of our offshore manufacturers are, in turn, struggling to source their own supplies, and longer lead times have become a feature of the landscape. However, the IMF expects these supply-demand imbalances to largely ease over the course of calendar year 2022 as backlogs are alleviated, and thus time lapses between ordering supplies and invoicing for completed projects should ease over the remainder of the year.

This current financial year will require more investment in growth to stay abreast of the momentum in the marketplace. At this stage, we intend to retain our focus on organic growth as the most effective means of growing the business, concentrating on new geographic markets and new components to enhance the integration of systems for customers. We occupy an enviable position in the competitor landscape, with the broadest range of integrated services of any of its competitors, including those which have a nation-wide presence. This ability to offer a fully integrated approach nationally is SKS Technologies' competitive advantage.

Based on the unrelenting demand and sustained increases in work on hand over the past two years, as well as the current trading conditions, SKS Technologies expects to achieve annual revenue of approximately $90 million for FY23, 34% higher than that of FY22.

The growth is expected to be supported by the proliferation of our technologies and services in new sectors, such as mining, defence and, more broadly, government, as well as increased work relating to intelligent buildings and data centres. Our appetite for advancing the ever- evolving landscape of technological convergence only serves to increase our relevance to our customers and to new customers across industries.

Matthew Jinks
CHIEF EXECUTIVE OFFICER

Financial Statements

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of SKS Technologies Group Limited and the entities it controlled (the Group), for the financial year ended 30 June 2022 and auditor's report thereon.

DIRECTORS

The names of each of the directors of the company in office during or since the end of the financial year together with their qualifications, experience and special responsibilities are shown below.

Peter Jinks

EXECUTIVE CHAIRMAN

Peter is Executive Chairman of the Company and has specific responsibility for operations and administration. Peter co-founded the KLM Group with Greg Jinks in 1981 and has been involved in the management of the business from its inception. He has over thirty plus years' experience in technical services, specifically in electrical, data and communication consultation and management. Peter was crucial to the positioning of the KLM Group as one of Australia's major communications and data network infrastructure contractors.

Peter was appointed as non-executive director and chairman in October 2012 and appointed as Managing Director on 8 March 2016. Following the appointment of Matthew Jinks as Chief Executive Officer on 01 February 2021, Peter Jinks stepped down from the role of Managing Director while remaining in the position of Executive Chairman. Peter Jinks has not been a director of any other listed companies during the past three years.

Greg Jinks

EXECUTIVE DIRECTOR

Greg is Executive Director of the Company and has specific responsibility for strategy and business development. Greg was a cofounder of the KLM Group with Peter Jinks and was a key driver of a business that became one of Australia's major communications and data network infrastructure contractors. Greg has more than twenty-five plus years' experience in the telecommunications sector particularly in the area of cabling and infrastructure, voice and laser and microwave wireless products.

Greg was appointed as director of the Company in October 2012. Greg Jinks has not been a director of any other listed companies during the past three years.

Directors' Report (cont'd)

Terence Grigg

NON-EXECUTIVE DIRECTOR

Terence has 26 years' experience as an Executive Director of Ausfine Foods Pty Ltd, an importer and exporter of meat and dairy products.

Terence was previously a Director of Ansearch Limited, Richmond Football Club, Windermere Child and Family Services (not for profit), Position Partners Pty Ltd (Civil Construction & Infrastructure Services) and ESCA Australia Pty Ltd (Medical Research Stem Cells).

Terence was appointed as director of the Company on 31 January 2017. Terence Grigg is also the Chairman and Non-executive Director of The Love Group Global Ltd an ASX listed entity.

Gary Beaton

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Gary is a CPA who has over 30 years of experience as a construction and project accountant and has previously worked for six years with the SKS Technologies Group management team as Chief Financial Officer of their former business KLM Group. Gary previously worked at Clough Engineering group and most recently, Gary completed an 18-month contract with Spotless Group to affect the consolidation of the construction component of a suite of Downer EDI businesses and subsidiary acquisitions. Gary joined the group as the new Chief Financial Officer and was appointed as the company secretary on 13 December 2019.

Matthew Jinks

CHIEF EXECUTIVE OFFICER AND COMPANY SECRETARY

Matthew, who holds a Master of Business Administration Finance Major , joined the SKS Technologies Group business in April of 2013 as the Chief Operating Officer with the responsibility of managing all aspects of the company's financial and operational activities. On 1 February 2021 Matthew was appointed as the Chief Executive Officer.

Prior to joining the senior management team of SKS Technologies Group, Matthew held the position of Executive General Manager Finance and one of the Directors of KLM Group, then owned by Programmed Maintenance Ltd, managing all aspects of the business financials. Matthew began his journey as an apprentice electrician for KLM Group. Over a 16-year period he progressed through the business gaining extensive experience in all aspects of management and business operations within the Electrical, Communications and Audio-Visual industry. Matthew was appointed as the company secretary on 15 November 2019.

Directors' Report (cont'd)
Review of Operations

OPERATING RESULTS

Full year sales significantly increased with group's current year trading revenue (including discontinued operations) of $67,288,383 by 85.4% on $36,299,131 in the previous corresponding period. Full year sales for continuing operations grew with group trading revenues to $67,288,383 up 89% on $35,599,216 in the previous corresponding period. The consolidated group made a profit after tax of $3,022,577 for the year ended 30 June 2022 compared to $2,166,463 in the previous corresponding period.

OPERATIONAL OVERVIEW

The sales in SKS Technologies Pty Ltd has grown strongly during the year. The company has opened offices in Darwin and Canberra in the second half of the year and refreshed the management team in both Western Australia and Queensland. The work in hand, pipeline of opportunities, as well as the size of opportunities, remains favourable across the regions in which the company operates.

During the year the company withdrew from the acquisition of ISGQ Pty Ltd.

Employee expenses increased 126% to $25,669,623 ($11,355,249 year ended 30 June 2021) and materials increased 71.6% to $38,173,996 ($22,245,050 year ended 30 June 2021) compared to the previous corresponding period. This was as a result of both the mix of sales growth and a contract where materials were primarily supplied by the client.

The results for the year reflects the impact of the following key matters:

The Group received government incentives for a training scheme of $1,717,940 during the period which has associated staff training costs.

The group has grown significantly over the last 2 years and will continue to focus the business on its core product and services offering of Audio Visual, IT, Electrical and Communications with a strong emphasis on the service and maintenance offering direct to end users.

CAPITAL STRUCTURE

There is no change in the capital structure of the group during the year ended 30 June 2022 except for the issuance of $105,000 of performance rights and 2,000,000 share options of which 500,000 options were vested during the period.

WORKING CAPITAL AND CASHFLOWS FROM OPERATIONS

As a result of supply chain delays, there have been timing issues with the raising of some invoices, pushing some cash receipts into the next quarter. These supply chain disruptions have lengthened the period between cash outlays and cash receipts. Accordingly the Group produced a negative cash flow from operations for the year of $895,617 compared to $1,430,047 positive cashflow in the corresponding period. The Group remains in an expansion phase with revenue growth of 89% (as outlined above) in continuing operations with further growth forecasted.

The group has a clear focus to achieve a positive cashflow outcome from operations in the years ahead.

LEGAL MATTERS

The Group currently received a claim that is not material, from a supplier who was in administration that will be defended by the Group based on legal advice. The Group currently has no other legal matters.

EMPLOYEES

The Group now employs 325 effective fulltime highly qualified employees across five states and two territories and is well placed to take advantage of growth opportunities as they arise. The group has continued to invest in expanding its presence in South Australia, New South Wales, Queensland and Northern Territory.

PRINCIPAL ACTIVITIES

The principal business activity of SKS Technologies Group Limited is design, supply and installation of audio visual (AV), electrical and communication products and services.

OUTLOOK

The Group is currently capitalising on the opportunities that exists with advancement of converged AV and IT networks, leveraging managed AV and IT integrated solutions and Electrical and Communications opportunities. The strategic focus on expanding services and driving scale will generate future shareholder value while advancing the portfolio spread and increasing recurring revenue at higher margins within the audio visual, IT, electrical and communications sector on a national basis.

Directors' Report (cont'd)

The expansion of the audio visual, electrical and communication business has continued. The Group has won and completed a number of projects in the year with a high level of repeat customers and has a mix of opportunities in the pipeline, both large and small. The group will look to take further advantage of its national presence during the following year and take advantage of acquisition opportunities that may arise in the current environment.

The Group commences the year ahead with strong work in hand, with a greater than ever interest and need in audio visual and video conferencing services. There are a number of projects in the pipeline, and the group is well placed to take advantage of opportunities as they arise.

Management and the board actively manage risk applying risk mitigation strategies where possible including the ongoing risk with the COVID-19 global pandemic which may result in further disruptions and delays to operations.

Cyber risk is now a part of modern operations and is actively managed by the group's external IT providers complimented with internal awareness communications and appropriate insurance.

The Group continues to deal with some supply chain disruption with delays in receiving some product impacting on the completion and delays in billing some projects. The group is normally able to lock in price at the time of purchase.

Despite some sectors of the economy struggling with skilled labour shortages the group has not experienced any difficulty in recruiting skilled labour to date and remains an employer of choice in the sector.

The Group remains in a high growth phase and actively manages the demands high growth places on working capital. The group continues to enjoy the support of the current financiers and remains confident that capital could be raised if necessary.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Other than as addressed above, there were no other significant changes in the state of affairs of the Group and its controlled entities that occurred during the financial year.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Group's operations are not subject to any significant environmental regulations under the Commonwealth or State legislation. However, the Directors believe that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the economic entity.

DIVIDENDS

No dividends have been paid by the Group in respect of the year ended 30 June 2022 or the year ended 30 June 2021.

OPTIONS

At the date of this report, the unissued ordinary shares of SKS Technologies Group Limited under option are as follows:

Grant Date	Date of expiry	Exercise Price	Number under Options
25 November 2021	30 June 2024	$0.35	500,000
25 November 2021	30 June 2024	$0.45	500,000
25 November 2021	30 June 2024	$0.55	500,000

For details of options issued to key management personnel as remuneration, refer to the remuneration report.

EVENTS SUBSEQUENT TO BALANCE DATE

SKS Indigenous Technologies Pty Ltd commenced its commercial business operations on 01 August 2022 with 49% group shareholding and 51% indigenous majority shareholdings.

The shares for the 500,000 options exercised by Mr. Matthew Jinks were issued on 19 July 2022.

An unfranked dividend of $0.0025 per share has been declared on 29 August 2022.

The Group currently received a claim that is not material, from a supplier who was in administration that will be defended by the Group based on legal advice.

Apart from the matters described above, the directors are not aware of any matters or circumstances which have occurred subsequent to the balance date, that may significantly affect the operations or the state of affairs of the Consolidated entity in future financial periods.

PROCEEDINGS ON BEHALF OF THE COMPANY

Other than as noted above, no proceedings have been brought on behalf of the company or its controlled entities.

Directors' Report (cont'd) Directors' Meetings

The number of Directors' meetings held during the financial year and the number of meetings attended by each director are as follows:

Director	Eligible to attend	Attended
Peter Jinks	15	15
Greg Jinks	15	15
Terence Grigg	15	14

DIRECTORS' INTERESTS IN SHARES OR OPTIONS

Directors' relevant interests in shares of SKS Technologies Group Limited or options over shares in the company (or a related body corporate) are detailed below.

Directors' relevant interests in:	Ordinary shares of SKS Technologies Group Limited	Options over shares in SKS Technologies Group Limited
Peter Jinks	17,176,025	Nil
Greg Jinks	17,176,025	Nil
Terence Grigg	257,250	Nil

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The constitution of the company provides that, to the extent permitted by the Corporations Act 2001 "every officer and employee of the company and its wholly-owned subsidiaries shall be indemnified out of the funds of the company (to the extent that the officer or employee is not otherwise indemnified) against all liabilities incurred as such an officer or employee, including all liabilities incurred as a result of appointment or nomination by the company or the subsidiary as a trustee or as an officer or employee of another corporation."

The directors of the company who held office during the past year, Peter Jinks, Greg Jinks and Terence Grigg have the benefit of the above indemnity. The indemnity also applies to executive officers of the company who are concerned, or take part, in the management of the company.

The company has not paid any insurance premiums in respect of any past or present directors or auditors, other than as required by law.

AUDITOR INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 in relation to the audit for the financial year is provided with this report on page 57.

NON-AUDIT SERVICES

Non-audit services are approved by resolution of the board of directors. Non-audit services were provided by the related practice of the auditors of entities in the consolidated group during the year, namely DFK Benjamin King Money, as detailed below. The directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by SKS Technologies Group Limited and have been reviewed and approved by the board of directors to ensure they do not impact on the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for SKS Technologies Group Limited or any of its related entities, acting as an advocate for SKS Technologies Group Limited or any of its related entities, or jointly sharing risks and rewards in relation to the operations or activities of SKS Technologies Group Limited or any of its related entities.

Amounts paid and payable to the related practice of the Auditors for non-audit services:	2022 $	2021 $
Taxation services	22,300	36,500
	22,300	36,500

STAFF

The Board appreciates the support it continues to have from the group's staff, and acknowledges, with thanks, the efforts they are all making to the growth of the group.

ROUNDING OF AMOUNTS

In accordance with ASIC Corporations (Rounding in the Financial/Directors' Reports) Instrument 2016/191, the amounts in the directors' report and in the financial report have been rounded to the nearest dollar.

Directors' Report (cont'd) Remuneration Report (audited)

This report outlines the remuneration arrangements in place for key management personnel of SKS Technologies Group Limited.

REMUNERATION PHILOSOPHY

Remuneration levels are set by the Group in accordance with industry standards to attract and retain suitable qualified and experienced Directors and senior executives. The Group has engaged a remuneration consultant related to the CEO role.

The Group distinguishes the structure of non-executive Director's remuneration from that of executive Directors and senior executives. The company's Constitution provides that the remuneration of non-executive Directors will be not more than the aggregated sum fixed by a general meeting of shareholders.

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. Two methods have been applied to achieve this aim, the first being a performance-based bonus based on key performance indicators, and the second being the issue of options to directors and executives to encourage the alignment of personal and shareholder interests.

The Company has chosen to use shares to incentivise and remunerate Mr Matthew Jinks because, in the opinion of the board, this represents a way to align the interests of Mr Mathew Jinks with the interests of Shareholders generally. The bonus payment to Mr Matthew Jinks is payable half in cash and half in shares and is only payable if agreed financial performance hurdles are met. Not only does this incentivise Mr Matthew Jinks and reward him based on the Company achieving its targets but, over time, as a shareholder, Mr Matthew Jinks will have objectives which are aligned to those of the Shareholders.

In relation to the options, the Board is of the view that it is in the interests of the Company and all Shareholders for the share price to grow over time and granting options to Mr Matthew Jinks to acquire shares as each hurdle price is met means that he is incentivised and rewarded for his part in delivering these objectives to the Company and its Shareholders.

The Company has an executive service agreement with Mr Peter Jinks (Executive Chairman) and Mr Greg Jinks (Executive Director) whom are on three months' notice periods. The Company has employment agreements with each of its senior executives. The company has an agreement with Mr. Matthew Jinks who was appointed as Chief Executive Officer on 1 February 2021, with a base salary of $350,000 inclusive of superannuation which may be terminated by company with one year's notice.

Mr Matthew Jinks is also eligible to receive Options (to a maximum of 2,000,000) under the Plan, potentially vesting after the performance period from 1 July 2021 to 30 June 2024. Options which do not vest will lapse and will not be re-tested. Each option is entitled to be converted into one ordinary share and is valued using the Black-Scholes methodology.

The actual number of Options to be granted to Mr Matthew Jinks will require the Company to meet the share price targets (Hurdle Price) as set out below:

Hurdle Price	Options
$0.25	500,000
$0.35	500,000
$0.45	500,000
$0.55	500,000

The Options were granted following shareholder approval and will vest after the Hurdle Price has been achieved. The Options will be exercisable at their relevant Hurdle Price within 4 years after issue.

Mr. Matthew Jinks has exercised 500,000 of options as the Hurdle Price of $0.25 was achieved during the financial year 2022. Shares relating to these options exercised were issued on 19 July 2022.

Mr. Matthew Jinks' current total remuneration package for FY22 is as follows:

Base Renumeration Rate	Short Term Incentive Target, calculated as a percentage on the prevailing Base Remuneration Rate	Long-Term Incentive Reward	Termination Payment (except for cause)
$350,000 pa reviewed August 2022	60% calculated on prevailing base remuneration rate (50% Cash, 50% Performance Rights)	Equity Incentive in the form of Share Options as set out above	One year's remuneration equivalent plus pro rata STI award

Performance Rights will be granted depending upon the Company meeting or exceeding its performance hurdle during the specified performance period of 1 July 2021 to 30 June 2022. The maximum value of Performance Rights granted is 30% of Mr Jinks' Base Remuneration ($105,000.00). If the Performance Rights hurdle is met, and shares are issued, they will be issued under the Plan (with an accompanying loan) and will be subject to the Plan Rules. For the current financial year the board has approved a short-term incentive of $105,000 in performance rights only.

Directors' Report (cont'd)

Mr Matthew Jinks will receive the Performance Rights and/or Options at no cost to him.

Mr Matthew Jinks is currently the only related party eligible under the Plan rules to be granted Performance Rights or Options.

A no interest bearing loan will be granted in relation to the exercise of an Option or the granting of shares pursuant to an award of Performance Rights and the entire amount of the loan will be applied to the exercise price of the Option or the acquisition price of shares issued pursuant to Performance Rights.

There are no written agreements with the non-executive director.

The remuneration for executive Directors is currently linked to the Group's financial performance but is not linked to the share price. None of the remuneration of the Directors listed below was considered at risk.

There are no retirement schemes in place for directors other than statutory contributions to superannuation.

DETAILS OF KEY MANAGEMENT PERSONNEL

Key Management Personnel	
Peter Jinks	Executive Chairman
Greg Jinks	Executive Director
Terence Grigg	Non-Executive Director
Matthew Jinks	Chief Executive Officer
Gary Beaton	Cheif Financial Officer

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

	Short-term	Post-employment	Shared Based Payments	Total
2022	Salary and Fees $	Superannuation $	Options and Rights $	$
Peter Jinks	250,000	-	-	250,000
Greg Jinks	249,996	-	-	249,996
Terence Grigg	42,000	-	-	42,000
Matthew Jinks	329,000	23,568	240,634	593,202
Gary Beaton	198,117	19,812	-	217,929
Total	1,069,113	43,380	240,634	1,353,127

	Short-term	Post-employment	Shared Based Payments	Total
2021	Salary and Fees $	Superannuation $	Options and Rights $	$
Peter Jinks	169,998	-	-	169,998
Greg Jinks	169,998	-	-	169,998
Terence Grigg	30,000	-	-	30,000
Matthew Jinks	300,471	23,825	-	324,296
Gary Beaton	219,948	20,430	-	240,378
Total	890,415	44,255	-	934,670

DESCRIPTION OF OPTIONS/RIGHTS GRANTED AS REMUNERATION

Details of the options granted as remuneration to those key management personnel during financial year 2022.

Shared Based Payments	$	Number of Options	Grant Date	Expiry Date
Key Management Personnel				
Matthew Jinks	13,750	2,000,000	25/11/2021	30/06/2024

Option values at grant date were determined using the Black-Scholes method.
For the current financial year the board has also approved a short-term incentive of $105,000 in performance rights to Mr. Matthew Jinks.

Directors' Report (cont'd)

CONSEQUENCES OF GROUP'S PERFORMANCE ON SHAREHOLDER WEALTH

The following table summarises group performance and key performance indicators:

	2022	2021	2020	2019	2018
Sales revenue	$67,288,383	$36,299,131	$36,173,248	$41,186,567	$27,150,403
% increase in revenue	85.4%	0.3%	(12%)	52%	34%
Profit/(loss) before tax	$3,022,577	$2,166,463	($4,989,287)	$19,167	($3,008,917)
% increase in profit/(loss) before tax	40%	143%	(26329%)	101%	(67%)
Change in share price (%)	(35%)	389%	(77%)	0%	(33%)
Dividend paid to shareholders	-	-	-	-	-
Return of capital	-	$13,083	-	-	-
Total remuneration of KMP	$1,353,127	$934,670	$475,134	$508,945	$545,460
Total performance-based remuneration	$240,634	-	-	-	-

KEY MANAGEMENT PERSONNEL'S EQUITY HOLDINGS

(A) Number of options held by key management personnel

2022	Balance 1 July 2021	Granted as remuneration	Excercised	Balance 30 June 2022	Vested during the year	Vested and exercisable
Key Management Personnel						
Peter Jinks	-	-	-	-	-	-
Greg Jinks	-	-	-	-	-	-
Terence Grigg	-	-	-	-	-	-
Matthew Jinks	-	2,000,000	500,000	1,500,000	500,000	-
Gary Beaton	-	-	-	-	-	-
	-	2,000,000	500,000	1,500,000	500,000	-

(B) Number of shares held by key management personnel

2022	Balance 1 July 2021	Received as remuneration	Other changes	On exercise options	Balance 30 June 2022	Balance held directly	Balance held indirectly
Key Management Personnel							
Peter Jinks	17,176,025	-	-	-	17,176,025	1,948,751	15,227,274
Greg Jinks	17,176,025	-	-	-	17,176,025	-	17,176,025
Terence Grigg	257,250	-	-	-	257,250	-	257,250
Matthew Jinks	3,321,662	-	-	-	3,321,662	-	3,321,662
Gary Beaton	-	-	-	-	-	-	-
	37,930,962	-	-	-	37,930,962	1,948,751	35,982,211

Directors' Report (cont'd)

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

The following is a summary of transactions with key management personnel and other related parties entered into throughout the financial year:

- The principal place of business, 700 Spencer Street West Melbourne was purchased by executive directors and senior executives in May 2022 and has invoiced the company for $62,500 for the lease rental. The transaction was on an arm's length basis on normal commercial terms and conditions.
- Lawson Lodge Country Estate (Macedon), a conference centre owned by Greg Jinks invoiced the company for $17,113 (2021: $9,544). The transaction was on an arm's length basis on normal commercial terms and conditions.
- Greg Jinks invoiced the company for director fees of $249,996 (2021: $169,998) via his entity Jinks Consulting Group.
- Peter Jinks invoiced the company for director fees of $250,000 (2021: $169,998) via his entity Bundarah Pty Ltd.
- Terence Grigg invoiced the company for director fees of $42,000 (2021: $30,000)
- The following amounts are owed to key management personnel as at 30 June 2022:

- Peter Jinks - Nil (2021: $13,750)
- Greg Jinks - Nil (2021: $13,750)
- Terence Grigg - Nil (2021: $2,500)
- Matthew Jinks – Nil (2021: Nil)
- Gary Beaton -Nil (2021: $819)

- Information regarding share-based payment transactions with Mr. Matthew Jinks are included elsewhere in the remuneration report.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of SKS Technologies Group Limited is responsible for corporate governance. The Board has chosen to prepare the Corporate Governance Statement (CGS) in accordance with the fourth edition of the ASX Corporate Governance Council's Principles and Recommendations under which the CGS may be made available on the Company's website.

Accordingly, a copy of the Group's CGS is available on the SKS Technologies Group website at

https://investors.sks.com.au/investor-center/corporate-governance .

VOTING AND COMMENTS MADE AT THE COMPANY'S 2021 ANNUAL GENERAL MEETING (AGM)

The company received 99.97% of 'for' votes in relation to its remuneration report for the year ended 30 June 2021. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2021 was carried as an ordinary resolution. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Signed on 29 August 2022 in accordance with a resolution of the Directors made pursuant to section 298(2) of the Corporations Act 2001.

Peter Jinks

EXECUTIVE CHAIRMAN

29 August 2022

Consolidated Statement of Profit and Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $	2021 $
CONTINUING OPERATIONS			
REVENUE AND OTHER INCOME			
Sales revenue	4	67,288,383	35,599,216
Other income	5	1,838,035	1,469,302
Total revenue and other income		69,126,418	37,068,518
EXPENSES			
Raw material, consumables and logistics		(38,173,996)	(22,245,050)
Employee benefit expenses	6	(25,669,623)	(11,355,249)
Occupancy expenses		(185,470)	(122,484)
Administration expenses		(1,645,383)	(1,350,653)
Depreciation and amortisation	6	(917,643)	(549,212)
Finance charges	6	(530,806)	(242,710)
Total expenses		(67,122,921)	(35,865,358)
Profit before income tax		2,003,497	1,203,160
Income tax benefit	7(a)	1,020,000	540,000
Profit after income tax from continuing operations		3,023,497	1,743,160
(Loss) / profit after income tax from discontinued operations	8	(920)	423,303
Profit for the year		3,022,577	2,166,463
Other comprehensive Income		-	-
Total comprehensive profit for the year		3,022,577	2,166,463
Profit attributable to members of the Parent Entity		3,022,577	2,166,463
Earnings per share from continuing operations attributable to equity holders of the parent entity: (cents per share)			
Basic	26	2.80	1.61
Diluted	26	2.80	1.61
Earnings per share from discontinued operations attributable to equity holders of the parent entity: (cents per share)			
Basic	26	(0.00)	0.39
Diluted	26	(0.00)	0.39
Earnings per share attributable to equity holders of the parent entity (cents per share)			
Basic	26	2.80	2.01
Diluted	26	2.80	2.01

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement Of Financial Position

AS AT 30 JUNE 2022

	Notes	2022 $	2021 $
CURRENT ASSETS			
Cash and cash equivalents	9	39,534	109,194
Trade and other receivables	10	20,173,143	11,477,070
Inventories	11	102,925	46,490
Other current assets	12	287,747	123,659
Total Current Assets		20,603,349	11,756,413
NON-CURRENT ASSETS			
Trade and other receivables	10	414,891	-
Other non-current assets	12	115,656	140,014
Plant and equipment	13	1,746,657	1,294,293
Right of use assets	14(a)	4,216,301	1,015,734
Intangible assets	15	1,919,366	1,898,131
Deferred tax asset	7(b)	1,560,000	540,000
Total Non-Current Assets		9,972,871	4,888,172
Total Assets		30,576,220	16,644,585
CURRENT LIABILITIES			
Trade and other payables	16	15,720,704	11,230,943
Borrowings	17(a)	2,663,989	-
R&D liability payable	18(a)	500,820	500,820
Provisions	19(a)	1,349,953	858,996
Lease liabilities	14(b)	816,454	448,532
Total Current Liabilities		21,051,920	13,039,291
NON-CURRENT LIABILITIES			
R&D liability payable	18(b)	228,989	821,480
Provisions	19(b)	40,215	24,711
Lease liabilities	14(c)	4,185,277	939,579
Total Non-Current Liabilities		4,454,481	1,785,770
Total Liabilities		25,506,401	14,825,061
Net Assets		5,069,819	1,819,524
EQUITY			
Contributed equity	20	22,072,786	22,085,702
Share option reserve	21	230,909	-
Accumulated losses	22	(17,233,876)	(20,266,178)
Total Equity		5,069,819	1,819,524

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement Of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2022

	Contributed Equity $	Share Option Reserve $	Accumulated Losses $	Total $
As at 1 July 2020	20,658,305	-	(22,432,641)	(1,774,336)
Issue of shares	1,449,359	-	-	1,449,359
Unmarketable parcel share buy-back	(13,083)	-	-	(13,083)
Cost of issue of shares	(8,879)	-	-	(8,879)
Profit for the year	-	-	2,166,463	2,166,463
As at 30 June 2021	22,085,702	-	(20,266,178)	1,819,524

	Contributed Equity $	Share Option Reserve $	Accumulated Losses $	Total $
As at 1 July 2021	22,085,702	-	(20,266,178)	1,819,524
Share based payment transactions	-	10,634	-	10,634
Shares to be issued upon the exercise of options and rights	-	230,000	-	230,000
Transfer to accumulated losses due to the exercise of options	-	(9,725)	9,725	-
Cost of issue of share options	(12,916)	-	-	(12,916)
Profit for the year	-	-	3,022,577	3,022,577
As at 30 June 2022	22,072,786	230,909	(17,233,876)	5,069,819

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2022

	Notes	2022 $	2021 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		64,903,116	34,694,875
Receipts from government incentives		1,717,940	1,528,400
Payments to suppliers and employees		(66,989,651)	(34,540,357)
Interest received		388	666
Interest paid on lease liability		(188,098)	(65,658)
Other interest paid		(339,312)	(187,879)
Net cash (used in) / provided by operating activities	23(a)	(895,617)	1,430,047
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for plant and equipment		(766,891)	(314,557)
Proceeds from disposal of plant and equipment		2,001	24,543
Payment for intangibles		(47,422)	(24,812)
Payments for bank guarantees		(114,607)	(46,888)
Payment for acquiring business - APEC		-	(66,256)
Proceeds from sale of discontinued operations		142,033	1,187,593
Net cash (used in) / provided by investing activities		(784,886)	759,623
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments to issue of options/shares		(12,916)	(8,879)
Payment to buy back shares		-	(13,083)
Payment of lease liabilities		(552,060)	(425,566)
Proceeds from borrowings		66,114,608	31,856,802
Repayments of borrowings		(63,450,621)	(33,258,391)
Repayment of R&D liability		(488,168)	(460,364)
Net cash provided by / (used in) financing activities		1,610,843	(2,309,481)
Net decrease in cash and cash equivalents		(69,660)	(119,811)
Cash and cash equivalents at the beginning of the financial year		109,194	229,005
Cash and cash equivalents at the end of the financial year	23(b)	39,534	109,194

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statement

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(A) BASIS OF PREPARATION

This financial report is a general-purpose financial report that has been prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, Interpretations and other applicable authoritative pronouncements of the Australian Accounting Standards Board (AASB).

The financial report covers SKS Technologies Group Limited and controlled entities as a group. SKS Technologies Group Limited is a company limited by shares, incorporated and domiciled in Australia. The address of SKS Technologies Group Limited's registered office and principal place of business is 700 Spencer Street, West Melbourne. SKS Technologies Group Limited is a for-profit entity for the purpose of preparing the financial report.

The financial report of SKS Technologies Group Limited for the year ended 30 June 2022 was authorised for issue in accordance with a resolution of the directors on 29 August 2022.

Compliance with IFRS

The consolidated financial statements of SKS Technologies Group Limited also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

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

Fair value measurement

For financial reporting purposes, 'fair value' is the price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants (under current market conditions) at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

When estimating the fair value of an asset or liability, the entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to valuation techniques used to measure fair value are categorised into three levels according to the extent to which the inputs are observable:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

Significant accounting estimates

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

(B) PRINCIPLES OF CONSOLIDATION

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

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

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

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

(C) BUSINESS COMBINATIONS

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

The consideration transferred is the sum of the acquisition date fair values of the assets transferred, equity instruments issued, or liabilities incurred by the acquirer to former owners of the acquiree. Deferred consideration payable is measured at its acquisition date fair value. Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. At each reporting date subsequent to the acquisition, contingent consideration payable is measured at its fair value with any changes in the fair value recognised in profit or loss unless the contingent consideration is classified as equity, in which case the contingent consideration is measured at its acquisition date fair value.

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

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

Acquisition related costs are expensed as incurred.

(D) INTANGIBLE ASSETS

Goodwill

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

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

Separately acquired Intangible assets

Except for indefinite useful life intangible assets, which are not amortised but are tested annually for impairment, separately acquired intangible assets are recognised at cost and amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, separately acquired intangible assets are measured at cost, less accumulated amortisation (where applicable) and any accumulated impairment losses.

Intangible Assets Acquired in a Business Combination

Intangibles acquired in a business combination are initially recognised at fair value (which, for accounting purposes, is treated as the cost of the intangible asset), and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, intangible assets acquired in a business combination are measured at cost, less accumulated amortisation and any accumulated impairment losses.

IT software development costs

Costs incurred in developing IT software are initially recognised as an asset and are subsequently amortised over their estimated useful lives commencing from the time the asset is available for use. The amortisation method applied to an intangible asset is consistent with the estimated consumption of economic benefits of the asset. Subsequent to initial recognition, IT software development costs recognised as an intangible asset are measured at cost, less accumulated amortisation and any accumulated impairment losses.

(E) GOING CONCERN

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

The group produced a profit of $3,022,577 during the year ended 30 June 2022 (year ended 30 June 2021 $2,166,463), and as at that date, the group's net asset position was $5,069,819 (30 June 2021: $1,819,524). The working capital position as at 30 June 2022 has a deficiency of current assets over current liabilities of $448,571 (30 June 2021: $1,282,878).

The group produced negative cash flows from operating activities for the year ended 30 June 2022 of $895,617

(30 June 2021: positive cashflow of $1,430,047). The ability of the Group to continue as a going concern is reliant on generating profits, improving cash flows from operating activities, managing debt levels, and the management of cash flows within the Group's funding facilities.

Notwithstanding the above, the directors believe the going concern basis is appropriate due to the following factors:

- The Group has prepared forward budget and cash flow projections which are based on increasing revenues from the expanding audio-visual products and solutions, electrical and communication services which support improving cashflows from operating activities.

- The Group continues to comply with the agreement with the Australian Taxation Office for an orderly repayment of the R&D tax payable which enables the Group to manage repayment of this debt. Broadly, this comprises repayment by instalments over a four (4) year timeframe ending November 2023.

- The Group has the ongoing support of its Debtor Financiers and at the date of this report is operating comfortably within the limits of the facility.

Based on the above the directors believe that the Group will continue as a going concern over the next 12 months and consequently will realise assets and settle liabilities and commitments in the ordinary course of business and at the amounts stated in the financial report.

If the going concern basis of accounting is found to no longer be appropriate, the recoverable amounts of the assets shown in the consolidated statement of financial position are likely to be significantly less than the amounts disclosed and the extent of the liabilities may differ significantly from those reflected in the consolidated statement of financial position.

(F) FINANCIAL INSTRUMENTS

Initial recognition and measurement

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

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

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

a. the group's business model for managing the financial assets; and

b. the contractual cash flow characteristics of the financial asset.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.

All other financial liabilities recognised by the group are subsequently measured at amortised cost.

Trade and other receivables

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

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

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

a. debt instruments measured at amortised cost;

b. debt instruments classified at fair value through other comprehensive income; and

c. receivables from contracts with customers and contract assets.

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

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

The group consider a range of information when assessing whether the credit risk has increased significantly since initial recognition. This includes such factors as the identification of significant changes in external market indicators of credit risk, significant adverse changes in the financial performance or financial position of the counterparty, significant changes in the value of collateral, and past due information.

The group assumes that the credit risk on a financial asset has not increased significantly since initial recognition when the financial asset is determined to have a low credit risk at the reporting date. The group considers a financial asset to have a low credit risk when the counterparty is assessed by the group to have a strong financial position and no history of past due amounts from previous transactions with the group.

The group assumes that the credit risk on a financial instrument has increased significantly since initial recognition when contractual payments are more than 90 days past due.

The group determines expected credit losses based on individual debtor level expectations relative to credit terms, adjusted for factors that are specific to the debtor as well as relevant current and future expected economic conditions. When material, the time value of money is incorporated into the measurement of expected credit losses. There has been no change in the estimation techniques or significant assumptions made during the reporting period.

The group has identified contractual payments more than 90 days past due as default events for the purpose of measuring expected credit losses. These default events have been selected based on the group's historical experience. Because contract assets are directly related to unbilled work in progress, contract assets have a similar credit risk profile to receivables from contracts with customers. Accordingly, the group applies the same approach to measuring expected credit losses of receivables from contracts with customers as it does to measuring impairment losses on contract assets.

The measurement of expected credit losses reflects the group's 'expected rate of loss', which is a product of the probability of default and the loss given default, and its 'exposure at default', which is typically the carrying amount of the relevant asset. Expected credit losses are measured as the difference between all contractual cash flows due and all contractual cash flows expected based on the group's exposure at default, discounted at the financial asset's original effective interest rate.

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

a. significant financial difficulty of the issuer or the borrower;

b. breach of contract;

c. the lender, for economic or contractual reasons relating to the borrower's financial difficulty, has granted concessions to the borrower that the lender would not otherwise consider; or

d. it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

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

(G) PLANT AND EQUIPMENT

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

Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements. Depreciation is calculated on a straight-line basis or diminishing value over the estimated useful life of the asset as follows:

Property, Plant and equipment: over 2 to 15 years

Motor Vehicles: over 3 to 6 years

Computer Software: over 3 years

Leasehold Improvements: over 5 to 10 years

The assets residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end.

(H) BORROWING COSTS

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

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

(I) INVENTORIES

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

Raw materials: average purchase cost. The cost of purchase comprises the purchase price, import duties and other taxes, transport, handling and other costs directly attributable to the acquisition of raw materials.

Finished goods and work-in-progress: average cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

(J) CASH AND CASH EQUIVALENTS

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

(K) EMPLOYEE BENEFITS

(i) Short-term employee benefit obligations

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits (other than termination benefits) expected to be settled wholly before twelve months after the end of the annual reporting period are measured at the (undiscounted) amounts based on remuneration rates which are expected to be paid when the liability is settled.

The expected cost of short-term employee benefits in the form of compensated absences such as annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables in the statement of financial position.

(ii) Other long-term employee benefit obligations

The provision for other long-term employee benefits, including obligations for long service leave and annual leave, which are not expected to be settled wholly before twelve months after the end of the reporting period, are measured at the present value of the estimated future cash outflow to be made in respect of the services provided by employees up to the reporting date. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee turnover, and are discounted at rates determined by reference to market yields at the end of the reporting period on high quality corporate bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in profit or loss in the periods in which the change occurs.

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

(iii) Termination benefits

The group recognises an obligation and expense for termination benefits at the earlier of: (a) the date when the group can no longer withdraw the offer for termination benefits; and (b) when the group recognises costs for restructuring and the costs include termination benefits. In either case, the obligation and expense for termination benefits is measured on the basis of the best estimate of the number of employees expected to be affected. Termination benefits that are expected to be settled wholly before twelve months after the annual reporting period in which the benefits are recognised are measured at the (undiscounted) amounts expected to be paid. All other termination benefits are accounted for on the same basis as other long-term employee benefits.

(iv) Retirement benefit obligations

Defined contribution superannuation plan

The group makes superannuation contributions (currently 10% of the employee's average ordinary salary) to the employee's defined contribution superannuation plan of choice in respect of employee services rendered during the year. These superannuation contributions are recognised as an expense in the same period when the related employee services are received. The group's obligation with respect to employee's defined contributions entitlements is limited to its obligation for any unpaid superannuation guarantee contributions at the end of the reporting period. All obligations for unpaid superannuation guarantee contributions are measured at the (undiscounted) amounts expected to be paid when the obligation is settled and are presented as current liabilities in the statement of financial position.

(v) Bonus plan

The group recognises a provision when a bonus is payable in accordance with the employee's contract of employment, and the amount can be reliably measured.

(L) PROVISIONS

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

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

(M) LEASES

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

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

Lease assets

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

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

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

Lease liabilities

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

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

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

(N) REVENUE

Revenue from the sale of goods is recognised when the customer receives the goods, ownership of the goods have passed and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Ownership is considered to have passed to the buyer at the time of delivery of the goods to the customer.

Revenue from the provision of services is recognised as performance obligations are satisfied over time, via transfer of services to customers, which is measured based on stage of completion.

Certain customers may be invoiced in advance of provision of services and this amount is recognised as a liability until the group provides, and the customer consumes, the benefits of the services.

Interest revenue is recognised when it becomes receivable on a proportional basis taking into account the interest rates applicable to the financial assets.

All revenue is stated net of the amount of Goods and Services Tax (GST).

(O) INCOME TAX

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

Deferred tax assets and liabilities are recognised for temporary differences at the applicable tax rates when the assets are expected to be recovered or liabilities are settled. No deferred tax asset or liability is recognised in relation to temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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

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

Tax consolidation

SKS Technologies Group Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 30 November 2009. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only.

This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own

transactions, events and balances;

- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

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 requirements of the tax consolidation system, in the event of default by the parent entity to meet its payment obligations.

(P) FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

The financial statements are presented in Australian dollars which is the group's functional and presentation currency.

Transactions and Balances

Transactions undertaken in foreign currencies are recognised in the group's functional currency, using the spot rate at the date of the transaction.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are restated to the spot rate at the reporting date.

All exchange gains or losses are recognised in profit or loss for the period in which they arise.

(Q) GOODS AND SERVICES TAX (GST)

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

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

(R) IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are not subject to amortisation and are therefore tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

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

Assets other than goodwill, intangible assets not yet ready for use and intangible assets with indefinite useful lives are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired.

An impairment loss is recognised when the carrying amount of an asset or cash generating unit exceeds the asset's or cash generating unit's recoverable amount. The recoverable amount of an asset or cash generating unit is defined as the higher of its fair value less costs to sell and value in use.

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

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

(S) NON-CURRENT ASSETS AND DISPOSAL GROUPS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets and disposal groups are classified as held for sale if it is highly probable their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Except in some limited circumstances, such as in the case of deferred tax balances and items measured at fair value on a recurring basis, non-current assets and assets and liabilities comprising disposal groups classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell.

An impairment loss is recognised when the carrying amount of a non-current asset or disposal group held for sale exceeds its fair value less costs to sell and is recognised immediately in profit or loss. Any impairment loss on a disposal group is allocated first to any goodwill attributable to the disposal group, and then to the remaining assets and liabilities on a pro rata basis, except for inventories, deferred tax assets and assets otherwise measured at fair value on a recurring basis. Gains are recognised in respect of any subsequent increases in fair value less costs to sell of non-current assets or disposal groups held for sale, but only to the extent of any cumulative impairment losses previously recognised.

(T) DISCONTINUED OPERATIONS

A discontinued operation is a component of the group that has been disposed of in the current, or prior, reporting period or is classified as held for sale at the reporting date, and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are disclosed separately in the statement of profit or loss and other comprehensive income.

(U) COMPARATIVE INFORMATION

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

(V) SHARE CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options which vest immediately are recognised as a deduction from equity, net of any tax effects.

(W) EQUITY SETTLED COMPENSATION

The Group operates equity-settled share-based payment employee share and option schemes. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The amount to be expensed is determined by reference to the fair value of the options or shares granted, this expense takes in account any market performance conditions and the impact of any non-vesting conditions but ignores the effect of any service and non-market performance vesting conditions.

Non-market vesting conditions are taken into account when considering the number of options expected to vest. At the end of each reporting period, the Group revises its estimate of the number of options which are expected to vest based on the non-market vesting conditions. Revisions to the prior period estimate are recognised in profit or loss and equity.

(X) ROUNDING OF AMOUNTS

The group have applied the relief available under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and accordingly, the amounts in the consolidated financial statements and in the directors' report have been rounded to the nearest dollar.

(Y) ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE AT 30 JUNE 2022

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the Group. The Group has decided not to early adopt any of these new and amended pronouncements.

(Z) NEW AND REVISED ACCOUNTING STANDARDS EFFECTIVE 30 JUNE 2022

The Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2021.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Certain accounting estimates include assumptions concerning the future, which, by definition, will seldom represent actual results. Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies (for motor vehicles). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 6.

Income Tax

Deferred tax assets and liabilities are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Where management considers tax losses are probable of being recovered from future taxable profits, they are recognised as deferred tax assets.

The deferred tax asset as at 30 June 2022 is recognised based on the future probable taxable profits of the group. Accordingly, $1,560,000 deferred tax asset is recognised at the tax rate of 30% based on forecasted profit for the next two years.

Tax losses available but not recognised as a deferred tax asset total $5,272,302.

Share Based Payments

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity-settled share options is estimated through the use of option valuation models – which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life – and is expensed over the vesting period.

Some of the inputs used, such as the expected option life, are not market observable and are based on estimates derived from available data, such as employee exercise behaviour. The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different input estimates or models could produce different option values, which would result in the recognition of a higher or lower expense.

NOTE 3: FINANCIAL RISK MANAGEMENT

(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

(b) Financial risk management objectives and policies

The Group's principal financial instruments comprise bank loans, finance leases and cash. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is the policy of the consolidated entity to regularly review foreign currency exposures. The degree to which the foreign exchange risk is managed will vary depending on circumstances that prevail at the time the risk is known or anticipated. There are no foreign currency contracts outstanding at the reporting date (2021: Nil).

The group hold no financial assets or liabilities at fair value.

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The group monitors its exposure to interest rate risk as part of its capital and cash management. Refer Note 20 (d) for more details.

Liquidity risk

Liquidity risk is the risk that an entity will not be able to meet its financial obligation as they fall due. The entity's approach in managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. The entity manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has adopted the policy of only dealing with creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The consolidated entity does not have any significant concentrations of credit risk (on a net basis after recognising impairment losses) that arise from exposures to a single debtor or to a group of debtors having a similar characteristic such that their ability to meet their obligations is expected to be affected similarly by changes in economic or other conditions.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for credit losses, represents the consolidated entity's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

Sensitivity Analysis

The entity has performed a sensitivity analysis relating to its exposure to interest rate risk and foreign currency risk at balance date. This sensitivity analysis concluded there would be no material impact on fair values of financial assets and liabilities.

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Financial Risk Management

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $	2022 $	2021 $
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables	(14,850,641)	(10,939,671)	-	-	-	-	(14,850,641)	(10,939,671)
Borrowings	(2,663,989)	-	-	-	-	-	(2,663,989)	-
Lease liabilities	(816,454)	(448,532)	(2,047,033)	(939,579)	(2,138,244)	-	(5,001,731)	(1,388,111)
R&D Liability	(500,820)	(500,820)	(228,989)	(821,480)	-	-	(729,809)	(1,322,300)
Total contractual outflows	(18,831,904)	(11,889,023)	(2,276,022)	(1,761,059)	(2,138,244)	-	(23,246,170)	(13,650,082)
Financial assets — cash flows realisable								
Cash and cash equivalents	39,534	109,194	-	-	-	-	39,534	109,194
Trade and other receivables	20,173,143	11,477,070	-	-	-	-	20,173,143	11,477,070
Other assets	178,074	38,876	115,656	140,014	-	-	293,730	178,890
Total anticipated inflows	20,390,751	11,625,140	115,656	140,014	-	-	20,506,407	11,765,154

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2022:

	Weighted average interest rate %	Variable interest rate $	Fixed Interest Rate Maturity: Less than 1 year $	Fixed Interest Rate Maturity: 2 to 5 years $	Fixed Interest Rate Maturity: Greater than 5 years	Non-interest bearing $	Total $
As at 30 June 2022							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	39,534	39,534
Current receivables	-	-	-	-	-	20,173,143	20,173,143
Other assets	0.30	293,729	-	-	-	-	293,729
		293,729	-	-	-	20,212,677	20,506,406
Financial Liabilities							
Trade and other payables	-	-	-	-	-	14,850,641	14,850,641
Borrowings	9.10	2,663,989	-	-	-	-	2,663,989
Lease liability	4.75	-	816,454	2,047,033	2,138,244	-	5,001,731
R&D Liability Payable	7.07	-	500,820	228,989	-	-	729,809
		2,663,989	1,317,274	2,276,022	2,138,244	14,850,641	23,246,170
As at 30 June 2021							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	109,194	109,194
Current receivables	-	-	-	-	-	11,477,070	11,477,070
Other assets	0.37	178,890	-	-	-	-	178,890
		178,890	-	-	-	11,586,264	11,765,154
Financial Liabilities							
Trade and other payables	-	-	-	-	-	10,939,671	10,939,671
Borrowings	8.85	-	-	-	-	-	-
Lease liabilities	4.16	-	448,532	939,579	-	-	1,388,111
R&D liability Payable	7.01	-	500,820	821,480	-	-	1,322,300
			949,352	1,761,059	-	10,939,671	13,650,082

NOTE 3: FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair Value

The carrying amount of financial assets and financial liabilities recorded in the financial statements approximates their respective fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2022 $	2021 $
Revenue from services	67,288,383	35,599,216
Total sales revenue from continuing operations	67,288,383	35,599,216

Unearned revenue as recorded in Note 16, is recorded as a current liability and the underlying performance obligations are expected to be completed within 12 months

NOTE 5: OTHER INCOME

	2022 $	2021 $
Interest revenue	621	839
Government Incentives - (Training subsidies in 2022/job keeper in 2021)	1,717,940	1,215,000
Other income	119,474	253,463
Total other income from continuing operations	1,838,035	1,469,302

NOTE 6: PROFIT FROM CONTINUING OPERATIONS

Profit from continuing operations before income tax has been determined after the following specific expenses:

	2022 $	2021 $
Depreciation and amortisation of non-current assets:		
Property, Plant and equipment	543,574	338,147
Motor Vehicles	217,602	179,868
Computer software	26,188	27,720
Leasehold Improvements	130,279	3,477
	917,643	549,212

	2022 $	2021 $
Finance Costs:		
Interest – debtor finance and other	342,708	177,568
Interest -lease liability	188,098	65,142
	530,806	242,710

	2022 $	2021 $
Employee Benefit Expenses:		
Wages	20,197,480	8,937,220
Superannuation	1,750,493	799,065
Other employee benefits	3,721,650	1,618,964
	25,669,623	11,355,249

NOTE 7: INCOME TAX

(a) Prima facie tax benefit on profit before income tax is reconciled to the income tax expense as follows:

	2022 $	2021 $
Profit before income tax	2,002,577	1,626,463
Prima facie income tax payable / (benefit) on profit before		
Income tax at at 30% (2021: 26%)	600,773	422,881
Add/(less): Permanent differences	14,379	4,598
Add/(less): Tax losses utilised	(769,435)	(125,396)
Add/(less): Temporary differences	154,283	(302,083)
Add/(less): Tax losses recognised as Deferred Tax Asset (c)	(1,020,000)	(540,000)
Income tax benefit	(1,020,000)	(540,000)

(b) Deferred Tax

Deferred tax relates to the following:

	2022 $	2021 $
Deferred tax assets		
The balance comprises:		
Tax losses recognised (c)	1,560,000	540,000
	1,560,000	540,000

(c) Deferred Tax Assets Recognised

SKS Technologies Group Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 30 November 2009. The group has $10,472,302 tax losses carried forward from previous years. The deferred tax asset as at 30 June 2022 is recognised based on the future probable taxable profits of the group. Accordingly, $1,560,000 deferred tax asset is recognised at the tax rate of 30% based on forecasted profit for the next two years.

(d) Tax Losses Available

Tax losses available but not recognised as a deferred tax asset total $5,272,302.

NOTE 8: DISCONTINUED OPERATIONS

(a) Commercial Lighting Business

On 7 August 2020, the group sold off its Commercial lighting business and associated business assets. The results of the discontinued operations for the current and comparative period are presented below:

	2022 $	2021 $
(i) Financial performance information		
Sales revenue	-	699,914
Expenses	(920)	(511,914)
Other income	-	131,668
(Loss)/ Profit before income tax	(920)	319,668
Income tax expense	-	-
(Loss) / Profit after income tax from discontinued operations	(920)	319,668
Profit on disposal of the discontinued operations before income tax	-	103,635
Income tax expense	-	-
Profit on disposal of the discontinued operations after income tax	-	103,635
Net (Loss) / Profit from discontinued operation	(920)	423,303
(ii) Cash flow information		
Net cash used in operating activities	(433)	(1,164,217)
Net cash provided by investing activities	-	710,202
Net cash used in financing activities	-	(179,038)
Net cash flow	(433)	(633,053)

(b) Street Column Lighting Business

On 31 January 2020, the group sold off its Street column lighting business and associated business assets under an Asset Sales Agreement and agreed a payment plan with the purchaser to receive the sales proceeds. Accordingly, the group has received $142,033 during the period ended 30 June 2022 completing the total sales proceeds receivable.

NOTE 9: CASH AND CASH EQUIVALENTS

	2022 $	2021 $
Cash at Bank	39,534	109,194
	39,534	109,194

NOTE 10: TRADE AND OTHER RECEIVABLES

Current	2022 $	2021 $
Trade debtors	16,512,232	9,061,097
Retention debtors	1,724,960	779,799
Allowance for credit losses	(27,411)	(14,104)
Contract assets	1,718,055	1,443,049
Proceeds receivable from purchaser of street column business	-	139,174
Other receivables	245,307	68,055
	20,173,143	11,477,070

Movements in the allowance for credit losses were:		
Opening balance at 1 July	(14,104)	(22,084)
(Charge) / Reveral for the year	(13,307)	2,195
Amounts written off	-	5,785
Closing balance at 30 June	(27,411)	(14,104)

Trade receivables ageing analysis as at 30 June is	Gross 2022 $	Expected credit loss 2022 $	Gross 2021 $	Expected credit loss 2021 $
Not past due	12,703,179	-	6,268,684	-
Past due 0 - 30 days	3,381,538	-	2,577,903	-
Past due 31-60 days	208,075	-	209,639	(9,233)
Past due more than 60 days	219,440	(27,411)	4,871	(4,871)
	16,512,232	(27,411)	9,061,097	(14,104)

Non-Current	2022 $	2021 $
Retention debtors	414,891	-
	414,891	-

NOTE 11: INVENTORIES

	2022 $	2021 $
Project materials at the warehouse - at cost	102,925	46,490
	102,925	46,490

NOTE 12: OTHER ASSETS

	2022 $	2021 $
Current		
Prepayments and other assets	287,747	123,659
	287,747	123,659
Non Current		
Bank guarantees	115,656	140,014
	115,656	140,014

NOTE 13: PROPERTY, PLANT & EQUIPMENT

	2022 $	2021 $
Plant and equipment		
At cost	493,101	235,592
Accumulated depreciation	(163,061)	(67,683)
	330,040	167,909
Office furniture and equipment		
At cost	746,631	459,088
Accumulated depreciation	(395,657)	(325,498)
	350,974	133,590
Motor Vehicles		
At cost	909,658	909,875
Accumulated depreciation	(639,705)	(499,477)
	269,953	410,398
Leasehold Improvements		
At cost	915,736	585,873
Accumulated depreciation	(120,046)	(3,477)
	795,690	582,306
Total Property, plant and equipment	1,746,657	1,294,293

(a) Movement in carrying amounts of property, plant and equipment

Movement in carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Plant & Equipment $	Office Furniture and Equipment $	Motor Vehicles $	Leasehold Improvements $	Total $
Year ended 30 June 2022					
Balance at the beginning of year	167,909	133,590	410,398	582,395	1,294,293
Additions	257,509	287,543	8,150	329,864	883,066
Disposals	-	-	(7,835)	-	(7,835)
Depreciation expense	(95,378)	(70,160)	(140,760)	(116,569)	(422,867)
Balance at the end of year	330,040	350,974	269,953	795,690	1,746,657
Year ended 30 June 2021					
Balance at the beginning of year	54,094	30,219	565,439	-	649,753
Additions	9,028	103,779	24,582	585,872	723,261
Assets acquired on aquisition of APEC	132,165	20,850	13,618	-	166,633
Disposals	-	-	(23,562)	-	(23,562)
Depreciation expense	(27,378)	(21,258)	(169,679)	(3,477)	(221,792)
Balance at the end of year	167,909	133,590	410,398	582,395	1,294,293

NOTE 13: PROPERTY, PLANT & EQUIPMENT (cont'd)

(b) The Motor vehicles carrying value includes leased motor vehicles of $155,019 as at 30 June 2022.

NOTE 14: LEASES

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

(a) Right of use asset	2022 $	2021 $
Carrying amount of lease assets, by class of underlying asset:		
Building under lease arrangements		
At Cost	3,694,725	1,213,947
Accumulated depreciation	(184,234)	(285,300)
	3,510,491	928,647
Motor Vehicles		
At Cost	635,963	98,984
Accumulated depreciation	(88,739)	(11,897)
	547,224	87,087
Equipment		
At Cost	45,782	-
Accumulated depreciation	(12,486)	-
	33,296	-
Leasehold Improvement		
At Cost	139,000	-
Accumulated depreciation	(13,710)	-
	125,290	-
Total Right of Use Assets	4,216,301	1,015,734

Reconcilliation of the carrying amount of lease assets at the beginning and end of the financial year.

	Buildings $	Motor Vehicles $	Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2022					
Balance at the beginning of year	928,647	87,087	-	-	1,015,734
Additions	3,617,827	536,979	45,782	139,000	4,339,588
Terminated	(687,080)	-	-	-	(687,080)
Depreciation expense	(348,903)	(76,842)	(12,486)	(13,710)	(451,941)
Balance at the end of year	3,510,491	547,224	33,296	125,290	4,216,301

	Buildings $	Motor Vehicles $	Equipment $	Leasehold Improvements $	Total $
Year ended 30 June 2021					
Balance at the beginning of year	433,688	-	-	-	433,688
Additions	815,492	98,984	-	-	976,906
Terminated	(23,814)	-	-	-	(23,814)
Depreciation expense	(296,719)	(11,897)	-	-	(325,264)
Balance at the end of year	928,647	87,087	-	-	1,015,734

NOTE 14: LEASES (cont'd)

Lease Liabilities	2022 $	2021 $
(b) Current lease liabilities	816,454	448,532
(c) Non-current lease liabilities	4,185,277	939,579
Total carrying amount of lease liabilities	5,001,731	1,388,111

Lease expenses and cashflows	2022 $	2021 $
Interest expense on lease liabilities	188,098	65,658
Depreciation expense on lease assets	655,675	433,808
Total cash outflow in relation to leases	740,158	491,223

NOTE 15: INTANGIBLE ASSETS

	2022 $	2021 $
Goodwill at cost (a)	1,867,660	1,867,660
Computer software (b)	51,706	30,471
	1,919,366	1,898,131

(a) Reconciliation of carrying amount at the beginning and end of the period

Goodwill	2022 $	2021 $
Carrying value as at 1 July	1,867,660	-
Goodwill on acquisition of APEC (Refer note 8 in annual report 2021)	-	1,867,660
Goodwill impaired	-	-
Carrying value as at 30 June	1,867,660	1,867,660

(b) Reconciliation of carrying amount at the beginning and end of the period

Computer software	2022 $	2021 $
Carrying value as at 1 July	30,471	33,379
Software costs capitalised	47,423	24,812
Amortisation	(26,188)	(27,720)
Impairment	-	-
Carrying value as at 30 June	51,706	30,471

NOTE 15: INTANGIBLE ASSETS (cont'd)

Recoverable amount testing for goodwill

For the purpose of impairment testing, goodwill is allocated to cash-generating units as below:

Description of the cash-generating unit (CGU)	Carrying amount of Goodwill $	Recoverable amount of CGU $	Method of Estimation
Communication & Electrical	1,867,660	4,079,595	Value in use

Cash-generating unit where recoverable amount has been determined using value in use

GCU	Key assumptions on which cash flow forecasts are based	Description of management's approach to determining value assigned to key assumptions	Period over which cashflows have been projected	Growth rate used for cashflow projections %	Discount rate %
Communication & Electrical	Future demand for services Growth rate	Based on historical growth patterns and current demand for services in the current climate	5 years	2.5	25

Sensitivity of assumptions

If the pre-tax discount rate applied to the cash flow projections had been 5% higher than management estimates, then the Group still would not have recognised an impairment loss.

Management do not believe there would be a reasonable possible change in any of the key assumptions that would have caused the carrying amount of the assets of the communication & electrical cash-generating unit, including goodwill to exceed its recoverable amount.

Impairment assumptions

Goodwill is allocated to communication & electrical which is the cash generating unit (CGU) for the purpose of impairment testing. The recoverable amount of the CGU is determined based on value in use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period.

NOTE 16: CURRENT TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables (a)	10,957,655	7,925,666
Accrued expenses	298,536	201,745
Other payables	1,107,713	482,822
Unearned revenue	3,356,800	2,620,710
	15,720,704	11,230,943

(a) Trade payables are non-interest bearing and are normally settled on 30 to 60-day terms

NOTE 17: BORROWINGS

	2022 $	2021 $
(a) Current		
Secured:		
Bank and other loans (i)	2,663,989	-
	2,663,989	-

(i) Secured bank and other loans are secured by a fixed and floating charge over SKS Technologies Group Limited and SKS Technologies Pty Ltd.

NOTE 18: R&D LIABILITY PAYABLE

	2022 $	2021 $
R&D Liability Payable	729,809	1,322,300
(a) Current	500,820	500,820
(b) Non-Current	228,989	821,480
	729,809	1,322,300

Following realisation that the projects forming the basis of the Research & Development (R&D) expenditure claims for the 2015 and 2016 financial years was not eligible in the first instance for R&D registration, SKS Technologies Group Limited made a voluntary disclosure to the Australian Taxation Office to amend its historic claims in full, requiring it to repay the cash refunds received totalling $2,332,681 and associated interest charges. Broadly, this comprises repayment by instalments over a four (4) year timeframe ending November 2023.

NOTE 19: PROVISION – EMPLOYEE BENEFITS

	2022 $	2021 $
Balance at 1 July	883,707	635,982
Provision for the year	1,518,541	708,747
Acquired on purchase of APEC	-	4,248
Released with the sale of Commercial Lighting business	-	(41,411)
Amounts used	(1,012,080)	(423,859)
Balance as at 30 June	1,390,168	883,707
(a) Employee benefits – Current	1,349,953	858,996
(b) Employee benefits – Non-Current	40,215	24,711
	1,390,168	883,707

NOTE 20: SHARE CAPITAL

	2022 $	2021 $
(a) Issued and paid up capital		
Ordinary shares fully paid	22,072,786	22,085,702

NOTE 20: SHARE CAPITAL (cont'd)

(b) Movements in shares on issue

	Parent Equity 2022		Parent Equity 2021	
	No of Shares	$	No of Shares	$
Balance as at 1 July	107,983,602	22,085,702	99,916,704	20,658,305
Issue of shares to vendor of APEC	-	-	8,197,732	1,449,359
Unmarketable parcel-share buy back	-	-	(130,834)	(13,083)
Cost of issue of shares/options	-	(12,916)	-	(8,879)
Balance as at 30 June	107,983,602	22,072,786	107,983,602	22,085,702

(c) Rights of each type of share

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At shareholders meetings each ordinary share gives entitlement to one vote when a poll is called.

(d) Capital Management

When managing capital, management's objective is to ensure the consolidated entity continues to maintain optimal returns to shareholders and benefits for other stakeholders. This is achieved through the monitoring of historical and forecast performance and cash flows.

(e) Options

The Group has 1,500,000 options outstanding as at 30 June 2022. (Refer Note 31).

The group has $105,000 performance rights outstanding as at 30 June 2022.

NOTE 21: SHARE OPTION RESERVE

	2022 $	2021 $
Balance at the beginning of year	-	-
Share Based Payment Transactions	10,634	-
Transfer to accumulated losses due to the exercise of options	(9,725)	-
Shares to be issued upon the exercise of options and rights	230,000	-
Balance at the end of year	230,909	-

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to Retained Earnings. This includes share options exercised but not issued as at 30 June 2022.

For current financial year the board has also approved a short-term incentive of $105,000 in performance rights to Mr. Matthew Jinks which is also included in shares to be issued.

NOTE 22: ACCUMULATED LOSSES

	2022 $	2021 $
Balance at the beginning of year	(20,266,178)	(22,432,641)
Transfer from share option reserve due to the exercise of options	9,725	-
Net Profit	3,022,577	2,166,463
Balance at the end of year	(17,233,876)	(20,266,178)

NOTE 23: STATEMENT OF CASH FLOWS

	2022 $	2021 $
(a) Reconciliation of cash flow from operations with profit after income tax.		
Net profit after income tax	3,022,577	2,166,463
Loss / (profit) on sale of assets	5,835	(983)
Depreciation & amortisation expense	917,643	558,195
Interest reinvested in security deposits	(233)	-
Share based payment expenses	240,634	-
Profit from disposal of discontinued operations	-	(103,635)
Acquisition related transaction cost	-	66,256
Other non-cash adjustments	-	1,413
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	(9,252,997)	(5,651,628)
Inventories	(56,435)	520,849
Other current assets	(24,890)	(140,642)
Deferred tax assets	(1,020,000)	(540,000)
Increase/(decrease) in liabilities:		
Trade and other payables	4,765,788	4,320,221
Provisions	506,461	233,538
Net cash (used in) / provided by operating activities	(895,617)	1,430,047

(b) Reconciliation of cash and cash equivalents

Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

	2022 $	2021 $
Cash at bank	39,534	109,194
	39,534	109,194

(c) Financing Facilities:

Maximum available subject to (d) below

Bank and other loans	5,000,000	3,000,000
	5,000,000	3,000,000

(d) Facilities in use at the end of the financial year

Bank and other loans (i)	2,663,989	-
	2,663,989	-

(i) At the date of this report, the financier continues to provide debtor finance facilities. Debtor finance are secured against the trade receivables.

NOTE 24: OPERATING SEGMENT

The Group operates predominantly in Australia, in audio-visual, communincation, IT and electrical markets which is regarded as a single segment, hence there is no information on operating segments provided in this report.

NOTE 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or assets noted for the reporting period ended 30 June 2022 (2021: $nil).

NOTE 26: EARNINGS PER SHARE

Reconciliation of earnings used in calculating earnings per share:

	2022 $	2021 $
Profit from continuing operations	3,023,497	1,743,160
Loss / (profit) from discontinued operations	(920)	423,303
Profit used in the calculation of basic profit per share	3,022,577	2,166,463

	No of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	107,983,602	107,983,602
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	107,983,602	107,983,602

NOTE 27: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of Directors and Executives

Directors	
Peter Jinks	Executive Chairman
Greg Jinks	Executive Director
Terence Grigg	Non-Executive Director
Matthew Jinks	Chief Executive Officer
Gary Beaton	Chief Financial Officer

(b) Remuneration by Category: Directors and Executives

	2022 $	2021 $
Short-term employee benefits	1,069,113	890,415
Long-term employee benefits	-	-
Share based payment options and rights	240,634	-
Post-employment Employee benefits	43,380	44,255
Total	1,353,127	934,670

NOTE 28: RELATED PARTY DISCLOSURES

(a) The consolidated financial statements include the financial statements of SKS Technologies Group Limited and its controlled entities listed below:

Name of Company	Country of Incorporation	Percentage Owned 2022	Percentage Owned 2021
Parent Entity			
SKS Technologies Group Limited	Australia		
Controlled Entities			
SKS Technologies Pty Ltd	Australia	100%	100%
SKS Technologies Construction Pty Ltd	Australia	100%	100%
SKS Lighting Pty Ltd*	Australia	-	100%
Dueltek Pty Ltd*	Australia	-	100%
SKS Indigenous Technologies Pty Ltd (formerly known as Enegrow Pty Ltd)	Australia	100%	100%
SKS iNet Pty Ltd	Australia	100%	100%

*SKS Lighting Pty Ltd and Dueltek Pty Ltd were deregistered during the reporting period.

NOTE 28: RELATED PARTY DISCLOSURES (CONTINUED)

(b) The following are the total amount of transactions that were entered into with related parties for the relevant financial year:

- The principal place of business, 700 Spencer Street West Melbourne was purchased by executive directors and senior executives in May 2022 and has invoiced the company for $62,500 for the lease rental. The transaction was on an arm's length basis on normal commercial terms and conditions.
- Lawson Lodge Country Estate (Macedon), a conference centre owned by Greg Jinks invoiced the company for $17,113 (2021: $9,544). The transaction was on an arm's length basis on normal commercial terms and conditions.
- Greg Jinks invoiced the company for director fees of $249,996 (2021: $169,998) via his entity Jinks Consulting Group.
- Peter Jinks invoiced the company for director fees of $250,000 (2021: $169,998) via his entity Bundarah Pty Ltd.
- Terence Grigg invoiced the company for director fees of $42,000 (2021: $30,000)

The following amounts are owed to key management personnel as at 30 June 2022:

- Peter Jinks - Nil (2021: $13,750)
- Greg Jinks - Nil (2021: $13,750)
- Terence Grigg - Nil (2021: $2,500)
- Matthew Jinks – Nil (2021: Nil)
- Gary Beaton -Nil (2021: $819)

- Information regarding share-based payment transactions with Mr. Matthew Jinks are included elsewhere in the remuneration report.

NOTE 29: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditors for:

	2022 $	2021 $
DFK BKM Audit Services		
Audit or review of the financial report of the entity	75,500	73,000
Taxation services provided by related practice of auditor	22,300	36,500
	97,800	109,500

NOTE 30: PARENT ENTITY DISCLOSURE

The following information has been extracted from the books and records of the parent entity and has been prepared in accordance with the Australian Accounting Standards

(a) Summarized Statement of Financial Position	2022 $	2021 $
Current assets	1,262,438	1,483,017
Non-current assets	3,445,275	2,598,110
Total assets	4,707,713	4,081,127
Current liabilities	593,030	718,560
Non-current liabilities	228,989	821,480
Total liabilities	822,019	1,540,040
Net assets	3,885,694	2,541,087

NOTE 30: PARENT ENTITY DISCLOSURE (CONTINUED)

Shareholders' equity	2022 $	2021 $
i) Issued capital	22,072,786	22,085,702
ii) Share option reserve	230,909	-
iii) Accumulated losses	(18,418,001)	(19,544,615)
Total equity	3,885,694	2,541,087

(b) Summarized Statement of Comprehensive Income	2022 $	2021 $
Net profit / (loss)	1,126,614	(5,104,060)
Total comprehensive income / (loss)	1,126,614	(5,104,060)

(c) Parent Entity Guarantees

Guarantees provided by parent entity in relation to the debts of the subsidiaries	7,665,720	1,295,608

NOTE 31: SHARED-BASED PAYMENTS

As at 30 June 2022 the Group has the following share-based payment schemes:

2022 Grant Date	Expiry Date	Exercise Price	Start of the year	Granted during the year	Exercised during the year	Balance at the end of the year	Vested and exercisable at the end of the year
25 November 2021	30 June 2024	$0.25	-	500,000	500,000	-	-
25 November 2021	30 June 2024	$0.35	-	500,000	-	500,000	-
25 November 2021	30 June 2024	$0.45	-	500,000	-	500,000	-
25 November 2021	30 June 2024	$0.55	-	500,000	-	500,000	-

The weighted average fair value of the options granted during the year was $0.0069.
Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.
For current financial year the board has also approved a short-term incentive of $105,000 in performance rights to Mr. Matthew Jinks which is included in shares to be issued.

NOTE 32: SUBSEQUENT EVENTS

SKS Indigenous Technologies Pty Ltd commenced its commercial business operations on 01 August 2022 with 49% group shareholding and 51% indigenous majority shareholdings.

The shares for the 500,000 options exercised by Mr. Matthew Jinks were issued on 19 July 2022.

An unfranked dividend of $0.0025 per share has been declared on 29 August 2022.

The Group currently received a claim that is not material, from a supplier who was in administration that will be defended by the Group based on legal advice.

Other than the above, there were no matters or circumstances specific to SKS Technologies Group Limited that have arisen since 30 June 2022 that have significantly affected or may significantly affect:

- the Group's operation in future financial years or
- the results of those operations in future financial years or
- the Group's state of affairs in future financial years.

Directors' Declaration

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

The directors declare that

1. In the director's opinion the financial statements and notes thereto, as set out on pages 27 to 55 are in accordance with the Corporations Act 2001, including:

(a) complying with Accounting Standards and the Corporations Regulations 2001, and other mandatory professional reporting requirements;

(b) as stated in Note 1(a) the consolidated financial statements also comply with International Financial Reporting Standards; and

(c) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2022 and of its performance for the year ended on that date.

2. In the directors' opinion there are reasonable grounds to believe that SKS Technologies Group Limited will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ended 30 June 2022.

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

Peter Jinks
EXECUTIVE CHAIRMAN

29 August 2022

dfk bkm audit services
LEADING AUDITORS AND ADVISERS

AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

TO THE DIRECTORS OF SKS TECHNOLOGIES GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2022 there have been no contraventions of:

i. the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

ii. any applicable code of professional conduct in relation to the audit.

DFK BKM Audit Services

DFK BKM Audit Services

Kevin P Adams
Director

Camberwell, Victoria
29 August 2022

dfk bkm audit services
LEADING AUDITORS AND ADVISERS

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SKS TECHNOLOGIES GROUP LIMITED

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SKS Technologies Group Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

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

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

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

Key Audit Matters

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

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(n) and Note 4	
The Group's revenue is primarily derived from the sale of products and provision of services in relation to audio-visual and lighting projects. Certain revenue is recognised based on the stage of completion of individual contracts, which is calculated based on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. The accurate recognition of this revenue is dependent on management estimates of the stage of completion of the contract. We consider revenue is a key audit matter because of its significance to profit/(loss), the high volume of revenue transactions associated with revenue and for certain contracts, and the judgement that is required by management in recognising revenue.	Our procedures included, among others: • Obtaining an understanding of the processes and controls relevant to revenue recognition. • For a sample of revenue transactions from provision of services and sale of products, testing to supporting documentation including sales invoices, and assessing whether revenue has been recognised in the correct period. • For a sample of revenue transactions for which revenue is recognised on a proportion of total costs incurred basis, testing to supporting documentation including supplier's tax invoices, and testing that the calculations of costs incurred and costs to complete including the calculations of the contract assets and contract liabilities were appropriate and adequately supported. • Assessing the adequacy of disclosure in the financial statements.

Recognition of Deferred Tax Asset Refer to Note 1(o) and Note 7	
The Group has $10,472,302 tax losses carried forward from previous years. As at 30 June 2022, the Group recognised a deferred tax asset of $1,560,000 based on the future probable taxable profits of the Group. The deferred tax asset is calculated based at the expected tax rate of 30% on the forecasted profits for years 2023 and 2024. We consider deferred tax assets is a key audit matter because of its significance to profit or loss and the judgement that is required by management in recognising the deferred tax asset.	Our procedures included, among others: • Confirming the amount of tax loss carried forward from previous years. • Reviewing management's assessment of the probability of future taxable profits of the Group available to allow the deferred tax asset to be recovered. • Assessing the Group's assumptions and estimates used to determine the forecasted profits for years 2023 and 2024. • Assessing the appropriateness of the expected tax rate used to calculate the deferred tax asset based on forecasted revenue for years 2023 and 2024. • Assessing the adequacy of disclosure in the financial statements.

Key Audit Matter	How our audit addressed the key audit matter
Impairment of Goodwill Refer to Note 15	
As at 30 June 2022 the Group's statement of financial position includes goodwill at cost amounting to $1,867,660, contained within one cash generating unit (CGU). The assessment of impairment of the Group's goodwill balances incorporated significant judgement in respect of factors such as cash flow projections, estimated growth rate and discount rate. A key audit matter for us was whether the Group's value in use model for impairment included appropriate consideration of these factors on their significant estimates and judgements.	Our procedures included, among others: • Assessing management's determination of the CGU based on our understanding of the nature of the Group's business. • Evaluating management's process regarding valuation of the Group's goodwill to determine any goodwill impairment. • Using the work of an auditor's expert to assist with the review of management's assessment of impairment of the goodwill. • Assessing the Group's assumptions and estimates used to determine the recoverable value of its goodwill, including those relating to cash flow forecasts, growth rate, capital expenditure and discount rate. • Checking the mathematical accuracy of the cash flow models and agreeing relevant data to the latest forecasts. • Performing sensitivity analysis on the key assumptions relating to the discount rate, gross profit margin and the cash flow forecasts. • Reviewing the recoverable amount of the CGU compared to the carrying value of the goodwill. • Assessing the adequacy of disclosure in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the SKS Technologies 2022 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

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

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SKS Technologies Group Limited, for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

DFK BKM Audit Services

DFK BKM Audit Services

Kevin P Adams
Director

Camberwell, Victoria
29 August 2022

Shareholder Analysis and Other Stock Exchange Requirements

STATEMENT OF SECURITY HOLDERS AS AT 25 AUGUST 2022

(a) Distribution of Shareholders by Sizes of Holdings

1 - 1,000	77
1,001 - 5,000	55
5,001 - 10,000	50
10,001 - 100,000	137
100,001 and over	107
Total	426

Holding less than a marketable parcel	98

Voting Rights - Each ordinary share carries one vote

(b) Twenty Largest Shareholders

Shareholder	Number	Percentage
MR GREGORY DARRELL JINKS + MRS DOROTHY JINKS <GD SUPER FUND A/C>	17,176,025	15.83
BUNDARAH PTY LTD	8,147,274	7.51
VOLANTOR SUPERANNUATION FUND PTY LTD <VOLANTOR SUPER FUND A/C>	7,080,000	6.53
SCHOLZ INDUSTRIES PTY LTD	6,437,547	5.93
MANISA NOMINEES PTY LIMITED <LASKY SUPER FUND A/C>	6,215,000	5.73
MR EDWARD PETER GOODWIN + MRS LOUISE JANE GOODWIN <GOODWIN SUPER FUND A/C>	3,750,000	3.46
PRIMA GROWTH FUND PTY LTD	2,981,302	2.75
ALLEN AND POWER ELECTRICAL COMMUNICATIONS PTY LTD	2,754,438	2.54
JASON ALLEN PTY LTD	2,754,438	2.54
BICKHAM COURT SUPERANNUATION PTY LTD <BICKHAM COURT SUPER FUND AC>	2,012,499	1.86
MR PETER RAYMOND JINKS + MRS VELDA JINKS	1,948,751	1.80
FAREVIEW PTY LTD <THE A&M FAMILY A/C>	1,875,000	1.73
JOMAHO INVESTMENTS PTY LTD	1,875,000	1.73
ALLEN & POWER TECHNOLOGIES PTY LTD	1,639,546	1.51
BENTMONT PTY LTD	1,545,000	1.42
JIREB PTY LTD <M & A SUPER FUND A/C>	1,426,550	1.31
MASSV PTY LTD <M&A PROPERTY A/C>	1,309,112	1.21
KINSHIP NOMINEES PTY LTD <MALEK SUPER FUND A/C>	1,224,830	1.13
MISS KRISTIE JINKS + MR MATTHEW JINKS + MISS LISA JINKS <PV SUPER FUND A/C>	1,086,000	1.00
CARTMAN & CO PTY LTD	1,000,000	0.92
Total for top 20	74,238,312	68.43
Total Other Investor	34,245,290	31.57
Grand Total	108,483,602	100.00

(c) Substantial shareholders as per substantial shareholder advices held at 25 August 2022

Name	Number of Ordinary Shares to which Person Entitled
Mr Greg Jinks	17,176,025
Mr Peter Jinks	17,176,025
Mr Erik Sholz	7,075,047
Manisa Nominees Pty Ltd	6,215,000
Total	47,642,097

(d) Securities subject to voluntary escrow

50% of the shareholding of Allen and Power Electrical Communications Pty Ltd, Jason Allen Pty Ltd and Allen & Power Technologies Pty Ltd are subject to an escrow arrangement until 5th May 2023.

(e) Unquoted equity securities Nil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