SKS Technologies Group Limited
and Controlled Entities

ABN 24 004 554 929

Financial Report

For year ended 30 June 2024

Financial Report Contents

Directors' Report

The directors present their report together with the financial report of the consolidated entity consisting of SKS Technologies Group Limited and the entities it controlled (the Group), for the financial year ended 30 June 2024 and auditor's report thereon.

Directors

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

Peter Jinks - Executive chairman

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

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

Greg Jinks - Executive director

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

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

Terence Grigg – Non-Executive director

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

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

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

Antoinette Truda – Non-Executive director

Antoinette has extensive experience as a Director and Executive across a range of sectors. She is currently Chief Commercial Officer at the Victorian Chamber of Commerce & Industry, responsible for driving the organic and acquisitive growth initiatives that underpin the organisation's sustainability. Antoinette is a Non-Executive Director of the Goulburn Murray Credit Union, where she is Chair of the Member Experience & Culture Committee and Deputy Chair of the Audit Committee. She is also Chair of the Advisory Board at Slimline Warehouse. Prior to joining the Chamber, Antoinette was Chief Executive Officer of a multi-office Victorian real estate network. She worked at NAB for 11 years, leading various business units in Consumer and Business Banking, and spent the early stages of her career in Strategy and Corporate Advisory roles. With a track record of delivering transformational business outcomes in executive and directorship capacities, Antoinette understands the ingredients required to drive sustainable business growth in challenging and evolving operating contexts.

Antoinette was appointed as director of the Company on 1 May 2024. Antoinette Truda has not been a director of any other listed companies during the past three years.

Directors' Report (continued)

Company Secretary

Gary Beaton

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

Matthew Jinks

Matthew, an alumnus of Harvard Business School who holds a Master of Business Administration Finance Major, joined the SKS Technologies Group business in April of 2013 as the Chief Operating Officer with the responsibility of managing all aspects of the company's financial and operational activities. On 1 February 2021 Matthew was appointed as the Chief Executive Officer. Prior to joining the senior management team of SKS Technologies Group, Matthew held the position of Executive General Manager Finance and one of the Directors of KLM Group, then owned by Programmed Maintenance Ltd, managing all aspects of the business financials. Matthew began his journey as an apprentice electrician for KLM Group. Over a 16-year period he progressed through the business gaining extensive experience in all aspects of management and business operations within the Electrical, Communications and Audio-Visual industry. Matthew was appointed as the company secretary on 15 November 2019.

Directors' Report (continued)

Review of Operations

Operating Results

Full year sales substantially increased with group's current year trading revenue of $136,309,155 by 63.7% on $83,268,128 in the previous corresponding period. The consolidated group made a significantly increased profit after tax of $6,624,608 for the year ended 30 June 2024 compared to $632,105 in the previous corresponding period. The profit attributable to the non-controlling interest of the group is $64,914 for the year ended 30 June 2024 compared to the loss of $120,678 in previous corresponding period.

Operational Overview

The sales in SKS Technologies Pty Ltd have grown strongly during the year in particular on the back of major data centre project wins. SKS Indigenous Technologies Pty Ltd has continued to win work and has traded profitably in its second year of operations and has finished the year with a stronger work in hand position. The company continues to gain momentum in the new Darwin office on the back of defence projects and has seen improvement in both Western Australian and Queensland operations. The work in hand, pipeline of opportunities, as well as the size of opportunities, remains favourable across the regions in which the company operates.

Employee expenses increased 61.1% to $51,260,508 ($31,814,480 year ended 30 June 2023) and materials increased 54.4% to $72,344,987 ($46,854,440 year ended 30 June 2023) compared to the previous corresponding period. The mix has altered with increasing electrical work in data centres compared to the previous corresponding period.

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

The Group received government incentives for a training scheme of $44,954 during the period which has associated staff training costs compared to $759,439 in previous corresponding period.

The group has grown significantly over the last 3 years and will continue to focus the business on its core product and services offering of Audio Visual, IT, Electrical and Communications across all sectors including data centres with a strong emphasis on the service and maintenance offering direct to end users.

Capital Structure

On 26 September 2023 the group issued 353,017 ordinary shares with a market value of $61,778 as employee bonus.

On 4 October 2023 the group issued 64,185 ordinary shares with a market value of $12,195 as employee bonus.

On 28 June 2024 the group issued 2,000,000 ordinary shares relating to the options which were granted and subsequently vested during the year.

Apart from these movements there is no change in the capital structure of the group during the year ended 30 June 2024.

Working Capital and Cashflows from Operations

The Group produced a positive cash flow from operations for the year of $8,419,101 compared to $2,922,480 in the corresponding period. The Group remains in an expansion phase with revenue growth of 63.7% (as outlined above) in continuing operations with further growth forecasted. The group has successfully overcome the supply chain delays that were impacting the period between the cash outlays and cash receipts.

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

Legal Matters

The Group currently has no legal matters.

Employees

The Group now employs 739 effective fulltime highly qualified employees across five states and two territories and is well placed to take advantage of growth opportunities as they arise. The group has continued to invest in expanding its presence in South Australia, New South Wales, Queensland and Northern Territory.

Principal Activities

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

Directors' Report (continued)

Outlook

The Group is currently capitalising on the opportunities that exists in data centres with the growth in the requirements for data storage across the board including Artificial Intelligence. In addition, the Group continues to leverage managed AV and IT integrated solutions and Electrical and Communications opportunities across many sectors including Defence. The strategic focus on expanding services nationally and with increased scale will generate future shareholder value while advancing the portfolio spread including increasing recurring revenue at higher margins within the audio visual, IT, electrical and communications sector and projects in data centres and defence.

The expansion of the audio visual, electrical and communication business has continued coupled with rapid growth in data centre opportunities. The Group has won and completed a number of projects in the year with a high level of repeat customers and has a mix of opportunities in the pipeline, both large and small. The group will look to take further advantage of its national presence during the following year as it continues to enter new market sectors. The Group will also take advantage of acquisition opportunities that may arise in the current environment.

The Group commences the year ahead with strong work in hand, with a greater than ever interest and need for electrical services in data centres and audio visual and video conferencing services. The Group has a growing pipeline of projects and is well placed to take advantage of opportunities as they arise.

Management and the Board actively manage risk applying risk mitigation strategies where possible. Cyber risk is now a part of modern operations and is actively managed by the group's external IT providers complimented with internal awareness communications and appropriate insurance.

Supply chain disruption with delays in receiving some product is easing relative to recent years. The group is normally able to lock in price at the time of purchase.

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

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

Significant Changes in the State of Affairs

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

Environmental Regulation and Performance

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

Dividends

An unfranked dividend of $0.002 per share has been declared from 2023 profits on 30 August 2023 and paid on 17 October 2023 amounting to $219,470. (Dividends declared and paid in 2023: $273,455)

Options

At the date of this report, there are no unissued ordinary shares of SKS Technologies Group Limited under options.

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

Events Subsequent to Balance Date

A fully franked dividend of $0.01 per share has been declared on 19 August 2024.

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

Proceedings on Behalf of the company

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

Directors' Report (continued)

Directors' meetings

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

Director	**Directors' Meetings**	
	Eligible to attend	**Attended**
Peter Jinks	13	13
Greg Jinks	13	13
Terence Grigg	13	13
Antoinette Truda	2	2

Directors' interests in shares or options

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

Directors' relevant interests in:	Ordinary shares of SKS Technologies Group Limited	Options over shares in SKS Technologies Group Limited
Peter Jinks	17,176,025	Nil
Greg Jinks	17,552,692	Nil
Terence Grigg	257,250	Nil
Antoinette Truda	Nil	Nil

Indemnification and insurance of officers and auditors

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

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

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

Auditor independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* in relation to the audit for the financial year is provided with this report on page 40.

Non-Audit Services

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

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

Directors' Report (continued)

	2024	2023
	$	**$**
Amounts paid and payable to the related practice of the Auditors for non-audit services:		
Taxation services	**24,750**	19,400
	24,750	19,400

Staff

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

Rounding of amounts

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

Remuneration Report (Audited)

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

Remuneration philosophy

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

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

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

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

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

The Company has an executive service agreement with Mr Peter Jinks (Executive Chairman) and Mr Greg Jinks (Executive Director) whom are on three months' notice periods. The Company has employment agreements with each of its senior executives. The company has an agreement with Mr. Matthew Jinks who was appointed as Chief Executive Officer on 1 February 2021. Mr. Matthew Jinks's current base salary is $420,000 inclusive of superannuation which may be terminated by the company with one year's notice.

Mr Matthew Jinks was granted 2,000,000 share options on 23 November 2023 which were exercised and converted to shares on 28 June 2024.

Mr. Matthew Jinks' current total remuneration package for FY24 is as follows:

Base Remuneration Rate	Short Term Incentive Target, calculated as a percentage on the prevailing Base Remuneration Rate	Long-Term Incentive Reward	Termination Payment (except for cause)
$420,000 pa reviewed March 2024	60% calculated on prevailing base remuneration rate (50% Cash, 50% Performance Rights)	Equity Incentive in the form of Share Options which have been granted and exercised.	One year's remuneration equivalent plus pro rata STI award

Performance Rights will be granted depending upon the Company meeting or exceeding its performance hurdles during the specified performance period of 1 July 2023 to 30 June 2024. If the Performance Rights hurdles are met, and shares are issued, they will be issued under the Plan (with an accompanying loan) and will be subject to the Plan Rules.

Directors' Report (continued)

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

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

The exercise of Options under the Long – Term Incentive Reward approved by shareholders at the 2023 AGM and the granting of shares pursuant to an award of Performance Rights are issued under the rules of the Employee Equity Incentive Plan approved by shareholders at the 2020 AGM.

There are no written agreements with Terry Grigg, the non-executive director and there is a written agreement with Antoinette Truda, the non-executive director confirming the annual remuneration.

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

There are no retirement schemes in place for directors.

Details of key management personnel

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

Directors' and other officers' emoluments

	Short-term	**Post-employment**	**Share based payments**	**Total**
2024	**Salary and fees**	**Superannuation**	**Options and rights**	
	$	**$**	**$**	**$**
Peter Jinks	**250,000**	**-**	**-**	**250,000**
Greg Jinks	**250,000**	**-**	**-**	**250,000**
Terence Grigg	**42,000**	**-**	**-**	**42,000**
Antoinette Truda	**7,000**	**-**	**-**	**7,000**
Matthew Jinks	**359,511**	**27,399**	**214,883**	**601,793**
Gary Beaton	**237,640**	**25,952**	**15,000**	**278,592**
Total	**1,146,151**	**53,351**	**229,883**	**1,429,385**

2023				
	$	**$**	**$**	**$**
Peter Jinks	250,000	-	-	250,000
Greg Jinks	250,050	-	-	250,050
Terence Grigg	42,000	-	-	42,000
Matthew Jinks	324,708	25,292	1,558	351,558
Gary Beaton	211,481	22,206	-	233,687
Total	1,078,239	47,498	1,558	1,127,295

Directors' Report (continued)

Description of options/rights granted as remuneration

Details of the options granted as remuneration to those key management personnel during financial year 2024.

Share based payments	$	Number of options	Grant Date	Expiry Date
Key Management Personnel				
Matthew Jinks	187,325	2,000,000	23/11/2023	30/06/2026

Option values at grant date were determined using the average of Binomial Option Pricing Model and Monte Carlo Simulation method.

Details of the short-term incentive in performance rights granted as remuneration to those key management personnel during financial year 2024.

Share based payments	Incentive amount	Number of shares	Market value at the grant date
Key Management Personnel			
Matthew Jinks	$ 26,000	166,881	$ 29,204
Gary Beaton	$ 15,000	96,277	$ 16,849

Consequences of Group's performance on shareholder wealth

The following table summarises group performance and key performance indicators:

	2024	2023	2022	2021	2020
Sales revenue	**$136,309,155**	$83,268,128	$67,288,383	$36,299,131	$36,173,248
% increase in revenue	**63.7%**	23.7%	85.4%	0.3%	(12%)
Profit/(loss) before tax	**$6,498,791**	$527,105	$2,002,577	$1,626,463	($4,989,287)
% increase/ (decrease) in profit/(loss) before tax	**1,133%**	(74%)	23%	133%	(26131%)
Change in share price (%)	**567%**	-	(35%)	389%	(77%)
Dividend paid to shareholders	**$219,470**	$273,455	-	-	-
Return of capital	**-**	-	-	$13,083	-
Total remuneration of KMP	**$1,429,385**	$1,127,295	$1,353,127	$934,670	$475,134
Total performance-based remuneration of KMP	**$229,883**	$1,558	$240,634	-	-

Key management personnel's equity holdings

(a) Number of options held by key management personnel

2024	Balance 1 July 2023	Granted as remuneration	Exercised	Expired	Balance 30 June 2024	Vested during the Year	Vested and exercisable
Key Management Personnel							
Peter Jinks	-	-	-	-	-	-	-
Greg Jinks	-	-	-	-	-	-	-
Terence Grigg	-	-	-	-	-	-	-
Antoinette Truda	-	-	-	-	-	-	-
Matthew Jinks	1,500,000	2,000,000	2,000,000	1,500,000	-	2,000,000	-
Gary Beaton	-	-	-	-	-	-	-
	1,500,000	**2,000,000**	**2,000,000**	**1,500,000**	**-**	**2,000,000**	**-**

Directors' Report (continued)

(b) Number of shares held by key management personnel

2024	Balance 1 July 2023	Received as remuneration	Share purchases	On exercise of options	Balance 30 June 2024	Balance Held Directly	Balance Held Indirectly
Key Management Personnel							
Peter Jinks	17,176,025	-	-	-	17,176,025	1,948,751	15,227,274
Greg Jinks	17,176,025	-	376,668	-	17,552,692	-	17,552,692
Terence Grigg	257,250	-	-	-	257,250	-	257,250
Antoinette Truda	-	-	-	-	-	-	-
Matthew Jinks	4,430,358	166,881	163,334	2,000,000	6,760,573	-	6,760,573
Gary Beaton	-	96,277	333,334	-	429,611	429,611	-
	39,039,658	**263,158**	**873,336**	**2,000,000**	**42,176,151**	**2,378,362**	**39,797,789**

Transactions with Key Management Personnel

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

- The principal place of business, 700 Spencer Street West Melbourne was purchased by 700 Spencer Street Pty Ltd owned by the executive directors and senior executives of the group. 700 Spencer Street Pty Ltd invoiced the group for $350,000 (2023: $300,000) for the lease rental of which 50% is applicable to the Key Management Personnel. The transaction was on an arm's length basis on normal commercial terms and conditions.
- Lawson Lodge Country Estate (Macedon), a conference centre owned by Greg Jinks invoiced the company $13,520 (2023: $25,219). The transaction was on an arm's length basis on normal commercial terms and conditions.
- Lawson Lodge Country Estate (Macedon) has provided storage facilities for the company and have invoiced the company $39,850 for the upgrade made to the storing facility during the year. The transaction was on an arm's length basis on normal commercial terms and conditions.
- Greg Jinks invoiced the company for director fees of $250,000 (2023: $250,050) via his entity Jinks Consulting Group.
- Peter Jinks invoiced the company for director fees of $250,000 (2023: $250,000) via his entity Bundarah Pty Ltd.
- Terence Grigg invoiced the company for director fees of $42,000 (2023: $42,000)
- Antoinette Truda invoiced the company for director fees of $7,000 (2023: Nil) via her entity Spired Pty Ltd.
- The following amounts are owed to key management personnel as at 30 June 2024:
  - Peter Jinks - Nil (2023: Nil)
  - Greg Jinks - $2,126 (2023: Nil)
  - Terence Grigg - Nil (2023: Nil)
  - Antoinette Truda - $7,000 (2023: Nil)
  - Matthew Jinks – Nil (2023: Nil)
  - Gary Beaton - Nil (2023: $790)

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

Corporate governance statement

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

Accordingly, a copy of the Group's CGS is available on the SKS Technologies Group website at https://investors.sks.com.au/investor-center/corporate-governance

Voting and comments made at the company's 2023 Annual General Meeting (AGM)

The company received 100% of 'for' votes in relation to its remuneration report for the year ended 30 June 2023. The resolution to adopt the Remuneration Report of the Company and its controlled entities for the year ended 30 June 2023 was carried as an ordinary resolution. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Signed on 19 August 2024 in accordance with a resolution of the Directors made pursuant to section 298(2) of the *Corporations Act 2001*.

Peter Jinks
Executive Chairman
19 August 2024

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2024

	Notes	2024	2023
		$	**$**
Continuing operations			
Revenue and other income			
Sales revenue	4	**136,309,155**	83,268,128
Other income	5	**208,429**	902,313
Total revenue and other income		**136,517,584**	84,170,441
Expenses			
Raw material, consumables and logistics		**(72,344,987)**	(46,854,440)
Employee benefit expenses	6	**(51,260,508)**	(31,814,480)
Occupancy expenses		**(135,894)**	(170,497)
Administration expenses		**(3,763,322)**	(2,624,354)
Depreciation and amortisation	6	**(1,925,733)**	(1,407,435)
Finance charges	6	**(588,349)**	(772,130)
Total expenses		**(130,018,793)**	(83,643,336)
Profit before income tax		**6,498,791**	527,105
Income tax benefit	7(a)	**125,817**	105,000
Profit for the year		**6,624,608**	632,105
Other Comprehensive Income		-	-
Total comprehensive income for the year		**6,624,608**	632,105
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		**6,559,694**	752,783
Non - controlling interest		**64,914**	(120,678)
		6,624,608	632,105
Earnings per share: (cents per share)			
Basic	24	**6.04**	0.58
Diluted	24	**6.04**	0.58

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

Consolidated Statement of Financial Position
as at 30 June 2024

	Notes	2024	2023
		$	**$**
Current assets			
Cash and cash equivalents	8	**3,366,688**	8,584
Trade and other receivables	9	**42,307,995**	18,080,510
Inventories	10	**142,120**	49,337
Other current assets	11	**302,454**	369,198
Total current assets		**46,119,257**	18,507,629
Non-current assets			
Other non-current assets	11	**51**	51
Plant and equipment	12	**4,028,074**	1,826,719
Right of use assets	13(a)	**5,916,316**	4,872,286
Intangible assets	14	**1,883,717**	1,901,013
Deferred tax asset	7(c)	**1,797,331**	1,665,000
Total non-current assets		**13,625,489**	10,265,069
Total assets		**59,744,746**	28,772,698
Current liabilities			
Trade and other payables	15	**36,838,742**	14,174,475
Borrowings	16	**-**	1,761,250
Income tax payable	7(b)	**6,514**	-
Provisions	17(a)	**3,115,313**	1,642,021
Lease liabilities	13(b)	**1,039,323**	825,997
Total current liabilities		**40,999,892**	18,403,743
Non-current liabilities			
Provisions	17(b)	**43,775**	86,775
Lease liabilities	13(b)	**6,555,449**	4,795,815
Total non-current liabilities		**6,599,224**	4,882,590
Total liabilities		**47,599,116**	23,286,333
Net assets		**12,145,630**	5,486,365
Equity			
Contributed equity	18	**22,615,664**	22,359,070
Share option reserve	19	**-**	2,467
Accumulated losses	20	**(10,414,321)**	(16,754,545)
Total equity attributable to equity holders of the group		**12,201,343**	5,606,992
Non-controlling interest		**(55,713)**	(120,627)
Total equity		**12,145,630**	5,486,365

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

Consolidated Statement of Changes in Equity for the year ended 30 June 2024

	Contributed Equity $	Share Option Reserve $	Accumulated losses $	Non-controlling interest $	Total $
As at 1 July 2023	**22,359,070**	**2,467**	**(16,754,545)**	**(120,627)**	**5,486,365**
Profit for the year	**-**	**-**	**6,559,694**	**64,914**	**6,624,608**
<u>Transactions with owners in their capacity as owners</u>					
Share based payment transactions	**-**	**188,883**	**-**	**-**	**188,883**
Shares issued- exercise of options	**187,325**	**(187,325)**	**-**	**-**	**-**
Lapsed share options	**4,025**	**(4,025)**	**-**	**-**	**-**
Shares issued- employees performance rights	**65,000**	**-**	**-**	**-**	**65,000**
Shares issued- value adjustment	**8,973**	**-**	**-**	**-**	**8,973**
Cost of issue of share options	**(8,729)**	**-**	**-**	**-**	**(8,729)**
Dividend paid	**-**	**-**	**(219,470)**	**-**	**(219,470)**
As at 30 June 2024	**22,615,664**	**-**	**(10,414,321)**	**(55,713)**	**12,145,630**

	Contributed Equity $	Share Option Reserve $	Accumulated losses $	Non-controlling interest $	Total $
As at 1 July 2022	22,072,783	230,909	(17,233,873)	-	5,069,819
Equity attributable to non-controlling interests	-	-	-	51	51
Profit for the year	-	-	752,783	(120,678)	632,105
<u>Transactions with owners in their capacity as owners</u>					
Share based payment transactions	280,000	1,558	-	-	281,558
Shares issued- exercise of options	-	(230,000)	-	-	(230,000)
Shares issued- value adjustment	7,681	-	-	-	7,681
Cost of issue of share options	(1,394)	-	-	-	(1,394)
Dividend paid	-	-	(273,455)	-	(273,455)
As at 30 June 2023	22,359,070	2,467	(16,754,545)	(120,627)	5,486,365

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

Consolidated Statement of Cash Flows
for the year ended 30 June 2024

	Notes	2024 $	2023 $
Cash flows from operating activities			
Receipts from customers		**132,856,495**	94,433,534
Receipts from government incentives		**41,075**	759,439
Payments to suppliers and employees		**(123,888,767)**	(91,471,025)
Interest received		**16,664**	2,078
Interest paid on lease liability		**(509,486)**	(388,866)
Other Interest paid		**(96,880)**	(412,680)
Net cash provided by operating activities	21(a)	**8,419,101**	2,922,480
Cash flows from investing activities			
Payment for plant and equipment		**(2,179,656)**	(656,035)
Proceeds from disposal of plant and equipment		**19,564**	54,931
Payment for intangibles		**(4,499)**	(6,935)
Net proceeds from bank guarantees		**7,230**	251,544
Net cash used in investing activities		**(2,157,361)**	(356,495)
Cash flows from financing activities			
Payments for issue of shares / options		**(3,729)**	(1,394)
Payment of lease liability		**(919,187)**	(870,081)
Net repayment of borrowings		**(1,761,250)**	(902,740)
Repayment of R&D liability		-	(549,265)
Dividends paid		**(219,470)**	(273,455)
Net cash used in financing activities		**(2,903,636)**	(2,596,935)
Net increase / (decrease) in cash and cash equivalents		**3,358,103**	(30,950)
Cash and cash equivalents at the beginning of the year		**8,584**	39,534
Cash and cash equivalents at the end of the year	21(b)	**3,366,688**	8,584

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

Notes to the financial statements for the year ended 30 June 2024

Note 1: Material accounting policy information

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

(a) Basis of preparation of the financial report

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

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

The financial report of SKS Technologies Group Limited for the year ended 30 June 2024 was authorised for issue in accordance with a resolution of the directors on 19 August 2024.

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

- Level 3 inputs are unobservable inputs for the asset or liability.

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

(b) Principles of consolidation

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

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

(c) Intangible Assets

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

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

Notes to the financial statements for the year ended 30 June 2024

Note 1: Material accounting policy information (continued)

Intangible Assets (cont'd)

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

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

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

(d) Financial Instruments

Classification of financial assets

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

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

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

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

Classification of financial liabilities

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

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

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30-45 days.

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

Impairment of financial assets

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

a. debt instruments measured at amortised cost;

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

c. receivables from contracts with customers and contract assets.

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

Notes to the financial statements for the year ended 30 June 2024

Note 1: Material accounting policy information (continued)

Financial Instruments (cont'd)

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

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

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

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

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

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

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

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

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

b. breach of contract;

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

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

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

(e) Plant and equipment

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

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

Property, Plant and equipment: over 2 to 15 years
Motor Vehicles: over 3 to 6 years
Computer Software: over 3 years
Leasehold Improvements: over 3 to 10 years

Notes to the financial statements for the year ended 30 June 2024

Note 1: Material accounting policy information (continued)

(f) Leases

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

Lease assets

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

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

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

Lease liabilities

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

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

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

(g) Revenue

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

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

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

(h) Income tax

Tax consolidation

SKS Technologies Group Limited (parent entity) and its wholly owned subsidiaries have implemented the tax consolidation legislation and have formed a tax-consolidated group from 30 November 2009. SKS Indigenous Technologies Pty Ltd has exited from the tax consolidation group effective 01 July 2022. The parent entity and subsidiaries in the tax-consolidated group have entered into a tax funding agreement such that each entity in the tax-consolidated group recognises the assets, liabilities, expenses and revenues in relation to its own transactions, events and balances only. This means that:

- the parent entity recognises all current and deferred tax amounts relating to its own transactions, events and balances only;
- the subsidiaries recognise current or deferred tax amounts arising in respect of their own transactions, events and balances;
- current tax liabilities and deferred tax assets arising in respect of tax losses, are transferred from the subsidiary to the head entity as inter-company payables or receivables.

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

Notes to the financial statements for the year ended 30 June 2024

Note 1: Material accounting policy information (continued)

(i) Equity Settled Compensation

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

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

(j) Adoption of new and revised accounting standards

The Group has adopted all new and revised Australian Accounting Standards that apply to annual reporting periods beginning on or after 1 July 2023. The adoption of these standards has not caused any material adjustments to the reported financial position, performance or cash flow of the Group.

The Group has adopted the amendments to AASB 101 *Presentation of Financial Statements* which require only the disclosure of material accounting policy information rather than significant accounting policies and therefore policy information which does not satisfy one of the following requirements has been removed from these financial statements:

- Relates to change in accounting policy
- Policy has been developed in the absence of an explicit accounting standard requirement
- Documents an accounting policy choice
- Relates to an area of significant judgement or estimation
- Relates to a complex transaction and is required to explain the treatment to the user.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimation of useful lives of assets

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

Goodwill

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 14 for further information.

Income Tax

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

Tax losses available to SKS Indigenous Technologies Pty Ltd of $69,743 have not been recognised as a deferred tax asset.

Notes to the financial statements for the year ended 30 June 2024

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Share Based Payments

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

The models utilised, such as the binomial option pricing model, are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. Using different input estimates or models could produce different option values, which would result in the recognition of a higher or lower expense.

NOTE 3: FINANCIAL RISK MANAGEMENT

(a) Material Accounting Policies

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

(b) Financial risk management objectives and policies

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

It is the policy of the consolidated entity to regularly review foreign currency exposures. The degree to which the foreign exchange risk is managed will vary depending on circumstances that prevail at the time the risk is known or anticipated. There are no foreign currency contracts outstanding at the reporting date (2023: Nil).

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

Cash flow interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with a floating interest rate. The group monitors its exposure to interest rate risk as part of its capital and cash management. Refer Note 18 (d) for more details.

Liquidity risk

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

Credit risk

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

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

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

Sensitivity Analysis

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

Notes to the financial statements for the year ended 30 June 2024

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(c) Financial Risk Management

Financial Liability and Financial Asset Maturity Analysis

	Within 1 Year		**1 to 5 Years**		**Over 5 Years**		**Total**	
	2024	2023	**2024**	2023	**2024**	2023	**2024**	2023
	$	$	**$**	$	**$**	$	**$**	$
Consolidated Group								
Financial liabilities due for payment								
Trade and other payables	**(21,253,488)**	(9,242,797)	**-**	-	**-**	-	**(21,253,488)**	(9,242,797)
Borrowings	**-**	(1,761,250)	**-**	-	**-**	-	**-**	(1,761,250)
Lease liability	**(1,039,323)**	(825,997)	**(3,535,048)**	(2,196,374)	**(3,020,400)**	(2,599,441)	**(7,594,771)**	(5,621,812)
Total contractual outflows	**(22,292,811)**	(11,830,044)	**(3,535,048)**	(2,196,374)	**(3,020,400)**	(2,599,441)	**(28,848,259)**	(16,625,859)
Financial assets — cash flows realisable								
Cash and cash equivalents	**3,366,688**	8,584	**-**	-	-	-	**3,366,688**	8,584
Trade and other receivables	**38,375,455**	16,293,617	**-**	-	-	-	**38,375,455**	16,293,617
Other assets	**36,296**	42,572	**-**	-	**51**	51	**36,347**	42,623
Total anticipated inflows	**41,778,439**	16,344,773	**-**	-	**51**	51	**41,778,490**	16,344,824

Notes to the financial statements for the year ended 30 June 2024

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(d) Interest Rate Risk

The following table details the consolidated entity's exposure to interest rate risk as at 30 June 2024:

	Weighted average interest rate	Variable interest rate	Fixed Interest Rate Maturity			Non-interest bearing	Total
	%		Less than 1 year	2 to 5 years	Greater than 5 years		
		$	$	$	$	$	$
As at 30 June 2024							
Financial Assets							
Cash and cash equivalents	**4.15**	**2,392,500**	**-**	**-**	**-**	**974,188**	**3,366,688**
Current receivables	**-**	**-**	**-**	**-**	**-**	**38,375,455**	**38,375,455**
Other assets	**3.51**	**36,296**	**-**	**-**	**-**	**51**	**36,347**
		2,428,796	**-**	**-**	**-**	**39,349,694**	**41,778,490**
Financial Liabilities							
Trade and other payables	**-**	**-**	**-**	**-**	**-**	**21,253,488**	**21,253,488**
Lease Liability	**6.57**	**-**	**1,039,323**	**3,535,048**	**3,020,400**	**-**	**7,594,771**
		-	**1,039,323**	**3,535,048**	**3,020,400**	**21,253,488**	**28,848,259**
As at 30 June 2023							
Financial Assets							
Cash and cash equivalents	-	-	-	-	-	8,584	8,584
Current receivables	-	-	-	-	-	16,293,617	16,293,617
Other assets	3.49	42,572	-	-	-	51	42,623
		42,572	-	-	-	16,302,252	16,344,824
Financial Liabilities							
Trade and other payables	-	-	-	-	-	9,242,797	9,242,797
Borrowings	6.97	1,761,250	-	-	-	-	1,761,250
Lease Liability	6.33	-	825,997	2,196,374	2,599,441	-	5,621,812
		1,761,250	825,997	2,196,374	2,599,441	9,242,797	16,625,858

Notes to the financial statements for the year ended 30 June 2024

NOTE 3: FINANCIAL RISK MANAGEMENT (continued)

(e) Fair Value

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

NOTE 4: REVENUE FROM CONTRACTS WITH CUSTOMERS

	2024	2023
	$	$
Revenue from services recognised over time	**136,309,155**	83,268,128
Total sales revenue	**136,309,155**	83,268,128

Contract liabilities as recorded in Note 15, is recorded as a current liability and the underlying performance obligations are expected to be completed within 12 months

NOTE 5: OTHER INCOME

	2024	2023
	$	$
Interest revenue	**25,289**	2,464
Government incentives- (Training subsidies)	**44,954**	759,439
Other income	**138,186**	140,410
Total other income from continuing operations	**208,429**	902,313

NOTE 6: PROFIT FROM CONTINUING OPERATIONS

	2024	2023
Profit from continuing operations before income tax has been determined after the following specific expenses:	$	$
Depreciation and amortisation of non-current assets:		
Property, plant and equipment	**1,192,876**	851,744
Motor vehicles	**489,871**	351,304
Computer software	**21,795**	25,288
Leasehold improvements	**221,191**	179,099
	1,925,733	1,407,435
Finance Costs:		
Interest – debtor finance, bank overdraft & other	**78,863**	383,264
Interest - lease liability	**509,486**	388,866
	588,349	772,130
Employee Benefit Expenses:		
Wages	**39,775,405**	24,703,795
Superannuation	**3,683,471**	2,402,395
Other employee benefits	**7,801,632**	4,708,290
	51,260,508	31,814,480

Notes to the financial statements for the year ended 30 June 2024

NOTE 7: INCOME TAX

(a) The major components of tax income comprise:

	2024 $	2023 $
Current income tax expense	**(6,514)**	-
Deferred tax income	**132,331**	105,000
Total income tax benefit	**125,817**	105,000

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

	2024	2023
Profit before income tax	**6,498,791**	527,105
Prima facie income tax payable / (benefit) on profit before		
Income tax at 30% (2023: 30%)	**1,949,637**	158,132
Add/(less): Permanent differences	**104,763**	18,367
Add/(less): Tax losses utilised- Tax consolidated group	**(1,665,000)**	(325,506)
Add/(less): Tax losses recognised as Deferred Tax asset (c)	**-**	(105,000)
Add/(Less) Tax Loss not previously booked	**(1,151,184)**	
Add/(less): Tax losses not brought to account- SKS Indigenous Technologies Pty Ltd	**(42,418)**	63,341
Add/(less): Temporary differences	**1,797,331**	85,666
Add/(less) Temporary differences from prior periods not previously booked	**(1,118,946)**	-
Income tax benefit	**(125,817)**	(105,000)
The applicable effective tax rate	**(1.94%)**	(19.92%)

(b) **Income tax payable**

	2024	2023
Income tax payable	**6,514**	-

(c) **Deferred Tax**

Deferred tax assets	**Opening Balance**	**Charged to Income**	**Charged directly to Equity**	**Closing Balance**
Deferred tax assets				
Provisions	-	1,310,310	-	1,310,310
Property plant & equipment	-	167,036	-	167,036
Intangible assets	-	2,486	-	2,486
Lease liability	-	2,278,431	-	2,278,431
Blackhole expenditure	-	13,881	-	13,881
Capital losses	-	132,193	-	132,193
Income tax losses recognised	1,665,000	(1,665,000)	-	-
	1,665,000	**2,239,337**	**-**	**3,904,337**
Deferred tax liabilities				
Right of use assets	-	(1,774,895)	-	(1,774,895)
Property plant & equipment	-	(332,111)	-	(332,111)
	-	**(2,107,006)**	**-**	**(2,107,006)**
Net deferred tax assets as at 30 June 2024	**1,665,000**	**132,331**	**-**	**1,797,331**

Notes to the financial statements for the year ended 30 June 2024

NOTE 8: CASH AND CASH EQUIVALENTS

	2024 $	2023 $
Cash at bank	**3,366,688**	8,584
	3,366,688	8,584

NOTE 9: TRADE AND OTHER RECEIVABLES

Current	2024 $	2023 $
Trade debtors	**37,067,758**	14,948,944
Retention debtors	**1,388,391**	1,355,026
Allowance for credit losses	**(132,365)**	(125,942)
Contract assets	**3,932,540**	1,786,893
Other receivables	**51,671**	115,589
	42,307,995	18,080,510

Movement in the allowance for credit losses:

	2024 $	2023 $
Opening balance at 1 July	**(125,942)**	(27,411)
Charge for the year	**(352,351)**	(98,531)
Amounts written off	**345,928**	-
Closing balance at 30 June	**(132,365)**	(125,942)

Trade receivables ageing analysis as at 30 June is	**Gross 2024 $**	**Expected credit loss 2024 $**	Gross 2023 $	Expected credit loss 2023 $
Not past due	**30,151,280**	-	10,742,614	(38,025)
Past due 31-60 days	**5,652,936**	-	2,794,000	(41,382)
Past due 61-90 days	**590,897**	-	524,519	-
Past due more than 90 days	**672,645**	**(132,365)**	887,811	(46,535)
	37,067,758	**(132,365)**	14,948,944	(125,942)

NOTE 10: INVENTORIES

	2024 $	2023 $
Current		
Project materials at the warehouse – at cost	**142,120**	49,337
	142,120	49,337

NOTE 11: OTHER ASSETS

	2024 $	2023 $
Current		
Prepayments and other assets	**302,454**	369,198
	302,454	369,198
Non-Current		
Loan to C.L.A.P. Aust Pty Ltd	**51**	51
	51	51

Notes to the financial statements for the year ended 30 June 2024

NOTE 12: PROPERTY, PLANT & EQUIPMENT

	2024	2023
	$	$
Plant and equipment		
At cost	**1,851,673**	908,516
Accumulated depreciation	**(795,553)**	(386,113)
	1,056,120	522,403
Office furniture and equipment		
At cost	**950,328**	862,475
Accumulated depreciation	**(377,277)**	(522,179)
	573,051	340,296
Motor vehicles		
At cost	**1,523,826**	916,554
Accumulated depreciation	**(598,466)**	(684,854)
	925,360	231,700
Leasehold improvements		
At cost	**1,938,204**	1,003,666
Accumulated depreciation	**(464,661)**	(271,346)
	1,473,543	732,320
Total property, plant & equipment	**4,028,074**	1,826,719

(a) Movement in carrying amount of property, plant & equipment

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

	Plant & Equipment	Office Furniture, and Equipment	Motor Vehicles	Leasehold Improvements	Total
	$	$	$	$	$
Year ended 30 June 2024					
Balance at the beginning of the year	**522,403**	**340,296**	**231,700**	**732,320**	**1,826,719**
Additions	**943,157**	**410,080**	**848,534**	**934,539**	**3,136,310**
Disposals	**-**	**-**	**(2,144)**	**-**	**(2,144)**
Depreciation expense	**(409,440)**	**(177,325)**	**(152,730)**	**(193,316)**	**(932,811)**
Balance at the end of the year	**1,056,120**	**573,051**	**925,360**	**1,473,543**	**4,028,074**
Year ended 30 June 2023					
Balance at the beginning of the year	330,040	350,974	269,953	795,690	1,746,657
Additions	419,515	115,843	103,851	87,929	727,138
Disposals	(4,100)	-	(34,443)	-	(38,543)
Depreciation expense	(223,052)	(126,521)	(107,661)	(151,299)	(608,533)
Balance at the end of the year	522,403	340,296	231,700	732,320	1,826,719

(b) The carrying value of motor vehicles includes leased motor vehicles of $819,605 as at 30 June 2024. (2023: $80,398)

Notes to the financial statements for the year ended 30 June 2024

NOTE 13: LEASES

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

(a) Right of use asset	**2024**	**2023**
Carrying amount of lease assets, by class of underlying asset:	**$**	**$**
Buildings under lease arrangements		
At cost	**5,740,774**	4,166,081
Accumulated depreciation	**(644,340)**	(416,330)
	5,096,434	3,749,751
Motor Vehicles		
At cost	**1,358,489**	1,321,594
Accumulated depreciation	**(669,523)**	(332,382)
	688,966	989,212
Equipment		
At cost	**73,554**	49,478
Accumulated depreciation	**(12,252)**	(13,645)
	61,302	35,833
Leasehold Improvements		
At cost	**139,000**	139,000
Accumulated depreciation	**(69,386)**	(41,510)
	69,614	97,490
Total right of use assets	**5,916,316**	4,872,286

Reconciliation of the carrying amount of lease assets at the beginning and end of the financial year:

	Buildings	**Motor Vehicles**	**Equipment**	**Leasehold Improvements**	**Total**
Year ended 30 June 2024	**$**	**$**	**$**	**$**	**$**
Balance at the beginning of the year	**3,749,751**	**989,212**	**35,833**	**97,490**	**4,872,286**
Additions	**1,937,740**	**36,895**	**73,553**	**-**	**2,048,188**
Terminated	**-**	**-**	**(33,031)**	**-**	**(33,031)**
Depreciation expense	**(591,057)**	**(337,141)**	**(15,053)**	**(27,876)**	**(971,127)**
Balance at the end of the year	**5,096,434**	**688,966**	**61,302**	**69,614**	**5,916,316**

	Buildings	**Motor Vehicles**	**Equipment**	**Leasehold Improvements**	**Total**
Year ended 30 June 2023	$	$	$	$	$
Balance at the beginning of the year	3,510,491	547,224	33,296	125,290	4,216,301
Additions	3,651,054	685,631	49,478	-	4,386,163
Terminated	(2,925,389)	-	(31,175)	-	(2,956,564)
Depreciation expense	(486,405)	(243,643)	(15,766)	(27,800)	(773,614)
Balance at the end of the year	3,749,751	989,212	35,833	97,490	4,872,286

(b) Right of use and other finance lease liabilities	**2024**	**2023**
	$	**$**
Current lease liabilities	**1,039,323**	825,997
Non-current lease liabilities	**6,555,449**	4,795,815
Total carrying amount of lease liabilities	**7,594,772**	5,621,812

Notes to the financial statements for the year ended 30 June 2024

NOTE 13: LEASES (continued)

The maturity analysis of lease liabilities based on contractual undiscounted cash flows is shown in the table below:

	< 1 year $	1 – 5 years $	> 5 years $	Total undiscounted lease liabilities $	Lease liabilities included in this Consolidated Financial Position $
2024					
Lease liabilities	**1,555,445**	**5,133,936**	**3,760,965**	**10,450,346**	**7,594,772**
2023					
Lease liabilities	1,241,316	3,023,631	3,801,292	8,066,239	5,621,812

(c) Right of use and other finance lease expenses and cashflows	**2024 $**	**2023 $**
Interest expense on lease liabilities	**509,486**	388,866
Depreciation expense on lease assets	**1,146,136**	935,602
Cash outflow in relation to payment of lease liabilities	**919,187**	870,081

NOTE 14: INTANGIBLE ASSETS

	2024 $	**2023 $**
Goodwill at cost (a)	**1,867,660**	1,867,660
Computer software (b)	**16,057**	33,353
	1,883,717	1,901,013

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

Goodwill	**2024 $**	**2023 $**
Carrying value as at 1 July	**1,867,660**	1,867,660
Carrying value as at 30 June	**1,867,660**	1,867,660

(b) Reconciliation of carrying amounts at the beginning and end of the financial year

	2024 $	**2023 $**
Computer software		
Carrying value as at 1 July	**33,353**	51,706
Software costs capitalised	**4,499**	6,935
Amortisation	**(21,795)**	(25,288)
Carrying value as at 30 June	**16,057**	33,353

Notes to the financial statements for the year ended 30 June 2024

NOTE 14: INTANGIBLE ASSETS (continued)

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

Description of the cash-generating unit (CGU)	Carrying amount of goodwill $	Recoverable amount of CGU $	Method of estimation
Communication & electrical	1,867,660	27,477,669	Value in use

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

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

Sensitivity of assumptions

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

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

Impairment assumptions

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

NOTE 15: TRADE AND OTHER PAYABLES

	2024 $	2023 $
Current		
Trade payables (a)	**19,215,071**	8,685,512
Accrued expenses	**1,102,223**	206,201
Other payables	**3,767,768**	1,574,995
Contract liabilities	**12,753,680**	3,707,767
	36,838,742	14,174,475

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

NOTE 16: BORROWINGS

Current	2024 $	2023 $
Secured:		
Bank overdraft (i)	-	1,761,250
	-	1,761,250

(i) The current secured borrowings represent the net position of the overdraft facility provided by the Commonwealth Bank of Australia which is secured by a fixed and floating charge over SKS Technologies Group Limited, SKS Technologies Pty Ltd, SKS Technologies Construction Pty Ltd and SKS Energy Technologies Pty Ltd.

Notes to the financial statements for the year ended 30 June 2024

NOTE 17: PROVISIONS – EMPLOYEE BENEFITS

	2024	2023
	$	$
Balance at 1 July	**1,728,796**	1,390,168
Provision for the year	**3,277,264**	2,102,368
Amounts used	**(1,846,972)**	(1,763,740)
Balance as at 30 June	**3,159,088**	1,728,796
(a) Employee benefits – Current	**3,115,313**	1,642,021
(b) Employee benefits – Non-Current	**43,775**	86,775
	3,159,088	1,728,796

NOTE 18: SHARE CAPITAL

	2024	2023
	$	$
(a) Issued and paid-up capital		
Ordinary shares fully paid	**22,615,664**	22,359,070

(b) Movements in shares on issue

	Parent Equity 2024		Parent Equity 2023	
	No of Shares	$	No of Shares	$
Balance as at 1 July	**109,382,153**	**22,359,070**	107,983,602	22,072,783
Issue of shares related to exercise of options	**2,000,000**	**187,325**	500,000	125,000
Issue of shares related to performance rights	**417,202**	**65,000**	898,551	155,000
Shares issued- value adjustment	**-**	**8,973**	-	7,681
Lapsed share options	**-**	**4,025**	-	-
Cost of issue of shares/options	**-**	**(8,729)**	-	(1,394)
Balance as at 30 June	**111,799,355**	**22,615,664**	109,382,153	22,359,070

(c) Dividends

An unfranked dividend of $0.002 per share has been declared from 2023 profits on 30 August 2023 and paid on 17 October 2023 amounting to $219,470. (Dividends declared and paid in 2023: $273,455)

(d) ***Rights of each type of share***

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

(e) ***Capital Management***

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

(f) ***Options***

The Group has no options outstanding as at 30 June 2024. (Refer Note 29).

Notes to the financial statements for the year ended 30 June 2024

NOTE 19: SHARE OPTION RESERVE

	2024	2023
	$	$
Balance at beginning of year	**2,467**	230,909
Share based payment transactions	**188,883**	1,558
Shares issued upon the exercise of options and rights	**(187,325)**	(230,000)
Lapsed share options	**(4,025)**	-
Balance at end of year	-	2,467

This reserve records the cumulative value of employee service received for the issue of share options. When the option is exercised the amount in the share option reserve is transferred to contributed equity.

NOTE 20: ACCUMULATED LOSSES

	2024	2023
	$	$
Balance at beginning of year	**(16,754,545)**	(17,233,873)
Net profit attributable to members of the parent entity	**6,559,694**	752,783
Dividend paid	**(219,470)**	(273,455)
Balance at end of year	**(10,414,321)**	(16,754,545)

NOTE 21: STATEMENT OF CASH FLOWS

(a) Reconciliation of cash flow from operations with profit after income tax.

	2024	2023
	$	$
Net profit after income tax	**6,624,608**	632,105
Gain on sale of assets	**(17,421)**	(16,390)
Depreciation & amortisation expense	**1,925,733**	1,407,435
Interest reinvested in security deposits	**(955)**	(386)
Share based payment expenses	**188,883**	1,558
Loss from value adjustment of share issue	**8,973**	7,681
R&D liability interest remission	-	(47,684)
Change in net assets and liabilities		
(Increase)/decrease in assets:		
Trade and other receivables	**(24,227,485)**	2,507,524
Inventories	**(92,784)**	53,588
Other current assets	**60,469**	(216,953)
Deferred tax assets	**(132,331)**	(105,000)
Increase/(decrease) in liabilities:		
Trade and other payables	**22,644,605**	(1,639,626)
Income tax payable	**6,514**	-
Provisions	**1,430,292**	338,628
Net cash provided by operating activities	**8,419,101**	2,922,480

Notes to the financial statements for the year ended 30 June 2024

NOTE 21: STATEMENT OF CASH FLOWS (continued)

(b) Reconciliation of cash and cash equivalents

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

	2024 $	2023 $
Cash at bank	**3,366,688**	8,584
	3,366,688	8,584
(c) Financing Facilities:		
Maximum available subject to (d) below		
Bank overdraft facility	**2,500,000**	5,000,000
Bank guarantee facility	**10,000,000**	3,000,000
Bank Lease facility	**2,000,000**	-
	14,500,000	8,000,000

(d) Facilities in use at the end of the financial year	2024 $	2023 $
Bank overdraft facility (i)	**-**	1,761,250
Bank guarantee facility (i)	**7,990,977**	2,165,632
Bank Lease facility (i)	**807,160**	-
	8,798,137	3,926,882

i) The financing facilities as at 30 June 2024 represent the net position of the overdraft, bank guarantee and lease facilities provided by the Commonwealth Bank of Australia which is secured by a fixed and floating charge over SKS Technologies Group Limited, SKS Technologies Pty Ltd, SKS Technologies Construction Pty Ltd and SKS Energy Technologies Pty Ltd.

NOTE 22: OPERATING SEGMENT

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

NOTE 23: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

No contingent liabilities or assets noted for the reporting period ended 30 June 2024 other than the bank guarantee facility obtained from the Commonwealth Bank of Australia.

NOTE 24: EARNING PER SHARE

Reconciliation of earnings used in calculating earnings per share:	2024 $	2023 $
Profit for the year	**6,624,608**	632,105
Profit used in the calculation of basic profit per share	**6,624,608**	632,105

	2024 No of Shares	2023 No of Shares
Weighted average number of ordinary shares used in calculating basic earning per share	**109,715,174**	109,158,091
Adjusted weighted average number of ordinary shares used in calculating diluted earnings per share	**109,715,174**	109,158,091

Notes to the financial statements for the year ended 30 June 2024

NOTE 25: DIRECTOR'S AND EXECUTIVE'S COMPENSATION

(a) Details of Directors and Executives

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

(b) Remuneration by Category: Directors and Executives	2024	2023
	$	$
Short-term employee benefits	**1,146,151**	1,078,238
Long-term employee benefits	**-**	-
Share based payment- options and rights	**229,883**	1,558
Post-employment Employee benefits	**53,351**	47,498
Total	**1,429,385**	1,127,294

NOTE 26: RELATED PARTY DISCLOSURES

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

Name of Company	Country of Incorporation	Percentage Owned	
		2024	2023
Parent Entity			
SKS Technologies Group Limited	Australia		
Controlled Entities			
SKS Technologies Pty Ltd	Australia	**100%**	100%
SKS Technologies Construction Pty Ltd	Australia	**100%**	100%
SKS Indigenous Technologies Pty Ltd	Australia	**49%**	49%
SKS Energy Technologies Pty Ltd (formerly known as SKS iNet Pty Ltd)	Australia	**100%**	100%

(b) Subsidiaries with material non-controlling interests

The amounts disclosed below are prior to any inter-company eliminations.

SKS Indigenous Technologies Pty Ltd - Subsidiary	2024 $	2023 $
% ownership held by Non-Controlling Interest (NCI)	**51%**	51%
Profit/ (loss) allocated to NCI	**64,914**	(120,678)
Accumulated NCI of subsidiary	**(55,713)**	(120,627)

Notes to the financial statements for the year ended 30 June 2024

NOTE 26: RELATED PARTY DISCLOSURES (continued)

	2024 $	2023 $
Summarised statement of financial position		
Current assets	**5,162,154**	1,411,484
Non-current assets	**-**	-
Current liabilities	**5,270,996**	1,647,938
Non-current liabilities	**400**	71
Net Assets	**(109,242)**	(236,525)
Summarised statement of profit or loss and other comprehensive income		
Revenue	**18,153,560**	2,029,316
Profit/(loss)	**127,282**	(236,624)
Total comprehensive income/(loss)	**127,282**	(236,624)
Summarised statement of cash flows		
Cash flows from operating activities	**15,846,592**	675,804
Cash flows from investing activities	**-**	-
Cash flows used in financing activities	**(15,766,400)**	(670,500)
Net increase in cash and cash equivalents	**80,192**	5,034

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

- The principal place of business, 700 Spencer Street West Melbourne was purchased by 700 Spencer Street Pty Ltd owned by the executive directors and senior executives of the group. 700 Spencer Street Pty Ltd invoiced the group for $350,000 (2023: $300,000) for the lease rental of which 50% is applicable to the Key Management Personnel. The transaction was on an arm's length basis on normal commercial terms and conditions.

- Lawson Lodge Country Estate (Macedon), a conference centre owned by Greg Jinks invoiced the company $13,520 (2023: $25,219). The transaction was on an arm's length basis on normal commercial terms and conditions.

- Lawson Lodge Country Estate (Macedon) has provided storage facilities for the company and have invoiced the company $39,850 for the upgrade made to the storing facility during the year. The transaction was on an arm's length basis on normal commercial terms and conditions.

- Revium, digital consultancy provider partly owned by Peter Jinks' son in law invoiced the company $35,273 (2023: nil). The transactions were on an arm's length basis on normal commercial terms and conditions.

- Greg Jinks invoiced the company for director fees of $250,000 (2023: $250,050) via his entity Jinks Consulting Group.

- Peter Jinks invoiced the company for director fees of $250,000 (2023: $250,000) via his entity Bundarah Pty Ltd.

- Terence Grigg invoiced the company for director fees of $42,000 (2023: $42,000)

- Antoinette Truda invoiced the company for director fees of $7,000 (2023: Nil) via her entity Spired Pty Ltd.

- The following amounts are owed to related party personnel as at 30 June 2024:
  - Peter Jinks - Nil (2023: Nil)
  - Greg Jinks - $2,126 (2023: Nil)
  - Terence Grigg - Nil (2023: Nil)
  - Antoinette Truda - $7,000 (2023: Nil)
  - Matthew Jinks – Nil (2023: Nil)

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

Notes to the financial statements for the year ended 30 June 2024

NOTE 27: REMUNERATION OF AUDITORS

Amounts received or due and receivable by auditors for:

	2024	2023
DFK BKM Audit Services	**$**	**$**
Audit or review of the financial report of the entity	**86,826**	78,500
Taxation services provided by related practice of auditor	**24,750**	19,400
	111,576	97,900

NOTE 28: PARENT ENTITY DISCLOSURE

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

	2024	2023
	$	**$**
(a) Summarised Statement of Financial Position		
Current assets	**435,594**	400,994
Non-current assets	**3,665,093**	3,532,761
Total assets	**4,100,687**	3,933,755
Current liabilities	**160,281**	108,780
Non-current liabilities	**-**	-
Total liabilities	**160,281**	108,780
Net assets	**3,940,406**	3,824,975
Shareholders' equity		
i) Issued capital	**22,615,714**	22,359,119
ii) Share option reserve	**-**	2,467
iii) Accumulated losses	**(18,675,308)**	(18,536,611)
Total equity	**3,940,406**	3,824,975
(b) Summarised Statement of Comprehensive Income		
Net profit	**80,774**	154,891
Total comprehensive income	**80,774**	154,891
(c) Parent entity guarantees		
Guarantees provided by parent entity in relation to the debts of the subsidiaries	**7,990,977**	3,926,882

2023 guarantee amount includes bank overdraft amount of $1,761,250. (2024: nil)

NOTE 29: SHARE -BASED PAYMENTS

As at 30 June 2024 the Group has the following share-based payment schemes:

2024

Grant Date	Expiry Date	Exercise Price	Start of the year	Granted during the year	Exercised during the year	Lapsed during the year	Balance at the end of the year
25 November 2021	30 June 2024	$0.35	500,000	-	-	500,000	-
25 November 2021	30 June 2024	$0.45	500,000	-	-	500,000	-
25 November 2021	30 June 2024	$0.55	500,000	-	-	500,000	-
23 November 2023	29 February 2028	$0.35	-	500,000	500,000	-	-
23 November 2023	28 March 2028	$0.40	-	500,000	500,000	-	-
23 November 2023	03 April 2028	$0.45	-	500,000	500,000	-	-
23 November 2023	10 April 2028	$0.50	-	500,000	500,000	-	-

Notes to the financial statements for the year ended 30 June 2024

NOTE 29: SHARE -BASED PAYMENTS (continued)

2023

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

The weighted average fair value of the options granted in 2024 was $0.0937.

Historical volatility has been the basis for determining expected share price volatility as it assumed that this is indicative of future movements.

NOTE 30: SUBSEQUENT EVENTS

A fully franked dividend of $0.01 per share has been declared on 19 August 2024.

Other than the above, there were no matters or circumstances specific to SKS Technologies Group Limited that have arisen since 30 June 2024 that have significantly affected or may significantly affect:

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

Consolidated Entity Disclosure Statement as at 30 June 2024

Name of entity	Type of entity	Place formed or incorporated	Percentage of share capital held	Australian tax resident or foreign tax resident	Foreign tax jurisdiction
SKS Technologies Group Limited	Body corporate	Australia	n/a	Australian	n/a
SKS Technologies Pty Ltd	Body corporate	Australia	100%	Australian	n/a
SKS Technologies Construction Pty Ltd	Body corporate	Australia	100%	Australian	n/a
SKS Indigenous Technologies Pty Ltd	Body corporate	Australia	49%	Australian	n/a
SKS Energy Technologies Pty Ltd (formerly known as SKS iNet Pty Ltd)	Body corporate	Australia	100%	Australian	n/a

At the end of the financial year, no entity within the consolidated entity was a trustee of a trust within the consolidated entity, a partner in a partnership within the consolidated entity, or a participant in a joint venture within the consolidated entity.

DIRECTORS' DECLARATION

The directors declare that:

1. In the directors' opinion the financial statements and notes thereto, as set out on pages 12 to 38 are in accordance with the *Corporations Act 2001,* including:

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

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

   (c) giving a true and fair view of the financial position of the consolidated entity as at 30 June 2024 and of its performance for the year ended on that date; and

   (d) the consolidated entity disclosure statement is true and correct.

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

This declaration has been made after receiving the declarations required to be made by the chief executive officer and chief financial officer to the directors in accordance with sections 295A of the *Corporations Act 2001* for the financial year ended 30 June 2024.

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

Peter Jinks
Executive Chairman

Melbourne
19 August 2024

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

TO THE DIRECTORS OF SKS TECHNOLOGIES GROUP LIMITED

I declare that, to the best of my knowledge and belief, during the year ended 30 June 2024 there have been no contraventions of:

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

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

DFK BKM Audit Services

DFK BKM Audit Services

Kevin P Adams
Director

Camberwell, Victoria
19 August 2024

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

<u>Report on the Audit of the Financial Report</u>

Opinion

We have audited the financial report of SKS Technologies Group Limited (the Company) and its controlled entities (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

- giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and
- complying with Australian Accounting Standards and the *Corporations Regulations 2001.*

Basis for Opinion

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

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

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

Key Audit Matters

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

A member firm of DFK International a worldwide association of independent accounting firms and business advisers
Liability Limited by a scheme approved under Professional Standards Legislation

Directors
Cheree F Woolcock
Tim M Kelleher
Kevin P Adams

Principal
Jamin Ong

CELEBRATING SIXTY YEARS 1960 - 2020

dfkbkm.com.au
+61 3 9804 0411
L4/689 Burke Road, Camberwell VIC 3124
PO Box 1163, Camberwell VIC 3124

BKM Audit Services Pty Ltd
ACN 116 958 948
ABN 77 116 958 948

Key Audit Matter	How our audit addressed the key audit matter
Revenue Recognition Refer to Note 1(g) and Note 4	
The Group's revenue is primarily derived from the sale of products and provision of services in relation to audio-visual and lighting projects. Certain revenue is recognised based on the stage of completion of individual contracts, which is calculated based on the proportion of total costs incurred at the reporting date compared to management's estimation of total costs of the contract. The accurate recognition of this revenue is dependent on management estimates of the stage of completion of the contract. We consider revenue is a key audit matter because of its significance to profit/(loss), the high volume of revenue transactions associated with revenue and for certain contracts, and the judgement that is required by management in recognising revenue.	Our procedures included, among others: • Obtaining an understanding of the processes and controls relevant to revenue recognition. • For a sample of revenue transactions from provision of services and sale of products, testing to supporting documentation including sales invoices, and assessing whether revenue has been recognised in the correct period. • For a sample of revenue transactions for which revenue is recognised on a proportion of total costs incurred basis, testing to supporting documentation including supplier's tax invoices, and testing that the calculations of costs incurred and costs to complete including the calculations of the contract assets and contract liabilities were appropriate and adequately supported. • Assessing the adequacy of disclosure in the financial statements.
Impairment of Goodwill Refer to Note 15	
As at 30 June 2024 the Group's statement of financial position includes goodwill at cost amounting to $1,867,660, contained within one cash generating unit (CGU). The assessment of impairment of the Group's goodwill balances incorporated significant judgement in respect of factors such as cash flow forecasts, estimated growth rate and discount rate. A key audit matter for us was whether the Group's value in use model for impairment included appropriate consideration of these factors on their significant estimates and judgements.	Our procedures included, among others: • Assessing management's determination of the CGU based on our understanding of the nature of the Group's business. • Evaluating management's process regarding valuation of the Group's goodwill to determine any goodwill impairment. • Assessing the Group's assumptions and estimates used to determine the recoverable value of its goodwill, including those relating to cash flow forecasts, growth rate, capital expenditure and discount rate. • Checking the mathematical accuracy of the cash flow models and agreeing relevant data to the latest forecasts. • Performing sensitivity analysis on the key assumptions relating to the discount rate, gross profit margin and the cash flow forecasts. • Reviewing the recoverable amount of the CGU compared to the carrying value of the goodwill. Assessing the adequacy of disclosure in the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the SKS Technologies 2024 Annual Report, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of:

a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and

b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

(i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

(ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

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

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

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

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

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

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' Report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of SKS Technologies Group Limited, for the year ended 30 June 2024, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

DFK BKM Audit Services

Kevin P Adams
Director

Camberwell, Victoria
19 August 2024