

Annual Report 2023



Communication Solutions for
Rural & Regional Australia

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7 year on year growth in:
Revenue, normalised
EBIT, EBITDA, Cash flow
from operations

30% increase
in revenue

19 networks
under
construction

11% increase in
EBITDA

CEO Update

Dear Shareholders,

FY23 saw Field Solutions Group reach significant milestones, as we continue to execute an aggressive growth strategy, all the while building and developing our infrastructure business which will support Australia's future mobile networks.

Our Core business activity focused on integrating our previous acquisitions and leveraging the capabilities of the combined business to improve our customer experience, expand our revenue opportunities and efficiency across our entire organisation.

I am delighted with the progress we have made during FY23 as evidenced by another set of strong results.

For the 6th consecutive year, FY23 saw FSG deliver on expectation for both revenue and EBITDA with year-on-year growth of 30% and 11% respectively.

The post-acquisition accounting amortisation of the TasmaNet customer contracts resulted in Statutory NPAT of -\$2.4m.

FSG's infrastructure group completed the expected 21 sites at end of FY23 although income related to those builds was delayed and as a result, Government Grant income fell short of the \$7-10M expectations at \$2.26M although that income, and that related to the completion of the remaining networks will now flow into FY24.

Our FY23 results, highlights the larger business (120 Staff across 5 States), the success of our core business operations. Pleasingly, organic growth across our core business remains strong and consistent. Our strategic rationale in developing the key regional segments of Mining and Agribusiness underpins our success and ongoing expansion.

FSG's 'can-do' culture is driving our mission to build Australia 4th Mobile Network, facilitating the introduction Active Sharing (Neutral Host) capability for rural, regional, and remote Australia, a first of its kind.

FY23 Highlights

FY23 represented FSG maturing its core business operations. In late FY23 the core business operation was realigned with a focus on key vertical markets, to improve delivery time to market, customer service and gross margins.

FSG's infrastructure business continues the build of Australia's 4th Mobile Network and the completion of the

Federal, State and Local government programs we are partnering on.

FSG's core business management team has been restructured to focus on:

- Mining and Resources
- Regional and Remote (Enterprise and Regional Business and Agriculture)
- Government
- Wholesale and B2B

Each business unit now falls under the direct control, responsibility, and accountability of a General Manager. This organisation structure change underpins FSG transitioning from a small to medium sized organisation and FY24 will see continued investment in the executive and management team to support ongoing growth and operational maturity.

As reported previously, FSG was selected to provide a comprehensive set of telecommunications and managed services to Kestrel Coal. As part of this project, FSG have transitioned its support services to a 24/7 operation. FSG's support, managed services and network operations are now supported by FSG's Manila based team. All staff in Manila are FSG employees and work within FSG's compliance and management frameworks.

As FSG grows, our Manila operation is designed to allow FSG to focus on growing its regional workforce to deliver value-added, revenue generation activities vs. lower cost back-office functions.

FSG acquired TasmaNet Pty Ltd in Dec 2021 and FY23 has seen that integration completed and significant initial synergies realised, with further network consolidation synergies slated for FY24. Tasmanet was our largest integration challenge to date, representing a structural change for us, not just an added revenue opportunity.

We came through that with the customer base intact, and adding capability to FSG.

FSG maintains a significant infrastructure delivery pipeline, with 19 networks under construction and due to be delivered in FY24. FSG again invested \$12.5M in infrastructure during FY23.

Unavoidable construction delays have been encountered over the past 18 months. Our team is working collaboratively with our suppliers and partners to mitigate any further delays.

As reported last year, FSG is in the process of constructing network in partnership with the Australian Federal Government to deliver Australia's first Neutral

CEO Update continued

Host and Domestic Roaming Trial with our strategic telecommunications partner OPTUS. Both trials have commenced with the domestic roaming trial to be conducted in H1 FY24, and the neutral host pilot to commence in H2 FY24.

FSG selected and established strategic partnerships with Nokia (Radio Access Network) and Mavenir (Core Network Software) as technology partners for the FSG RAN, Australia's 4th Mobile Network. Both technology vendors are global industry leaders in their disciplines and enable FSG to operate best of breed 4G / 5G services.

FY23 Financial Performance

Our FY23 financial performance demonstrates FSG's focus on increasing the penetration and depth of our core business to deliver multiple revenue streams cross multiple segments utilising our regional infrastructure assets and Australia nationwide NBN network.

FY23 also saw substantial revenue growth in our Mining and Resources business unit.

Continued growth in all areas of our core business has delivered:

- Revenue of \$55.8M representing an increase of 30% (FY22: \$42.8M).
- EBITDA increased 11% to \$5.1M (FY22: \$4.6M).
- MRR increased 22% (annualised run rate of \$45.2M)
- FY23 was our 7th year of positive cashflow from operations of \$8.3M (FY22: \$7.0M). This highlights the growth of our underlying regionally focused business and the introduction of complementary products and services. It also highlights that our growth is predominantly associated with our core operating business and not the infrastructure business.

We continue our financial investment in building new network infrastructure across Australia and invested a record \$12.5M in FY23. Three network projects in Northern NSW and Southern QLD and Central WA Australia and are now set to be completed during H1 FY24.

At the close of FY23, FSG has approximately \$27.8M of executable core business project backlog to deliver in the next 24 months.

The Year Ahead

FY23 saw some important wins across every one of our key target markets.

FSG previously announced a 5-year enterprise managed IT services contract with Kestrel Coal valued at approx. \$25M. Following this win, FSG have been successful in winning Ravenswood Gold and Bowen Coke and Coal. We anticipate a series of additional wins in the mining team over the course of FY24.

We start FY24 with 19 networks under construction across rural, regional, and remote Australia. Once built, our networks will cover over 186,000 square kilometres, confirming FSG as owning and operating the largest non-NBN fixed wireless network in Australia.

FY24 will see FSG continue the rollout of the Regional Australia Network (RAN), Australia's 4th Mobile Network. This further distinguishes FSG's position as the leading mobile phone carrier, and fixed wireless service provider, totally focused on rural, regional, and remote Australia. This vision is bold as well as challenging, and it is part of the magic that drives FSG both top down and bottom up to make a difference for rural, regional and remote Australia.

As reported last year, FSG has been selected by the Australian Federal Government to trial the use of Neutral Hosting. FY24 will see this project commence operational trials. FSG has secured OPTUS' participation in this trial alongside FSG, and work continues to encourage participation by both Telstra and TPG/Vodafone.

The Active Neutral Host model enables FSG to deliver both our Regional Australia Network (RAN) network and wholesale mobile phone services for rural, regional, and remote Australia.

Fundamental to this model, is the importance of providing shared services across each telecommunications tower deployed by FSG. Each tower and its electronics can be utilised by all mobile phone operators. This is an incredible win-win for all involved, delighting customers, reducing costs for mobile phone operators, eliminating infrastructure duplication, and realising more value from Federal and State Government investment.

FSG has and will continue to develop and deliver innovative digital and telecommunications solutions to our customers, and we are incredibly proud to be able to provide essential services for rural, regional, and remote Australia.

As always, we have set ourselves another set of audacious goals and we hope you will continue to be part of our journey. I look forward to sharing an exciting FY24 with you all.

Finally, I thank our board, shareholders, staff, and business partners whose significant contribution and support enabled the success we report today and is the bedrock of our future performance.

Stay healthy, stay safe and stay connected.



Andrew Roberts CEO

Corporate Directory

GENERAL INFORMATION

The financial statements cover Field Solutions Holdings Limited as a Consolidated Group consisting of Field Solutions Holdings Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Field Solutions Holdings Limited's functional and presentation currency.

Field Solutions Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Newton Henry
Level 2, 33 George Street
Launceston
TAS 7250
Australia

Principal place of business

Suite 38
23 Narabang Way
Belrose
NSW 2085
Australia

A description of the nature of the Group's operations and its principal activities are included in the Directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 29 August 2023. The Directors have the power to amend and reissue the financial statements.

Directors at 30 June 2023

- Dr Kenneth Carr
- Mr Andrew Roberts
- Mr Mithila Ranawake
- Ms Wendy Tyberek
- Dr Phillip Carter

Company Secretary

- Mr Graham Henderson (joint)
- Ms Wendy Tyberek (joint)

Auditors

Hall Chadwick
Level 40, 2 Park Street
SYDNEY NSW 2000
Tel: (02) 9263 2600

Stock exchange listing

Field Solutions Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: FSG).

Automatic - share registry

Level 5, 126 Phillip Street
SYDNEY NSW 2000
Tel: +61 2 9698 5414

Website - www.fieldsolutions-group.com

Corporate governance statement

The directors and management are committed to conducting the business of Field Solutions Holdings Limited in an ethical manner and in accordance with the highest standards of corporate governance. The Company has adopted and has substantially complied with the ASX Corporate Governance Principles and Recommendations (Third Edition) ('Recommendations') to the extent appropriate to the size and nature of the Group's operations. The Corporate Governance Statement, which sets out the corporate governance practices that were in operation during the financial year and identifies and explains any recommendations that have not been followed, which is approved at the same time as the Annual Report can be found at:

<https://fieldsolutions-group.com/company/corporate-governance/>



Australia's

4th

mobile network
operator

Australia's first active

neutral host

mobile operator

Over

150

telecommunication
towers

Directors' Report

Your Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Field Solutions Holdings Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2023.

GENERAL INFORMATION

Directors

The following persons were Directors of Field Solutions Holdings during or since the beginning of the financial year up to the date of this report.

Appointed

Dr Kenneth Carr	2 May 2014
Mr Andrew Roberts	13 March 2017
Mr Mithila Ranawake	23 November 2010
Ms Wendy Tyberek	5 October 2018
Dr Phillip Carter	21 February 2019

Operating and Financial Review

Principal Activities

The principal activities of the consolidated group (Group) during the financial year were to develop and deliver communications products and services.

These activities in detail are:

- Telecommunications services designing, building and operating telecommunications networks in rural, regional and remote Australia.
- Operating its Retail Service Providers, JustISP, ANT Communications and TasmaNet, delivering true broadband solutions to residents, business and agribusiness in rural, regional and remote Australia.
- Operating its VOIP retail and wholesale business, FreshTel, delivering VOIP retail and wholesale VOIP solutions.
- Operating a national direct and indirect 121 POI NBN Network

- Operating and delivering satellite connectivity utilising, geo stationary, low earth orbit and medium earth orbit satellite services
- Operating its Field Wholesale B2B business, delivering data and voice services to retail service providers, internet service providers and managed service providers.
- Operating Infrastructure as a service, private and public cloud services, security, and managed services directly via our retail service providers and via our wholesale channel.
- Providing communications software development and maintenance services.

Our Business Model and Objectives

- Key elements and underlying objectives of our business model are:
- To deliver "true broadband" being the provision of symmetric services to rural, regional, and remote communities and businesses
- To utilise all available commercial connectivity infrastructure so to not overbuild, including NBN, Low Earth Orbit Satellite and other terrestrial telecommunications providers.
- To 'not rely' on the current 3G/4G and future 5G technologies for the delivery of broadband in rural, regional, and remote Australia
- To work in partnership with Federal, State and Local Governments and communities to service their exact telecommunications requirements
- To ensure local support services and managed services are in place in each regional community, supporting the growing use of technology and digital services.

Directors' Report continued



Servicing

6 States & Territories

Australia's
LEADING
rural & remote ISP

Directors' Report continued

To deliver long term, multi-use telecommunication assets in rural, regional, and remote communities, supporting active sharing as the default telecommunications infrastructure platform for rural, regional and remote Australia.

FSG operates as a telecommunications carrier, telecommunications asset owner and retail service provider, building infrastructure in partnership with Federal, State and Local governments and local community to deploy telecommunications infrastructure deep into rural, remote and regional Australia.

The Group also delivers wholesale services to selected partners, agents and resellers that focus on servicing other wireless internet service providers and systems integrators located in rural, regional and remote Australia.

Today, the Group operates network in Tasmania, New South Wales, Victoria, Western Australia, Northern Territory and Queensland.

Review of Operations

The revenue for the Group was \$55,816,762 (2022: \$42,793,050) representing an increase of 30%. The Group reported a positive EBITDA of \$5,118,461 (2022 positive \$4,602,367) and Cashflows from Operations of \$8,261,542 (2022 \$7,041,074). The increase in EBITDA (11%) from prior year represents expanded operations and improvement in operational efficiencies. During the period the Group continued to deploy and expand its carrier network across NSW, QLD, WA, VIC and NT.

Likely developments and expected results of operations.

The Group is well placed to continue its recent growth trajectory in FY24 and is expected to generate an increase in revenue consistent with its expanding operations and construction projects.

The Group's intention for FY24 is to grow regional revenues and attract further Government and Enterprise revenues utilising in-place and constructed, regional telecommunications assets.

FY24 will also see FSG deploy the Regional Australia Network (RAN), Australia's 4th mobile network operator.

Together with the above organic and Government supported growth, the Group will evaluate accretive acquisition opportunities.



Directors' Report continued

Information relating to Directors and Company Secretary



Ken Carr

Chairman and
Non-Executive Director
(PhD Bus Adm. MBA)

Dr Carr is a seasoned, non-executive director and chair, having held CEO/MD roles in 5 ASX listed companies primarily in the, telecoms, banking, payments and electronic manufacturing sectors and non-executive director roles in 3 others, including 2 as chair.

Dr. Carr has held a board position on FSG since listing in 2015 and is also a current Non-Executive Director of two private Mining Services businesses in Rural Australia involved in hire and automation. His previous experiences in technology from executive roles at British Telecom, and AT&T and electronics manufacturing provide a solid grounding in areas where FSG is targeting.

The board considers Dr Ken Carr to be an independent director as Dr Carr is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.



Mithila Nath Ranawake

Non-Executive Director
(BBus, MBA, CPA, FAICD)

Mr Ranawake was elected to the Freshtel board on 23 November 2010. Mr Ranawake has over 20 years of experience in the telecommunications industry in Asia Pacific, Australia, India and China, combined with a strong background in finance, mergers and acquisitions, information systems, sales, change management, strategy and business development acquired across a number of industries. In his most recent role Mr Ranawake was the chief financial officer of Konekt Limited, an ASX listed workplace health solutions provider. Prior to that he was the CFO of Consistel Group in Singapore where he was instrumental in raising funds from Intel Capital and JAFCO Asia. Prior to joining Consistel, Mithila was the CFO of LongReach Group Limited, an ASX listed Australian telecommunications equipment manufacturer and vendor, where he was involved in raising capital and managing its merger. He has held senior management positions in Telstra Corporation, British Telecom and Marconi. Mr Ranawake also has several years of experience in gas, electric and petroleum industries.

The board considers Mithila Nath Ranawake to be an independent director as Mr Ranawake is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.



Andrew Roberts

Executive Director
(AICD)

Mr Roberts is a business executive / entrepreneur with over 25 years' experience in the IT industry in Australia, New Zealand, Asia Pacific, and the United Kingdom. He has extensive strategic IT and commercial experience in business aggregation, business analysis/strategy, sales, marketing, professional services, operations and general management. Mr Roberts has direct experience in building and growing IT and cloud-based companies from start-up to sale.

He has previously been a director of Comops Limited (ASX: COM) and was recently head of strategy and cloud operations at Rubik Financial Limited (ASX: RFL). Mr Roberts was also the deputy chair of the Young and Well Cooperative Research Council, a federally funded not-for-profit organisation focusing on the use of technology to assist wellbeing in young people's lives.

Directors' Report continued



Wendy Tyberek

Finance Director and
Company Secretary (joint)
(CA, AICD, BBus)

Ms Tyberek is a chartered accountant with over 25 years experience in financial business management and related technologies in Australia and the UK.

Wendy is the Finance Director and CFO and leads the finance team for FSG, responsible for the finance, compliance and reporting functions within the group. She is a hands-on CFO focussed on achieving results and has extensive experience in leading teams to develop and deliver financially successful technology-based solutions to private and public-sector enterprises. Her previous roles have included senior positions with MYOB, Comops (ASX:COM), Solution 6 and Deloitte.



Dr Phillip Carter

Non-Executive Director
(PhD, MAppFin, BEng, SFFIN, FAICD)

Phillip is a joint managing director of Kestrel Capital Pty Ltd. He has extensive experience developing and financing technology rich industrials in Australia, Europe and the United States of America. As chairman of Prism Group Holdings (a developer of enterprise management information systems software), he led the restructure and turnaround of its global operations and subsequent sale of the business to a US competitor, delivering significant returns to investors. Previously, Phillip headed a leading United Kingdom technology consulting and investment advisory practice and managed the InterTechnology Fund, recognised by the European Private Equity and Valuations Capital Association (EVCA) as one of the most active development capital funds in Europe. Other current directorships: Kestrel Growth Companies Limited, Tambla Limited and Chant West Holdings Limited.



Mr Graham Henderson

Company Secretary (joint)
(Brecon, B.A.,M.A., M.Hist. FGIA)

Mr Henderson has had many years' experience in the management of public companies, both listed and not for profit entities. He joined Freshtel Holdings as Company Secretary in September 2010, and acted as CFO until the acquisition by Field Solutions in April 2017.

Directors' Report continued

REMUNERATION REPORT (AUDITED)

The remuneration report details the key management personnel remuneration arrangements for the Group, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Share-based compensation
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure reward for key management personnel (KMP) performance is competitive and appropriate for the results delivered. The framework aligns executive reward for the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives.

The remuneration policy of Field Solutions Holdings Limited has been designed to align key management personnel (KMP) objectives with shareholder and business objectives by providing a fixed remuneration component and having regard to the current incentive to achieve and earnings milestones pursuant to the acquisition of Field Solutions Group Pty Ltd and other businesses where short term incentives (STI's) are offered.

The Board has established a long term employee incentive plan (LTIP) which was presented for review and ratification at the 2020 AGM. The Board believes that the current remuneration policy, together with the ESOP to be appropriate and effective in its ability to attract and retain high-quality KMP to run and manage the consolidated

Group, as well as to provide goal congruence between directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for KMP of the consolidated Group is as follows:

- All KMP receive a base salary (based on factors such as length of service and experience), superannuation, STI and become eligible to participate in the Company ESOP (subject to Board invitation).
- Other performance incentives (such as STI's) are generally only paid once pre-determined key performance indicators have been met.
- Incentives in the form of ESOP options and shares are intended to align the interests of KMP and the Company with those of shareholders.
- The remuneration committee reviews KMP packages annually by reference to the consolidated Group's performance, executive performance and comparable information from industry sectors.

The performance of KMP is measured against criteria agreed annually with each executive and is based on individual and by reference to the consolidated Group's performance. All bonuses and incentives must be linked to predetermined performance criteria. The policy is designed to attract the highest calibre of executives and reward them for performance / results leading to long term growth in shareholder wealth.

KMP receive a superannuation guarantee contribution required by the government, which is increasing to 11% for FY24 of the individual's average weekly ordinary time earnings (AWOTE).

Other than the entitlements provided under the Group's defined contribution superannuation arrangements, KMP do not receive any other retirement benefits.

All remuneration paid to KMP is valued at the cost to the company and expensed.

The Board's policy is to remunerate KMP (including non-executive directors) at market rates for time, commitment and responsibilities. The board currently determines payments to KMP and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the annual general meeting.

Options granted under the ESOP do not carry dividend or voting rights. The board is responsible for determining any conditions attaching to the options (including issue price, exercise price, vesting conditions, and conditions of exercise).

Directors' Report continued

Engagement of Remuneration Consultants

The Board did not engage any remuneration consultants during the financial year. The Board will consider the appropriateness of appointing a remuneration consultant during FY24 to review the elements of KMP remuneration and to provide appropriate recommendations.

Performance based Remuneration

KPIs for management and other staff are set annually, in consultation with the Board Remuneration Committee. The measures are specifically tailored to the area each individual is involved in and has a level of control over.

The KPIs target areas are those the Board believes hold greater potential for Group expansion and profit, covering financial and non-financial as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the Group and, in some instances, relevant industry standards.

Performance against KPIs is assessed annually, with any KPI related bonuses being awarded based on achievement of the relevant KPIs (see below for further information regarding cash bonuses). Following the assessment, the KPIs are reviewed by the Board in light of the desired and actual outcomes, and their efficiency is assessed in relation to the Group's goals and shareholder wealth, before the KPIs are set for the following year.

In determining whether or not a KPI has been achieved, Field Solutions Holdings Limited bases the assessment on audited figures and quantitative and qualitative data.

Relationship between Remuneration Policy and Company Performance

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 KPIs, and the second being the establishment of an ESOP (under which KMP are eligible participants, subject to Board invitation) to encourage the alignment of personal and shareholder interests.

The Board is of the opinion that the above remuneration policy will enhance company performance going forward.

Performance Conditions Linked to Remuneration

The Group seeks to emphasise reward incentives for results and continued commitment to the Group through the provision of cash bonus reward schemes, in particular the incorporation of incentive payments based on the achievement of Group budgets. The Group does not currently have any cash bonus rewards schemes tied to the company's share price, preferring at this stage to align such cash bonus rewards to operational performance.

The objective of the reward schemes is to both reinforce the short and long-term goals of the Group and provide a common interest between management and shareholders.

The satisfaction of the KPIs is based on a review of the audited financial statements of the Group.

Directors' Report continued

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the Group for the 2023 year are set out in the following tables.

	Short-term benefits				Long-term benefits	Share-based payments	Performance based	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	% remuneration \$	
Non-Executive Directors:	-	-	-	-	-	-	-	-
Dr Kenneth Carr	80,000	-	-	-	-	-	-	80,000
Mr Mithila Nath Ranawake	54,545	-	-	5,727	-	-	-	60,273
Dr Philip Carter	48,000	-	-	5,040	-	83,485	-	136,525
Executive Directors:	-	-	-	-	-	-	-	-
Mr Andrew Roberts	464,135	156,000	-	25,292	-	162,835	-	808,262
Ms Wendy Tyberek	274,707	100,000	-	25,292	-	-	-	399,999
Secretary:								
Ms Wendy Tyberek	-	-	-	-	-	-	-	-
Mr Graham Henderson	72,000	-	-	-	-	-	-	72,000
Other KMP:	-	-	-	-	-	-	-	-
Mr Philippe Benoiel	324,709	116,000	-	25,292	-	164,531	-	630,532
Mr Robert Vernon (b)	220,000	-	-	23,100	-	-	-	243,100
	1,538,096	372,000	-	109,744	-	410,851	-	2,430,691

Details of the remuneration of key management personnel of the Group for the 2022 year are set out in the following tables.

	Short-term benefits				Long-term benefits	Share-based payments	Performance based	Total \$
	Cash salary and fees \$	Cash bonus \$	Non-monetary \$	Super-annuation \$	Long service leave \$	Equity-settled \$	% remuneration \$	
Non-Executive Directors:								
Dr Kenneth Carr	80,000	-	-	-	-	-	-	80,000
Mr Mithila Nath Ranawake	54,545	-	-	5,455	-	-	-	60,000
Dr Philip Carter	48,000	-	-	4,800	-	253,167	-	305,967
Executive Directors:								
Mr Andrew Roberts	390,000	129,210	-	23,568	-	162,835	-	705,613
Ms Wendy Tyberek	216,782	66,000	-	22,937	-	-	-	305,719
Secretary:								
Ms Wendy Tyberek	-	-	-	-	-	-	-	-
Mr Graham Henderson	68,000	-	-	-	-	-	-	68,000
Other KMP								
Mr Philippe Benoiel	266,432	100,000	-	23,568	-	181,645	-	571,645
Mr Neil Louis (a)	237,980	33,000	-	25,639	-	336,594	-	633,213
Mr Robert Vernon	225,116	33,000	-	25,512	-	406,600	-	690,228
	1,586,855	361,210	-	131,479	-	1,340,841	-	3,420,385

(a) Terminated 30 June 2022

(b) Terminated 30 June 2023

Directors' Report continued

Share-based compensation

Issue of shares

Shares issued to Directors and other key management personnel as part of compensation during the year ended 30 June 2023 are disclosed above.

Options

There were no options over ordinary shares issued to KMP as part of compensation for the period ended 30 June 2023.

Performance Rights

There were no performance rights issued to KMP as part of compensation for the period ended 30 June 2023.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the Company held during the financial year by Directors and other members of key management personnel of the Group, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Dr Kenneth Carr	10,000,000	-	-	-	10,000,000
Mr Mithila Nath Ranawake	8,066,667	-	-	-	8,066,667
Mr Andrew Roberts	215,034,995	-	-	-	215,034,995
Ms Wendy Tyberek	223,972,169	-	-	-	223,972,169
Dr Phillip Carter	72,212,546	-	-	-	72,212,546
Mr Philippe Benoliel	7,842,688	-	-	-	7,842,688
Mr Robert Vernon	563,060	-	-	-	563,060
Mr Graham Henderson	2,600,000	-	400,000	-	3,000,000
	540,292,125	-	400,000	-	540,692,125

Option holding

There were 7,000,000 options over ordinary shares in the Company held during the financial year by each Director and other key management personnel of the Group, including their personally related parties

Grant date	Expiry date	Exercise price	Number under option
31 March 2021	31 March 2024	\$0.03	3,000,000
31 March 2021	31 March 2024	\$0.045	2,000,000
31 March 2021	31 March 2024	\$0.06	2,000,000
			7,000,000

Other transactions with KMP and their related parties

Nil.

Shares under option

There were no unissued ordinary shares of Field Solutions Holdings Limited based on options outstanding at the date of this report apart from those held by the Directors and KMP set out above. Options holders do not have any rights to participate in any issues of shares.

Directors' Report continued

Performance rights

There were performance rights over ordinary shares in the Company held during the financial year by Directors and other key management personnel of the Group, including their personally related parties.

	Balance at the start of the year	Received as part of remuneration	Conversion to shares	Disposals/ other	Balance at the end of the year
Performance rights					
Mr Andrew Roberts	39,000,000	-	-	-	39,000,000
Philippe Benoliel	26,000,000	-	-	-	26,000,000
	65,000,000	-	-	-	65,000,000

This concludes the remuneration report, which has been audited.

Directors' Report continued

Indemnity and insurance of officers

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith. During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

Non-audit services

There were no non-audit services provided during the financial year by the auditor.

Officers of the Company who are former partners of Hall Chadwick

There are no officers of the Company who are former partners of Hall Chadwick.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this Directors' report.

Auditor

Hall Chadwick continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the Directors



Ken Carr Director



Mithila Ranawake Director
29 August 2023 Australia

**FIELD SOLUTIONS HOLDINGS LIMITED
ABN 92 111 460 121
AND ITS CONTROLLED ENTITIES**

**AUDITOR'S INDEPENDENCE DECLARATION
UNDER SECTION 307C OF THE CORPORATIONS ACT 2001
TO THE DIRECTORS OF FIELD SOLUTIONS HOLDINGS LIMITED**

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

Ph: (612) 9263 2600
Fx: (612) 9263 2800

In accordance with Section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Field Solutions Holdings Limited. As the lead audit partner for the audit of the financial report of Field Solutions Holdings Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, 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.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000

Sandeep Kumar

Sandeep Kumar

Partner

Dated: 29 August 2023

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An Association of Independent
Accounting Firms

 **PrimeGlobal**

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2023



Consolidated statement of profit or loss and other comprehensive income

For the year ended 30 June 2023

	Note	Consolidated Group	
		2023 \$	2022 \$
Revenue	4	55,816,762	42,793,050
Expenses			
Communication and ISP Costs		(27,295,419)	(20,052,940)
Employee benefit expense		(12,281,306)	(9,399,460)
Depreciation and amortisation		(8,323,062)	(3,485,082)
Other Direct Costs		(5,635,143)	(3,751,138)
Share Based Payments		(406,232)	(583,354)
Administration		(5,686,972)	(4,641,793)
Profit/(Loss) before income tax expense		(3,811,372)	879,284
Income tax benefit	5	1,405,685	448,572
Profit/(Loss) after income tax expense for the year attributable to the Owners of Field Solutions Holdings Limited		(2,405,687)	1,327,856
Other comprehensive income for the year, net of tax			-
Total comprehensive income for the year attributable to the Owners of Field Solutions Holdings Limited		(2,405,687)	1,327,856
		Cents	Cents
Basic earnings per share	32	(0.30)	0.17
Diluted earnings per share	32	(0.27)	0.15

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

Consolidated statement of financial position

As at 30 June 2023

	Note	Consolidated Group	
		2023 \$	2022 \$
Assets			
Current assets			
Cash and cash equivalents	7	3,220,575	9,965,623
Trade and other receivables	8	12,811,097	9,446,297
Other assets	9	197,763	664,295
Income tax	5	-	991,800
Total current assets		16,229,435	21,068,016
Non-current assets			
Property, plant and equipment	10	28,472,414	18,613,295
Right of use assets	15	11,526,588	5,975,822
Intangibles	11	14,011,026	15,069,366
Deferred tax assets	5	1,576,194	1,090,448
Total non-current assets		55,586,222	40,748,931
Total assets		71,815,657	61,816,948
Liabilities			
Current liabilities			
Trade and other payables	12	14,822,987	11,597,112
Lease liabilities	15	3,540,974	1,762,745
Employee benefits	13	340,947	361,524
Contract liabilities	14	3,257,984	1,591,739
Total current liabilities		21,962,892	15,313,120
Non-current liabilities			
Employee benefits	13	736,534	797,347
Deferred tax liabilities	5	2,617,063	132,318
Lease liabilities	15	7,045,986	4,121,525
Total non-current liabilities		10,399,583	5,051,190
Total liabilities		32,362,475	20,364,310
Net assets		39,453,183	41,452,637
Equity			
Issued capital	16	38,406,595	38,406,595
Reserves	17	1,367,465	961,233
Retained profits	18	(320,878)	2,084,809
Total equity		39,453,183	41,452,637

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

Consolidated statement of changes in equity

For the year ended 30 June 2023

Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2021	9,190,696	593,916	756,953	10,541,565
Profit after income tax expense for the year	-	-	1,327,856	1,327,856
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	2,084,809	11,869,421
Issue of capital, net of costs	18,999,999	-	-	18,999,999
Conversion of directors options	1,099,580	(199,580)	-	900,000
Issue of capital for business acquisition	8,544,640	-	-	8,544,640
Conversion of performance shares	39,127	(16,457)	-	22,670
Share based payments	101,823	583,354	-	685,177
Employee share subscription	430,730	-	-	430,730
Balance at 30 June 2022	38,406,595	961,233	2,084,809	41,452,637

Consolidated Group	Issued capital \$	Reserves \$	Retained profits \$	Total equity \$
Balance at 1 July 2022	38,406,595	961,233	2,084,809	41,452,637
Profit after income tax expense for the year	-	-	(2,405,687)	(2,405,687)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	-	(320,878)	39,046,950
Share based payments	-	406,232	-	406,232
Balance at 30 June 2023	38,406,595	1,367,465	(320,878)	39,453,183

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

Consolidated statement of cash flows

For the year ended 30 June 2023

	Note	Consolidated Group	
		2023 \$	2022 \$
Cash flows from operating activities			
Receipts from customers		52,451,962	39,381,410
Payments to suppliers and employees		(44,532,786)	(32,102,064)
Interest paid		(606,771)	(238,001)
Refund / (payment) of income tax		949,137	-
Net cash from operating activities	28	8,261,542	7,041,074
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired		-	(2,706,213)
Payments for property, plant and equipment		(12,546,900)	(11,589,480)
Payments for intangibles		-	(1,096,432)
Net cash used in investing activities		(12,546,900)	(15,392,125)
Cash flows from financing activities			
Proceeds from issue of shares		-	21,377,754
Costs of raising capital		-	(922,531)
Payment of leases		(2,459,691)	(1,368,225)
Proceeds from short-term borrowings		-	856,948
Repayment of short-term borrowings		-	(1,810,876)
Net cash from financing activities		(2,459,691)	18,133,070
Net increase/(decrease) in cash and cash equivalents		(6,745,049)	9,782,018
Cash and cash equivalents at the beginning of the financial year		9,965,620	183,602
Cash and cash equivalents at the end of the financial year	7	3,220,571	9,965,620

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

Notes to the consolidated financial statements

For the year ended 30 June 2023

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

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

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

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

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 25.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Field Solutions Holdings Limited ('Company' or 'parent entity') as at 30 June 2023 and the results of all subsidiaries for the year then ended. Field Solutions Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group'.

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

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

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

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity.

The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Revenue

Communication Services

Customers usually pay in advance for communication services on a monthly basis, typically at the commencement of the month. Customers typically pay for hardware and other equipment at the time of sale. Revenue from the sale of handsets and other equipment is recognised when control of the handset and other equipment has transferred to the customer. The transactions price is determined at the rates stipulated in the contract with the customer.

Telecommunication Infrastructure

The Group has been engaged by a number of councils to assist with building infrastructure across a number of shires. Contracts typically involve a number of separate performance obligations and the transaction price is allocated across these performance obligations. The performance obligations are typically aligned with the respective milestones. Where amounts are received in advance of fulfilment of those respective performance obligations the Group recognises a contract liability. A contract asset is recognised where the performance obligations have been satisfied but not yet billed due to a milestone payment. The Group considers cost-to-cost method an appropriate measure of progress for the completion of the performance obligation. The cost-to-cost method is based on the proportion of the contract costs incurred for the work performed to date relative to the estimated total contract costs. Once an invoice is issued, the corresponding contract asset is reclassified to

Notes to the consolidated financial statements continued

Notes to the consolidated financial statements continued trade receivables. No significant financing components have been identified in the contracts with the councils as the period between meeting of the performance obligation and milestone payments.

Contract Liabilities

Revenue is recognised for sales of telecommunications services when control of the service passes to the customer. This occurs when the services are delivered to the customer. The amount received at the time of the sale transaction is recognised as a contract liability until delivery takes place and control passes.

Interest

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

Other revenue

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

Income tax

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

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

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

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is

probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

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

Tax Consolidation

The company and its wholly-owned Australian resident entities have formed a tax consolidated Group and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated Group is Field Solutions Holdings Limited. Tax expense/ income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated Group are recognised in the separate financial statements of the members of the tax-consolidated Group using the "separate taxpayer within group" approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated Group are recognised by the Company (as head entity in the tax-consolidated Group). Due to the existence of a tax funding arrangement between the entities in the tax consolidated Group, amounts are recognised as payable to or receivable by the Company and each member of the Group in relation to the tax contribution amounts paid or payable between the Parent Entity and the other members of the tax consolidated Group in accordance with the arrangement.

Current and non-current classification

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

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

Notes to the consolidated financial statements continued

reporting period. All other assets are classified as non-current.

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

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

Cash and cash equivalents

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

Property, plant and equipment

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Property, Plant and equipment	3-25 years
Fixtures and fittings	3-10 years
Motor Vehicles	3-5 years

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

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

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

Employee costs and consulting costs associated with consulting and installing certain specialised assets during the year ended 30 June 2023 are appropriately capitalised.

The cost of fixed assets constructed within the Consolidated Group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost.

Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. Employee costs and consulting costs associated with consulting and installing certain specialised assets during the year ended 30 June 2022 are appropriately capitalised.

Customer contracts

Customer contracts acquired in a business combination or asset acquisition contract are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-5 years.

Intellectual Property

IP acquired in a business combination or asset acquisition contract is amortised on a straight-line basis over the period of their expected benefit, being their finite life of 2-5 years.

Impairment of non-financial assets

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

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows

Notes to the consolidated financial statements continued

relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid. Due to their short-term nature, they are measured at amortised cost and are not discounted.

The amounts are unsecured and are usually paid within 30 days of recognition.

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests.

For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital

Ordinary shares are classified as equity.

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

Business combinations

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

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree.

For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

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

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

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

Notes to the consolidated financial statements continued

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date.

The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

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

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

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

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

Financial Instruments

Initial recognition and measurement

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

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified "at fair value through profit or loss", in which case transaction costs are expensed to profit or loss immediately. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15.63.

Classification and subsequent measurement

Financial liabilities

Financial instruments are subsequently measured at:

- amortised cost; or
- fair value through profit or loss.

A financial liability is measured at fair value through profit and loss if the financial liability is:

- a contingent consideration of an acquirer in a business combination to which AASB 3: Business Combinations applies;
- held for trading; or
- initially designated as at fair value through profit or loss.

All other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in profit or loss over the relevant period.

The effective interest rate is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

A financial liability is held for trading if:

- it is incurred for the purpose of repurchasing or repaying in the near term;
- part of a portfolio where there is an actual pattern of short-term profit taking; or
- a derivative financial instrument (except for a derivative that is in a financial guarantee contract or a derivative that is in an effective hedging relationships).

Notes to the consolidated financial statements continued

- Any gains or losses arising on changes in fair value are recognised in profit or loss to the extent that they are not part of a designated hedging relationship are recognised in profit or loss.
- The change in fair value of the financial liability attributable to changes in the issuer's credit risk is taken to other comprehensive income and are not subsequently reclassified to profit or loss. Instead, they are transferred to retained earnings upon derecognition of the financial liability. If taking the change in credit risk in other comprehensive income enlarges or creates an accounting mismatch, then these gains or losses should be taken to profit or loss rather than other comprehensive income.

A financial liability cannot be reclassified.

Financial assets

Financial assets are subsequently measured at:

- amortised cost;
- fair value through profit or loss. Measurement is on the basis of two primary criteria:
- the contractual cash flow characteristics of the financial asset; and
- the business model for managing the financial assets.

A financial asset that meets the following conditions is subsequently measured at amortised cost:

- the financial asset is managed solely to collect contractual cash flows; and
- the contractual terms within the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specified dates.

By default, all other financial assets that do not meet the measurement conditions of amortised cost are subsequently measured at fair value through profit or loss.

The Group initially designates a financial instrument as measured at fair value through profit or loss if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as "accounting mismatch") that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases;
- it is in accordance with the documented risk management or investment strategy, and information about the groupings was documented appropriately, so that the performance of the financial liability that was part of a group of financial liabilities or financial assets can be managed and evaluated consistently on a fair value basis;

- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through profit or loss is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Derecognition

Derecognition refers to the removal of a previously recognised financial asset or financial liability from the statement of financial position.

Derecognition of financial liabilities

A liability is derecognised when it is extinguished (i.e. when the obligation in the contract is discharged, cancelled or expires). An exchange of an existing financial liability for a new one with substantially modified terms, or a substantial modification to the terms of a financial liability is treated as an extinguishment of the existing liability and recognition of a new financial liability.

The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Derecognition of financial assets

A financial asset is derecognised when the holder's contractual rights to its cash flows expires, or the asset is transferred in such a way that all the risks and rewards of ownership are substantially transferred.

All of the following criteria need to be satisfied for derecognition of financial asset:

- the right to receive cash flows from the asset has expired or been transferred;
- all risk and rewards of ownership of the asset have been substantially transferred; and
- the Group no longer controls the asset (i.e. the Group has no practical ability to make a unilateral decision to sell the asset to a third party).

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

On derecognition of a debt instrument classified as at fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is reclassified to profit or loss.

On derecognition of an investment in equity which was elected to be classified under fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the investment revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Notes to the consolidated financial statements continued

Compound instruments (convertible notes) issued by the Group are classified as either financial liabilities or equity in accordance with the substance of the arrangements.

An option that is convertible and that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Group's own equity instruments will be classified as equity.

The fair value of the liability component is estimated on date of issue. This is done by using the prevailing market interest rate of the same kind of instrument. This amount is recognised using the effective interest method as a liability at amortised cost until conversion or the end of life of the instrument.

The equity portion is calculated by deducting the liability amount from the fair value of the instrument as a whole. The equity portion is not remeasured after initial recognition. Equity will remain as such until the option is exercised. When the option is exercised a corresponding amount will be transferred to share capital. If the option lapses without the option being exercised the balance in equity will be recognised in profit or loss.

Costs of the transaction of the issue of convertible instruments are proportionally allocated to the equity and liability. Transaction costs in regards to the liability are included in the carrying amount of the liability and are amortised over its life using the effective interest method. Transaction cost in equity is directly recognised in equity.

Impairment

The Group recognises a loss allowance for expected credit losses on:

- financial assets that are measured at amortised cost.

Loss allowance is not recognised for:

- financial assets measured at fair value through profit or loss; or

Expected credit losses are the probability-weighted estimate of credit losses over the expected life of a financial instrument. A credit loss is the difference between all contractual cash flows that are due and all cash flows expected to be received, all discounted at the original effective interest rate of the financial instrument.

The Group uses the simplified approaches to impairment, as applicable under AASB 9: Financial Instruments.

Simplified approach

The simplified approach does not require tracking of changes in credit risk at every reporting period, but instead requires the recognition of lifetime expected credit loss at all times. This approach is applicable to:

- trade receivables or contract assets that result from transactions within the scope of AASB 15: Revenue from Contracts with Customers and

which do not contain a significant financing component; and

- lease receivables.

In measuring the expected credit loss, a provision matrix for trade receivables was used taking into consideration various data to get to an expected credit loss (i.e. diversity of customer base, appropriate groupings of historical loss experience, etc).

Recognition of expected credit losses in financial statements

At each reporting date, the Group recognises the movement in the loss allowance as an impairment gain or loss in the statement of profit or loss and other comprehensive income.

The carrying amount of financial assets measured at amortised cost includes the loss allowance relating to that asset.

COVID-19

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the group based on known information. This consideration extends to the nature of the services offered, customers, supply chain, staffing and geographic regions in which the Group operates.

New Accounting Standards implemented for FY23

There were no new accounting standards adopted during the year.

Leases (the Group as lessee)

The Group as lessee

At inception of a contract, the Group assesses if the contract contains or is a lease. If there is a lease present, a right-of-use asset and a corresponding lease liability is recognised by the Group where the Group is a lessee. However all contracts that are classified as short-term leases (lease with remaining lease term of 12 months or less) and leases of low value assets are recognised as an operating expense on a straight-line basis over the term of the lease.

Initially the lease liability is measured at the present value of the lease payments still to be paid at commencement date. The lease payments are discounted at the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses the incremental borrowing rate.

Lease payments included in the measurement of the lease liability are as follows:

- fixed lease payments less any lease incentives;

Notes to the consolidated financial statements continued

- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees the exercise price of purchase options, if the lessee is reasonably certain to exercise the options;
- lease payments under extension options if lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The right-of-use assets comprise the initial measurement of the corresponding lease liability as mentioned above, any lease payments made at or before the commencement date as well as any initial direct costs. The subsequent measurement of the right-of-use assets is at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group anticipates to exercise a purchase option, the specific asset is depreciated over the useful life of the underlying asset.

NOTE 2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Fair value measurement hierarchy

The Group is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability,

either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The Group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined.

This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The Group is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate

Notes to the consolidated financial statements continued

tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on the Group's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of

closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the Group has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

NOTE 3. OPERATING SEGMENTS

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group operates only in one business segment and has a single group of similar services and products, being supply of telecommunication and cloud services

and products which is designing, building and operating telecommunications networks in rural, regional and remote Australia.

The operating segment information is the same information as provided throughout the financial statements and therefore not duplicated.

NOTE 4. REVENUE

The Group has recognised the following amounts relating to revenue in the statement of profit or loss. The Group has one operating segment, telecommunication and infrastructure services

	Consolidated Group	
	2023 \$	2022 \$
Continued operations		
Telecommunication operating services	49,296,088	34,818,804
Telecommunication infrastructure services	6,520,674	7,974,246
	<u>55,816,762</u>	<u>42,793,050</u>

Revenue from telecommunication services is recognised over time. Infrastructure revenue is recognised at a point in time as the performance obligations are satisfied.

Notes to the consolidated financial statements continued

NOTE 5. INCOME TAX EXPENSE/(BENEFIT)

	Consolidated Group	
	2023 \$	2022 \$
Income tax expense/(benefit)		
Current tax	(491,395)	(431,394)
Deferred tax	(914,291)	(17,178)
Adjustments for change in tax rates	-	-
Income tax benefit	(1,405,685)	(448,572)
Numerical reconciliation of income tax benefit and tax at the statutory rate		
Profit/(loss) before income tax expense	3,811,372	879,284
Tax at the statutory tax rate of 30%	1,405,685	219,821
Income tax expense/(benefit)		
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Other non-deductible expenses	(2,633,312)	(454,715)
Benefit of R&D offset	(491,395)	(431,395)
R&D non-deductible expenses	360,000	300,000
Share based payment not deductible	406,232	583,384
Tax losses utilised	2,406,506	(656,667)
Income tax benefit	(1,405,685)	(448,572)
Deferred tax asset		
Comprising:		
Transaction cost of equity issue	-	3,365
Superannuation accrued not deductible	96,146	62,991
Annual leave provision	323,244	89,052
Provision for doubtful debts	14,359	294,325
Lease liabilities	176,417	209,320
Carry forward - non-refundable R&D offset	922,789	431,395
Accrued expenses	43,239	-
Total	1,576,194	1,090,448
Tax receivable	-	(991,800)
Deferred tax liability		
Right of use assets	174,916	(41,837)
Property, plant and equipment tax cost base resetting	-	16,691
Capitalised 2022 F/year R & D Eligible Expenditure	-	7,464
Difference between tax cost base and book value of assets	-	150,000
Intangibles	2,442,148	-
Total	2,617,063	132,318

Notes to the consolidated financial statements continued

NOTE 6. LOSS FOR THE YEAR INCLUDES THE FOLLOWING:

	Consolidated Group	
	2023 \$	2022 \$
Interest – AASB16 Leases	606,771	238,001
Interest – third parties	-	-
Total Interest Expense	606,771	238,001

NOTE 7. CURRENT ASSETS - CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2023 \$	2022 \$
Cash at Bank	3,220,575	9,965,623

NOTE 8. CURRENT ASSETS - TRADE AND OTHER RECEIVABLES

The following table shows the movement in lifetime expected credit loss that has been recognised for trade and other receivables in accordance with the simplified approach set out in AASB 9: Financial Instruments.

	Current \$	Past Due				Total \$
		< 30	31 – 60	61-90	> 90	
June 2023						
Gross carrying amount	7,591,129	49,793	318,773	99,966	4,799,298	12,858,960
Expected credit loss allowance	-	-	-	-	(47,863)	(47,863)
Net carrying amount	7,591,129	49,793	318,773	99,966	4,751,435	12,811,097
June 2022						
Gross carrying amount	707,644	4,680,517	372,854	753,134	3,288,355	9,802,504
Expected credit loss allowance	-	-	-	-	(356,207)	(356,207)
Net carrying amount	707,644	4,680,517	372,854	753,134	2,932,148	9,446,297

Key judgements – Expected Credit Losses

Included in trade receivables > 90 days, approximately 99% relates to larger business customers and after extensive review All are considered recoverable. Covid-19 and natural disasters impacted projects and receivables timeframes have been extended to support some customers.

Included in trade receivables > 90 days, less than 1% relate to consumer customers the business has a monthly write off per month of less than 1% of MRR consumer revenue.

A provision of \$47,863 has been taken up after an extensive assessment of the expected losses of all debtors.

While there is some uncertainty with timing of collection of the above trade receivables, directors are of the view that the provision for impairment is adequately measured and recognised in accordance with AASB 9 and this will be reassessed on an ongoing basis and at each reporting period.

Credit Risk

The Group has no significant concentration of credit risk with respect to any single counterparty or group of counterparties other than those receivables specifically provided for and mentioned within Note 8. The class of assets described as “trade and other receivables” is considered to be the main source of credit risk related to the Group.

Notes to the consolidated financial statements continued

NOTE 9. OTHER ASSETS

	Consolidated Group	
	30 June 2023 \$	30 June 2022 \$
Prepayments	197,763	644,295

NOTE 10. NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT

	Consolidated Group	
	2023 \$	2022 \$
Plant and equipment - at cost	35,065,851	22,650,941
Less: Accumulated depreciation	(6,886,619)	(4,369,417)
	28,179,232	18,281,525
Fixtures and fittings - at cost	621,730	607,855
Less: Accumulated depreciation	(443,124)	(384,806)
	178,606	223,049
Motor vehicles - at cost	167,082	145,297
Less: Accumulated depreciation	(52,506)	(36,577)
	114,575	108,720
	28,472,414	18,613,295

Movements in Carrying Amounts

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

	Plant and equipment	Fixtures and Fittings	Motor Vehicles	Total
Consolidated Group:				
Balance at 1 July 2021	7,790,616	82,692	23,062	7,896,371
Additions	11,199,553	195,271	91,993	11,486,817
Acquisition through business combinations	1,027,116	-	-	1,027,116
Disposals	-	-	(60,000)	(60,000)
Depreciation expense	(1,735,760)	(54,914)	53,664	(1,737,009)
Balance at 30 June 2022	18,281,525	223,050	108,719	18,613,295
Additions	12,414,910	13,874	21,784	12,450,569
Depreciation expense	(2,517,202)	(58,318)	(15,929)	(2,591,449)
Balance at 30 June 2023	28,179,233	178,607	114,574	28,472,414

Notes to the consolidated financial statements continued

NOTE 11. NON-CURRENT ASSETS - INTANGIBLES

	Consolidated Group	
	30 June 2023 \$	30 June 2022 \$
Customer contracts and costs	18,124,625	1,939,185
Computer software and IP	3,070,894	3,058,788
Acquisition through business combinations	-	13,184,053
	21,195,519	18,182,027
Less: Accumulated amortisation	(7,184,493)	(3,112,661)
Balance at 30 June 2023	14,011,026	15,069,366

Consolidated Group	Customer Contracts and costs	Computer Software and IP	Total
Balance at 30 June 2021	583,119	1,125,606	1,708,725
Additions	256,351	839,993	1,096,344
Acquisition through business combinations	13,184,053	-	13,184,053
	-	-	-
Amortisation expense	(157,582)	(504,312)	(661,895)
Balance at 30 June 2022	13,653,929	1,415,438	15,069,366
Additions	-	12,106	12,106
Adjustments to acquisition through business contributions	3,001,386	-	3,001,386
Disposals	-	-	-
Amortisation expense	(3,564,193)	(507,639)	(4,071,832)
Balance at 30 June 2023	13,091,121	919,905	14,011,026

Intangible assets include those acquired during the year from TasmaNet Pty Ltd including customer contracts. Refer to Note 21 for further information.

Included in Computer Software and IP - Product development costs

- Expenditure on research activities is recognised as an expense in the income statement in the period in which it is incurred. Where no internally generated intangible asset can be recognised, development expenditure is recognised as an expense in the income statement in the period as incurred. An intangible asset arising from
- development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:
 - the technical feasibility of completing the intangible asset so that it will be available for use or sale
 - the intention to complete the intangible asset to use or sell it
 - the ability to use or sell the intangible asset
 - how the intangible asset will generate probable future economic benefits
 - the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset, and
 - the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The expenditure capitalised includes the cost of direct labour and materials that are directly attributable to preparing the asset for its intended use.

Product development assets are stated at cost less accumulated amortisation and impairment and are amortised on a straight-line basis over their useful lives, which is up to a maximum of 5 years

Notes to the consolidated financial statements continued

NOTE 12. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	Consolidated Group	
	2023 \$	2022 \$
Trade Payables	13,319,701	9,597,112
Other payables and accruals ^(a)	1,503,286	2,000,000
	<u>14,822,987</u>	<u>11,597,112</u>

(a) TasmaNet earnout contingency

NOTE 13. EMPLOYEE BENEFITS

	Consolidated Group	
	2023 \$	2022 \$
Short-term employee benefits ^(a)	340,947	361,524
Post-employment benefits	736,534	797,347
	<u>1,077,480</u>	<u>1,158,871</u>

(a) Refer to Note 1 for the Group's policy on employee benefits

NOTE 14. CONTRACT LIABILITIES

	Consolidated Group	
	2022 \$	2021 \$
Amounts received in advance for sale of services to be recognised in July 2023	183,238	560,489
Amounts received from Government Grants to be recorded as income based on useful life of assets	3,074,746	1,031,250
	<u>3,257,984</u>	<u>1,591,739</u>

Refer to Note 1 for the Group's policy on contract liabilities

Notes to the consolidated financial statements continued

NOTE 15. LEASES

	30 June 2023 \$	30 June 2022 \$
(i) AASB 16 related amounts recognised in the balance sheet		
Right of use assets		
Leased buildings:		
Opening balance	315,749	415,330
Additions to right-of-use assets	599,405	38,504
Lease Finalisation	(62,589)	-
Depreciation expense for the year	(269,511)	(138,085)
Net carrying amount	583,055	315,749
Leased equipment:		
Opening balance	5,660,073	417,824
Additions to right-of-use assets	6,625,562	5,610,478
Business Acquisitions	-	519,778
Depreciation expense for the year	(1,342,102)	(888,007)
Net carrying amount	10,943,534	5,660,074
Total right-of-use assets	11,526,588	5,975,822
Lease liabilities		
Leased buildings:		
Opening balance	323,548	419,178
Additions to lease liabilities	599,405	53,445
Net Principal reductions for the year	(300,344)	(149,075)
Lease Finalisation	(34,552)	-
Net carrying amount	588,057	323,548
Leased equipment:		
Opening balance	5,560,723	762,955
Additions to lease liabilities	7,144,789	5,868,595
Principal repayments for the year	(2,245,015)	(1,070,828)
GST deferred	(461,593)	-
Net carrying amount	9,998,904	5,560,722
Total lease liabilities	10,586,960	5,884,270
Current liabilities*	3,540,974	1,762,745
Non-current liabilities	7,045,986	4,121,525
	10,586,960	5,884,270

*Current lease commitments reflect the lease commitments, net of future interest charges, due within 12 months.

Notes to the consolidated financial statements continued

NOTE 16. EQUITY - ISSUED CAPITAL

	Consolidated Group			
	2023 Shares	2022 Shares	2023 \$	2022 \$
Ordinary shares - fully paid	763,741,605	763,741,605	38,406,595	38,406,595

	Issue Date	2023 shares	2023 \$
Movements in ordinary share capital			
Ordinary shares - fully paid, opening balance		763,741,605	38,406,595
Issue of performance shares from shares previously quoted		-	-
Release of escrowed shares		-	-
Capital Raise		-	-
Employee Share Purchase		-	-
Acquisition Tasmanet		-	-
Converted options		-	-
Ordinary shares - fully paid, closing balance		763,741,605	38,406,595

Ordinary shares

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

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back

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

Capital risk management

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

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

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

The Group would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current Company's share price at the time of the investment. The Group is actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The capital risk management policy remains unchanged from the 2022 Annual Report.

NOTE 17. EQUITY - RESERVES

	Consolidated Group	
	2023 \$	2022 \$
Opening balance	961,233	593,916
Share based payments reserve	406,232	583,354
Total reserves	1,367,465	961,233

Notes to the consolidated financial statements continued

NOTE 18. EQUITY - RETAINED PROFITS

	Consolidated Group	
	2023 \$	2022 \$
Retained profits at the beginning of the financial year	2,084,809	756,953
Profit/(loss) after income tax expense for the year	(2,405,687)	1,327,856
Retained profits at the end of the financial year	(320,878)	2,084,809

NOTE 19. EQUITY - DIVIDENDS

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

NOTE 20. FINANCIAL INSTRUMENTS

Financial risk management objectives

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

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

The totals for each category of financial instruments, measured in accordance with AASB 9 are as follows:

	Consolidated Group	
	2023 \$	2022 \$
Financial assets		
Cash and cash equivalents	3,220,575	9,965,623
Trade receivables	12,811,097	9,446,298
Other assets	197,763	664,295
Total financial Assets	16,229,435	20,076,216
Financial liabilities		
Trade and other payables	14,822,987	11,597,011
Contract liabilities	3,257,984	1,591,739
Lease liabilities		
Total financial liabilities	10,586,960	5,884,270
	28,667,931	19,073,020

Market risk

Foreign currency risk

The Group is not exposed to any significant foreign currency risk.

Notes to the consolidated financial statements continued

Price risk

The Group is not exposed to any significant price risk.

Interest rate risk

Sensitivity analysis

The sensitivity analysis reflects how net assets attributable to holders of redeemable shares would have been affected by changes in the relevant risk variable that were reasonably possible at the reporting date.

Management has determined that there a fluctuation in interest rates is unlikely as current short-term lending is at fixed interest rate. Therefore, the Group is not exposed to any significant interest risk.

Credit risk

The Group is not exposed to any significant credit risk.

Liquidity risk

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

Fair value of financial instruments

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

Financial Asset & Liability Maturity Analysis

Consolidated Group	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
Financial liabilities due for payment								
Trade and other payables	14,822,987	11,597,011	-	-	-	-	14,361,394	11,597,011
Borrowings	-	-	-	-	-	-	-	-
Lease Liabilities	3,540,974	1,762,745	7,045,986	4,121,525	-	-	10,586,960	5,884,270
Total expected outflows	18,363,961	13,359,756	7,045,986	4,121,525	-	-	24,948,354	17,481,281
Financial assets - cash flows realisable								
Cash and cash equivalents	3,220,575	9,965,623	-	-	-	-	3,220,575	9,965,623
Trade and other receivables	12,811,097	10,110,693	-	-	-	-	12,811,097	10,110,693
Total expected inflows	16,031,672	20,076,316	-	-	-	-	16,031,672	20,076,316
Net (outflow)/inflow on financial instruments	2,332,289	6,716,460	(7,045,986)	(4,121,525)	-	-	(9,378,275)	2,594,935

Notes to the consolidated financial statements continued

NOTE 21. ACQUISITION OF TASMANET

	Fair Value
Fair value of consideration transferred:	13,744,960
Assets/(liabilities) assumed	
Receivables ⁽ⁱⁱ⁾	1,249,130
Inventories	9,374
Property, plant and equipment	1,027,176
Rights of use assets	519,718
Payables	(2,544,879)
Lease liabilities	(524,143)
Gain in fair value	(769,490)
Deferred tax on liabilities acquired	3,065,087
Cash	484,733
Identifiable net assets	(118,689)
Intangible Assets, customer contracts on acquisition	<u>16,142,977</u>

a) The consideration paid to acquire TasmaNet Pty Ltd consisted of \$3,200,321 in cash and 47,470,220 ordinary shares at a fair value of \$0.18, issued to the vendors of TasmaNet Pty Ltd. The fair value of the shares has been determined based on the current market price of the shares at the date of acquisition with control obtained 1 October 2021. A contingency payment of \$791,623 payable to the vendors of TasmaNet Pty Ltd for partial achievement of revenue targets for the full year 2022. A warranty payment of \$1,000,000 has been retained and is in the process of finalisation. It is expected that any payment will be made before the end of the half year 2024.

(i) The directors have made provision for impairment where required.

(ii) No goodwill has been recognised as part of the acquisition. Refer to Note 1 Significant accounting policies for further detail regarding the establishment of fair value for the transaction..

NOTE 22. KEY MANAGEMENT PERSONNEL DISCLOSURES

Directors

The following persons were Directors of Field Solutions Holdings Limited during the financial year:

- Dr Kenneth Carr
- Mr Andrew Roberts
- Mr Mithila Nath Ranawake
- Ms Wendy Tyberek
- Dr Phillip Carter

Other key management personnel

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

- Mr Graham Henderson (joint Company Secretary)
- Mr Philippe Benoliel (COO)
- Mr Robert Vernon (CEO TasmaNet)

Compensation

Refer to the remuneration report contained in the directors' report for details of the remuneration paid or payable to each member of the Group's key management personnel (KMP) for the year ended 30 June 2023

The totals of remuneration paid to KMP of the company and the Group during the year are as follows:

Notes to the consolidated financial statements continued

	Consolidated Group	
	2023 \$	2022 \$
Short-term employee benefits	1,910,096	1,948,065
Post-employment benefits	109,744	131,479
Share-based payments	410,851	1,340,841
Total KMP compensation	2,430,691	3,420,385

Short-term employee benefits

These amounts include fees and benefits paid to the non-executive Chair and non-executive directors as well as salary, paid leave benefits, fringe benefits and cash bonuses awarded to executive directors and other KMP.

Post-employment benefits

These amounts are the current-year's estimated costs of providing for the Group's defined benefits scheme post-retirement, superannuation contributions made during the year and post-employment life insurance benefits.

Other long-term benefits

These amounts represent long service leave benefits accruing during the year, long-term disability benefits and deferred bonus payments.

Share-based payments

These amounts represent the expense related to the participation of KMP in equity-settled benefit schemes as measured by the fair value of the options, rights and shares granted on grant date. This amount includes 65,000,000 performance rights which have been granted as part of remuneration. Refer to the remuneration report for further information.

NOTE 23. RELATED PARTY TRANSACTIONS

Parent entity

Field Solutions Holdings Limited is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 30.

Key management personnel

Disclosures relating to key management personnel are set out in note 18 and the remuneration report included in the Directors' report.

Transactions with related parties

The Group's related parties are only with key management. Unless otherwise stated, none of the transactions incorporate special terms and no guarantees were given or received. Outstanding balances are usually settled in cash.

Notes to the consolidated financial statements continued

NOTE 24. PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent	
	2023 \$	2022 \$
Profit after income tax, total comprehensive income	90,905	320,128
	90,905	320,128

Statement of financial position

	Parent	
	2023 \$	2022 \$
Total current assets	484,798	2,479,307
Total assets	7,607,131	6,739,695
Total current liabilities	989,674	192,498
Total liabilities	4,563,104	3,786,574
Equity		
Issued capital	1,455,954	1,455,954
Share issue reserve	139,470	139,470
Retained profits	1,448,603	1,357,698
Total equity	2,953,664	2,953,122

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2023.

Capital commitments

The parent entity had no capital commitments as at 30 June 2023.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

Notes to the consolidated financial statements continued

NOTE 25. OPTIONS

A summary of the movements of all Group options issues is as follows:

	Number	Weighted Average Exercise Price
Options outstanding as at 30 June 2022	11,256,919	\$0.0450
Lapsed during the year	(4,256,918)	-
Options outstanding as at 30 June 2023	7,000,000	\$0.0450
Options exercisable as at 30 June 2023	7,000,000	\$0.0450

Nil options were exercised during the year ended 30 June 2023.

The weighted average remaining life of options outstanding at year-end was 2 years.

A summary of the movements of all Group performance rights is as follows:

	Number
Performance rights outstanding as at 30 June 2022	65,000,000
Granted during the year	-
Outstanding rights at 30 June 2023	65,000,000

NOTE 26. SHARE BASED PAYMENT

	Fair Value	
	2023 \$	2022 \$
Share based payment	406,232	583,354
	406,232	583,354

NOTE 27. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	Consolidated Group	
	2022 \$	2021 \$
Profit/(loss) after income tax expense for the year	(2,405,687)	1,327,856
Adjustments for:		
Depreciation and amortisation	8,323,062	3,485,082
(decrease) in trade and other receivables	(2,898,267)	(3,963,640)
Share based payment	406,232	583,354
Increase in trade and other payables	6,323,278	5,418,614
Tax payable/(receivable)	(1,405,685)	(488,572)
Increase in employee provisions	(81,391)	638,380
Net cash from operating activities	8,261,542	7,041,074

NOTE 28. EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2023 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Notes to the consolidated financial statements continued

NOTE 29. INTERESTS IN SUBSIDIARIES

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

	Principal place of business/Country of incorporation	Ownership interest	
		2023 %	2022 %
FSG Assets Pty Ltd (previously Freshtel Australia Pty Ltd)	Australia	100%	100%
Freshtel Pty Ltd	Australia	100%	100%
FSG Infrastructure Pty Ltd (previously Voicedot Networks Pty Ltd)	Australia	100%	100%
FSG Construction Pty Ltd (previously Virbiage Pty Ltd)	Australia	100%	100%
Tups Company Pty Ltd	Australia	100%	100%
Field Solutions Group Pty Ltd	Australia	100%	100%
FSG RSP Pty Ltd	Australia	100%	100%
Field Solutions Technology Services Pty Ltd	Australia	100%	100%
FSG MSP Pty Ltd (previously IP Transit Pty Ltd)	Australia	100%	100%
Tasmanet Pty Ltd	Australia	100%	100%
Internomic Pty Ltd	Australia	100%	100%
DC3 Pty Ltd	Australia	100%	100%
Tasconnex Pty Ltd	Australia	100%	100%

NOTE 30. CONTINGENT LIABILITIES

There are no contingent liabilities as at 30 June 2023.

NOTE 31. EARNINGS PER SHARE

	Consolidated Group	
	2023 \$	2022 \$
Profit/(loss) after income tax attributable to the Owners of Field Solutions Holdings Limited	(2,405,687)	1,427,856
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	802,823,254	802,823,254
Weighted average number of ordinary shares used in calculating diluted earnings per share	874,823,254	879,080,172
	Cents	Cents
Basic earnings per share	(0.30)	0.17
Diluted earnings per share	(0.27)	0.15
Basic earnings per share Diluted earnings per share		

NOTE 32. COMMITMENTS

The group had no commitments at 30 June 2023.

Notes to the consolidated financial statements continued

NOTE 33. REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by Hall Chadwick NSW Pty Ltd, the auditor of the Company:

	Consolidated Group	
	2023 \$	2022 \$
Auditing or review of the financial statements	89,500	89,100
Total	89,500	89,100

NOTE 34. COMPANY DETAILS

The registered office and principal place of business of the Company are:

Registered office	Principal place of business
Newton Henry	Suite 38
Level 2, 33 George Street	23 Narabang Way
LAUNCESTON TAS 7250	BELROSE NSW 2085
AUSTRALIA	AUSTRALIA

NOTE 35. FAIR VALUE

The amounts stated in the financial statements are equivalent to their fair values.

Directors' Declaration

In the Directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by section 295A of the Corporations Act 2001.

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

On behalf of the Directors



Dr Kenneth Carr
Director and Chairman



Mr Mithila Nath Ranawake
Director

29 August 2023 Australia

FIELD SOLUTIONS HOLDINGS LIMITED AND CONTROLLED ENTITIES
ABN 92 111 460 121

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
FIELD SOLUTIONS HOLDINGS LIMITED

SYDNEY

Level 40
2 Park Street
Sydney NSW 2000
Australia

GPO Box 3555
Sydney NSW 2001

Ph: (612) 9263 2600
Fx : (612) 9263 2800

Opinion

We have audited the financial report of Field Solutions Holdings Limited and controlled entities (the group), which comprises the consolidated statement of financial position as at 30 June 2023, 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 consolidated financial statements, including a summary of significant accounting policies and the directors' declaration.

In our opinion, the accompanying financial report of Field Solutions Holdings Limited and controlled entities is in accordance with the Corporations Act 2001, including:

- a. giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- b. 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 (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 has been given to the directors of the Company.

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 for the year ended 30 June 2023. 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.

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Key Audit Matters

Revenue Recognition (Note 1 and Note 4)

The group has 2 main categories of revenue streams: Communication services and telecommunication infrastructure amounting to \$55,816,762.

Customers usually pay in advance for communications services on a monthly basis, typically at the commencement of the month. Customers typically pay for hardware and other equipment at the time of sale. Revenue from the sale of handsets and other equipment is recognised when control of the hardware and other equipment has transferred to the customer. The transactions price is determined with as the rate stipulated in the contract with the customer.

In addition, the group has engaged by a number of councils to assist with building infrastructure across a number of shires. Contracts typically involve a number of separate performance obligations and the transaction price is allocated across these performance obligations.

We focused on this area as a key audit matter given the significance of the balance and that there is a risk that revenue may not be recognised in accordance with the revenue recognition principles as set out in AASB 15: Revenue from Contracts with Customers.

Property, Plant and Equipment (Note 10)

The group has \$28,472,414 of property, plant and equipment at 30 June 2023. During the year the group made additions of \$12,450,569 which largely related to capital works on the group' ongoing infrastructure projects.

Included in the additions, the company capitalised consulting costs associated with constructing and installing certain specialised assets during the year ended 30 June 2023.

We focussed on this matter as a key audit matter as property, plant and equipment is the most significant asset of the group and critical to the operations of the group.

How Our Audit Addressed the Key Audit Matter

Our procedures included, amongst others:

We obtained an understanding of the key controls in the revenue recognition cycle.

We obtained a sample of contracts and traced the terms and conditions to ensure that revenue was recognised in accordance with AASB 15 Revenue.

We verified a sample of revenue to supporting documentations and ensured that revenue has been correctly recognised.

We assessed the appropriateness of the disclosures in the financial statements in relation to the revenue.

How Our Audit Addressed the Key Audit Matter

Our procedures included amongst others:

We assessed the policies in place for capitalising costs associated with constructing and installing specialised assets.

We tested costs capitalised to supporting documentation on a sample basis.

We assessed the appropriateness of whether the costs capitalised were eligible to be recognised as assets in accordance with the accounting standard AASB16: Property, Plant and Equipment.

We assessed the appropriateness of the disclosures in the financial statements in relation to property, plant and equipment.

Intangible Assets (Note 11)

The group has \$14,011,026 of intangible assets at 30 June 2023.

The amortisation related to intangible assets amounted to \$4,071,832 of which \$3,564,193 related to IP and customer contracts acquired as part of the TasmaNet acquisition.

We focussed on this matter as a key audit matter as intangibles is a significant asset of the group and critical to the operations of the group.

How Our Audit Addressed the Key Audit Matter

Our procedures included amongst others:

We assessed both the external and internal factors set out by AASB 136 Impairment of Assets and satisfied that there were no indications of impairment.

We assessed the appropriateness of the disclosures in the financial statements in relation to the intangible assets.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2023 but does not include the financial report and our auditor's report thereon.

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

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

Responsibilities of the Directors for the Financial Report

The directors of the 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 directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit`

conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. 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 director's 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion

We communicate with the directors regarding, amongst 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 most significant to the audit of the financial report of the current period and are therefore key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matters 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

We have audited the remuneration report included in pages 13 to 17 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Field Solutions Holdings Limited, for the year ended 30 June 2023, complies with s 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 s 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.

Hall Chadwick (NSW)

Hall Chadwick (NSW)
Level 40, 2 Park Street
Sydney NSW 2000



Sandeep Kumar

Partner

Dated: 29 August 2023

Shareholder Information

The shareholder information set out below was applicable as at 30 June 2023.

Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Shareholder	Ordinary Shares	
	Number held	% total shares issued
CONVERGENT	227,034,995	29.73%
KESTREL GROWTH COMPANIES LTD	72,212,546	9.46%
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	41,984,277	5.50%
NATIONAL NOMINEES LIMITED	18,000,000	2.36%
HOLDREY PTY LTD <DON MATHIESON FAMILY A/C>	17,305,136	2.27%
SFO VENTURES PTY LTD <SFO VENTURES UNIT A/C>	15,640,882	2.05%
CAPITAL PROPERTY CORPORATION PTY LTD <CARRINGTON A/C>	15,619,999	2.05%
BNP PARIBAS NOMS PTY LTD <DRP>	11,752,476	1.54%
GBBM PTY LIMITED <BERESFORD A/C>	11,150,000	1.46%
MICROEQUITIES ASSET MANAGEMENT PTY LTD <MICROEQT NANOCAP NO 10 A/C>	10,092,606	1.32%
KEN CARR	10,000,000	1.31%
MR CRAIG GRAEME CHAPMAN <NAMPAC DISCRETIONARY A/C>	10,000,000	1.31%
DMX CAPITAL PARTNERS LIMITED	8,700,000	1.14%
CLEMENT HOLDINGS AUSTRALIA PTY LIMITED < CALCULUS A/C >	8,225,953	1.08%
MATT RANAWAKE	8,066,667	1.06%
UBS NOMINEES PTY LTD	7,878,788	1.03%
MR PHILIPPE BENOLIEL	7,842,688	1.03%
BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT DRP>	7,699,259	1.01%
MR RYAN ANTHONY SPILLANE	7,500,000	0.98%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,169,409	0.94%
JEC CAPITAL PTY LTD <JEC CAPITAL A/C>	7,150,000	0.94%
Total	531,025,681	69.53%
Total issued capital - selected security class(es)	763,741,505	100.00%

Unquoted equity securities

There are no unquoted equity securities.

Substantial holders

Substantial holders in the Company are set out below:

Shareholder	Ordinary Shares	
	Number held	% total shares issued
CONVERGENT	227,034,995	29.73%



Registered office

Newton Henry
Level 2, 33 George Street
Launceston
TAS 7250
AUSTRALIA

**Principal place of
business**

Suite 38
23 Narabang Way
BELROSE NSW 2085
AUSTRALIA

www.fieldsolutions-group.com