

# **SMW Group Limited**

## **Interim Report - 31 December 2021**

**SMW Group Limited**  
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**For the half-year ended 31 December 2021**

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**SMW Group Limited**  
**Statement of profit or loss and other comprehensive income**  
**For the half-year ended 31 December 2021**

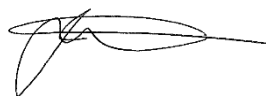
		<b>Consolidated</b>	
		<b>6 months</b>	<b>6 months</b>
		<b>ended 31 Dec</b>	<b>ended 31 Dec</b>
	<b>Note</b>	<b>2021</b>	<b>2020</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>	3	30,661	27,937
Other income	4	179	3,780
<b>Expenses</b>			
Other expenses	5	(1,027)	(5,010)
Changes in inventories		1,378	641
Raw materials and consumables used		(7,099)	(6,614)
Administration expenses		(2,631)	(2,799)
Freight & cartage		(352)	(328)
Employee benefits expense		(18,681)	(16,551)
Motor vehicle expenses		(734)	(467)
Depreciation and amortisation expense		(1,345)	(1,311)
Plant & equipment hire		(238)	(365)
Travel & accommodation		(198)	(267)
Gain / (loss) on disposal of property, plant & equipment		-	(157)
Finance costs on financial liabilities at amortised cost		(851)	(730)
<b>Loss before income tax expense</b>		(938)	(2,241)
Income tax expense		(105)	(193)
<b>Loss after income tax expense for the half-year attributable to the owners of SMW Group Limited</b>		(1,043)	(2,434)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Loss on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		-	(22)
Other comprehensive income for the half-year, net of tax		-	(22)
<b>Total comprehensive income for the half-year attributable to the owners of SMW Group Limited</b>		<b>(1,043)</b>	<b>(2,456)</b>
		<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	26	(1.93)	(4.68)
Diluted earnings / (loss) per share	26	(1.93)	(4.68)

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

		<b>Consolidated</b>	
	<b>Note</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
		<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,598	850
Trade and other receivables	6	8,225	10,745
Inventories	7	572	527
Contract assets		2,165	735
Other	8	525	545
Total current assets		<u>13,085</u>	<u>13,402</u>
<b>Non-current assets</b>			
Receivables	9	22	22
Property, plant and equipment	10	5,581	5,976
Right-of-use assets	11	9,005	9,219
Intangibles	12	8,055	8,512
Deferred tax		259	98
Total non-current assets		<u>22,922</u>	<u>23,827</u>
<b>Total assets</b>		<u>36,007</u>	<u>37,229</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	14,545	12,497
Borrowings	14	3,574	5,178
Lease liabilities	15	2,397	2,579
Income tax		1,091	1,886
Employee benefits	16	1,632	1,397
Contract liabilities		-	245
Total current liabilities		<u>23,239</u>	<u>23,782</u>
<b>Non-current liabilities</b>			
Payables	17	6,834	5,878
Borrowings	18	870	870
Lease liabilities	19	10,600	11,130
Employee benefits	20	268	330
Total non-current liabilities		<u>18,572</u>	<u>18,208</u>
<b>Total liabilities</b>		<u>41,811</u>	<u>41,990</u>
<b>Net liabilities</b>		<u>(5,804)</u>	<u>(4,761)</u>
<b>Equity</b>			
Issued capital	21	6,391	6,391
Reserves	22	(969)	(969)
Accumulated losses		<u>(11,226)</u>	<u>(10,183)</u>
<b>Total deficiency in equity</b>		<u>(5,804)</u>	<u>(4,761)</u>



Jill Hatchwell  
Chairperson



John Trenaman  
Director & CEO

25 February 2022  
Brisbane

**SMW Group Limited**  
**Statement of changes in equity**  
**For the half-year ended 31 December 2021**

	<b>Issued capital \$'000</b>	<b>Reserves Note 22 \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total deficiency in equity \$'000</b>
<b>Consolidated</b>				
Balance at 1 July 2020	-	22	4,209	4,231
Loss after income tax expense for the half-year	-	-	(2,434)	(2,434)
Other comprehensive income for the half-year, net of tax	-	(22)	-	(22)
Total comprehensive income for the half-year	-	(22)	(2,434)	(2,456)
<i>Transactions with owners in their capacity as owners:</i>				
Share-based payments	-	549	-	549
Deemed issue of share capital on acquisition	391	-	-	391
Issue of ordinary shares as consideration for business combinations, net of transaction costs	6,000	-	-	6,000
Reserve arising from business combinations under common control	-	(1,518)	-	(1,518)
Distribution to owners of Alertvale Pty Ltd as part of a reverse listing	-	-	(8,595)	(8,595)
Dividends paid (note 23)	-	-	(338)	(338)
Balance at 31 December 2020	<u>6,391</u>	<u>(969)</u>	<u>(7,158)</u>	<u>(1,736)</u>
	<b>Issued capital \$'000</b>	<b>Reserves Note 22 \$'000</b>	<b>Accumulated losses \$'000</b>	<b>Total deficiency in equity \$'000</b>
<b>Consolidated</b>				
Balance at 1 July 2021	6,391	(969)	(10,183)	(4,761)
Loss after income tax expense for the half-year	-	-	(1,043)	(1,043)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	-	(1,043)	(1,043)
Balance at 31 December 2021	<u>6,391</u>	<u>(969)</u>	<u>(11,226)</u>	<u>(5,804)</u>

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

Note	Consolidated	
	6 months ended 31 Dec 2021 \$'000	6 months ended 31 Dec 2020 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	33,115	33,288
Payments to suppliers (inclusive of GST)	(26,749)	(26,661)
	6,366	6,627
Interest and other finance costs paid	(851)	(730)
Income taxes (paid) / refunded	(1,061)	(5)
Net cash from operating activities	4,454	5,892
<b>Cash flows from investing activities</b>		
Payment for purchase of business, net of cash acquired	-	(2,557)
Payment for purchase Alertvale Pty Ltd	-	(4,738)
Payments for property, plant and equipment	10 (304)	(1,082)
Payments for intangibles	12 -	(95)
Net cash used in investing activities	(304)	(8,472)
<b>Cash flows from financing activities</b>		
Payments from / (payments to) related parties	(736)	-
Proceeds from borrowings - debtor finance	-	5,952
Repayment of borrowings - debtor finance	(1,697)	(1,833)
Repayment of lease liabilities - NZ IFRS 16	(969)	(460)
Net cash from/(used in) financing activities	(3,402)	3,659
Net increase in cash and cash equivalents	748	1,079
Cash and cash equivalents at the beginning of the financial half-year	850	628
Cash and cash equivalents at the end of the financial half-year	1,598	1,707

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

## **Note 1. Significant accounting policies**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2021 has been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting and NZ IAS 34 Interim Financial Reporting. They have been prepared on a going concern basis in accordance with New Zealand Generally Accepted Accounting Principles (GAAP) and compliance with NZ IFRS and IFRS.

The interim report does not include all the notes of the type normally included in annual financial statements. Accordingly, this report should be read in conjunction with any public announcements made during the half-year ended 31 December 2021 and the prior annual financial statements for the year ended 30 June 2021.

These interim financial statements were authorised for issue by the board of directors on 25 February 2022.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

### **New or amended Accounting Standards and Interpretations adopted**

There were no new or amended Standards and Interpretations that are relevant and effective for the current reporting period.

Any significant impact on the accounting policies of the company from the adoption of these accounting standards and interpretations are disclosed in the relevant accounting policy.

### **Going concern**

The financial report has been prepared on a going concern basis.

At 31 December 2021 the consolidated entity's liabilities exceeded its assets resulting in a negative equity of \$5,804,000. The consolidated entity also had a working capital deficiency of \$10,154,000. Additionally, the consolidated entity incurred a loss from continuing operations after tax of \$1,043,000. In the same period the consolidated entity had positive net operating cash inflows of \$4,454,000.

The net liability position as 31 December 2021 is predominately the result of the following:

- Accrued deferred vendor consideration payments (\$7,020,000). The acquisition of Alertvale and BAE by AIN was partly settled through debt facilities with Scottish Pacific Business Finance Pty Ltd while the remaining consideration has been accrued as deferred vendor payments;
- Fees paid to external advisors relating to the transaction included in liabilities, that will and have been settled through operating profits; and
- The reduction in operating profit of the Group due to the adverse market conditions associated with the COVID-19 pandemic which resulted in a reduction in customer orders, project delays and cancellations and in turn a reduction in revenue and a reduction in margins as the metallurgical coal price rebounds which has resulted in increased market competition.

These conditions give rise to material uncertainty which may cast significant doubt over the entity's ability to continue as a going concern. The company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors of SMW Group are of the opinion that the going concern basis remains appropriate after considering the following mitigating factors:

- The Group has historically made positive operating cash flows which includes net cash from operating activities of \$4,454,000 for HY2022;
- At 31 December 2021, SMW Group had entered into Deeds of Acknowledgement from four of the five vendors to make nominal weekly contributions towards reducing the deferred settlement payments. These payments remain at the discretion of the SMW Group whereby these payments can be deferred until such time that SMW Group has sufficient funds to make the payments and are provided on the basis they do not unreasonably compromise the Group's financial position;
- The Group has a payment plan with the Australian Taxation Office (ATO) to pay its outstanding debt at 31 December 2021. The current payment plan has a balloon payment due within 12 months and therefore included within current liabilities. While no formal agreement has been reached, in respect of the balloon payment, the Group believes that it will be able to extend the payment plan with the ATO;
- The Group has prepared a cashflow forecast and based on this forecast the SMW Group will be able to generate sufficient operating cashflows to pay debts (including the outstanding tax debt payment plan) as and when they fall due post the deferral of the deferred vendor consideration payments;
- The Group has secured a number of large projects towards the end of FY2021 and in HY2022, the majority of which are expected to commence in the second half of FY2022. A number of these projects will run over several years, with the fabrication projects increasing revenue in the second half of FY2022 and into the first half of FY2023. The annual expected profit contribution from these projects is approximately \$1.5million. These projects were not included in the Group's cashflow forecast; and
- Leave provisions included in current liabilities of \$1,632,000 are not expected to be fully settled within the next 12 months.

## **Note 1. Significant accounting policies (continued)**

The Directors believe the consolidated entity is a going concern and will be able to pay its debts as and when they become due and payable, this assumes the ongoing operations deliver the matters described above.

Should the entity be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that differ from those stated in the financial report.

This interim report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or the amounts or classification of liabilities and appropriate disclosures that may be necessary should the entity be unable to continue as a going concern.

### **Principles of consolidation**

The interim consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SMW Group Holdings Limited, a foreign company registered in its original jurisdiction of New Zealand as SMW Group Limited ('company' or 'parent entity') as at 31 December 2021 and the results of all subsidiaries for the half-year then ended. SMW Group Holdings Limited, a foreign company registered in its original jurisdiction of New Zealand as SMW Group Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

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

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

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

## **Note 2. Operating segments**

### *Changes to reportable operating segments*

From 1 July 2021, the Group made changes to the reportable operating segments to simplify operations, improve visibility of each area's performance, and enable the business to respond to customer needs more effectively. The change resulted in the Group having three operating segments Rockhampton Workshop, Mackay Workshop and Field Services. The Field Services operating segment includes all works completed outside of the two separate workshop facilities.

The allocation of intangibles (goodwill and customer lists) acquired from the existing BAE Engineering and Solar Pty Ltd has been reallocated on a proportionate basis reflecting the fair values of the workshop and field operations as at the date of acquisition (8 July 2021). The allocation has been made to both the Mackay Workshop and Field Services operating segments.

### *Identification of reportable operating segments*

The consolidated entity is organised into three operating segments focused on both divisional and geographical location of the operations: Rockhampton Workshop, Mackay Workshop and Field Services. These operating segments are based on the internal reports that are reviewed and used by the CEO, CFO and Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.



**Note 2. Operating segments (continued)**

\* The 'Other' category comprises corporate functions and does not represent an operating segment.

*Operating segment information*

	Rockhampton Workshop \$'000	Mackay Workshop \$'000	Field Services \$'000	Other* \$'000	Total \$'000
<b>Consolidated - 6 months ended 31 Dec 2021</b>					
<b>Revenue</b>					
Sales to external customers	7,551	5,021	18,089	-	30,661
<b>Total revenue</b>	<u>7,551</u>	<u>5,021</u>	<u>18,089</u>	<u>-</u>	<u>30,661</u>
<b>Underlying EBITDA</b>	528	(328)	2,056	(999)	1,257
Depreciation and amortisation	(171)	(190)	(409)	(574)	(1,344)
Finance costs	-	-	-	(851)	(851)
<b>Profit/(loss) before income tax expense</b>	<u>357</u>	<u>(518)</u>	<u>1,647</u>	<u>(2,424)</u>	<u>(938)</u>
Income tax expense					(105)
<b>Loss after income tax expense</b>					<u>(1,043)</u>

During the financial half-year, the consolidated entity changed the structure of its operating segments. The comparative information has not been restated, as the necessary information is not available and the cost to develop it would be excessive. The operating segments on the old basis for the previous financial half-year is set out below:

	Rockhampton \$'000	Mackay \$'000	Other* \$'000	Total \$'000
<b>Consolidated - 6 months ended 31 Dec 2020</b>				
<b>Revenue</b>				
Sales to external customers	20,891	7,046	-	27,937
<b>Total revenue</b>	<u>20,891</u>	<u>7,046</u>	<u>-</u>	<u>27,937</u>
<b>Underlying EBITDA</b>	3,666	966	(752)	3,880
Depreciation and amortisation	(596)	(155)	(560)	(1,311)
Finance costs	-	-	(730)	(730)
<b>Profit/(loss) before income tax expense</b>	<u>3,070</u>	<u>811</u>	<u>(2,042)</u>	<u>1,839</u>
Income tax expense				(193)
<b>Profit after income tax expense</b>				<u>1,646</u>
Underlying profit before tax				1,839
Share-based payment expense				(1,033)
Listing costs				(958)
Transaction costs				(1,944)
One-off non recurring integration costs				(145)
<b>Loss before income tax expense</b>				<u>(2,241)</u>
Income tax expense				(193)
<b>Loss after income tax expense</b>				<u>(2,434)</u>

*Presentation of revenue and results*

Segment revenues and segment results are presented on an underlying bases.

Underlying results for the half-year ended 31 December 2020 exclude the impact of non-underlying items relating to:

- One off non-recurring expenses; and
- Acquisition costs.

**Note 3. Revenue**

	<b>Consolidated</b> <b>6 months</b> <b>ended 31 Dec</b> <b>2021</b> <b>\$'000</b>	<b>6 months</b> <b>ended 31 Dec</b> <b>2020</b> <b>\$'000</b>
Revenue from contracts with customers - recognised over time	12,531	11,473
Revenue from contracts with customers - recognised at point in time	18,130	16,464
Revenue	<u>30,661</u>	<u>27,937</u>

**Note 4. Other income**

	<b>Consolidated</b> <b>6 months</b> <b>ended 31 Dec</b> <b>2021</b> <b>\$'000</b>	<b>6 months</b> <b>ended 31 Dec</b> <b>2020</b> <b>\$'000</b>
Net foreign exchange gain	(15)	1
Australian Government grants - COVID-19 Cash Boost	-	100
Australian Government grants - JobKeeper Scheme	-	3,495
Subsidies and grants	45	66
Insurance recoveries	15	-
Interest	-	1
Other income	134	117
Other income	<u>179</u>	<u>3,780</u>

**Note 5. Other expenses**

	<b>Consolidated</b> <b>6 months</b> <b>ended 31 Dec</b> <b>2021</b> <b>\$'000</b>	<b>6 months</b> <b>ended 31 Dec</b> <b>2020</b> <b>\$'000</b>
Transaction expenses	12	1,944
Listing expenses	18	960
Share-based payments expenses	-	1,033
Property expenses	287	294
Repairs & maintenance expenses	400	504
Other expenses	310	275
	<u>1,027</u>	<u>5,010</u>

**Note 6. Trade and other receivables**

	<b>Consolidated</b> <b>31 Dec 2021</b> <b>\$'000</b>	<b>30 Jun 2021</b> <b>\$'000</b>
Trade receivables	7,695	10,571
Government grants receivable	-	94
Sundry debtors	730	280
Less: Allowance for expected credit losses	(200)	(200)
	<u>8,225</u>	<u>10,745</u>

**Note 7. Inventories**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Raw materials and consumables	572	527

**Note 8. Other**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Prepayments	392	447
Bonds & deposits	133	98
	525	545

**Note 9. Receivables**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Director related receivables	22	22

**Note 10. Property, plant and equipment**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Plant and equipment - at cost	6,834	6,557
Less: Accumulated depreciation	(3,416)	(2,970)
	3,418	3,587
Motor vehicles - at cost	4,563	4,702
Less: Accumulated depreciation	(2,400)	(2,313)
	2,163	2,389
	5,581	5,976

*Reconciliations*

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

<b>Consolidated</b>	<b>Plant and equipment \$'000</b>	<b>Motor vehicles \$'000</b>	<b>Total \$'000</b>
Balance at 1 July 2021	3,587	2,389	5,976
Additions	324	162	486
Disposals	(39)	(143)	(182)
Depreciation expense	(454)	(245)	(699)
Balance at 31 December 2021	3,418	2,163	5,581

**Note 11. Right-of-use assets**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Right-of-use assets	11,245	10,988
Less: Accumulated depreciation	(2,240)	(1,769)
	<u>9,005</u>	<u>9,219</u>

See note 15 & note 19 for details of lease liabilities.

*Reconciliations*

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

<b>Consolidated</b>	<b>Right-of-use assets \$'000</b>
Balance at 1 July 2021	9,219
Additions	257
Depreciation expense	(471)
Balance at 31 December 2021	<u>9,005</u>

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

**Note 12. Intangibles**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Goodwill - at cost	6,356	6,356
Engineering design costs	-	328
Website development - at cost	40	40
Less: Accumulated amortisation	(40)	(26)
	<u>-</u>	<u>14</u>
Licences, trademarks, patents	-	15
Customer contracts - at cost	1,999	1,999
Less: Accumulated amortisation	(300)	(200)
	<u>1,699</u>	<u>1,799</u>
	<u>8,055</u>	<u>8,512</u>

**Note 12. Intangibles (continued)**

*Reconciliations*

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

<b>Consolidated</b>	Goodwill \$'000	Engineering design costs \$'000	Website development \$'000	Licence, trademarks, patents \$'000	Customer contract \$'000	Total \$'000
Balance at 1 July 2021	6,356	328	14	15	1,799	8,512
Transfer to contract assets	-	(282)	-	-	-	(282)
Amortisation expense	-	(46)	(14)	(15)	(100)	(175)
Balance at 31 December 2021	<u>6,356</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,699</u>	<u>8,055</u>

**Note 13. Trade and other payables**

	<b>Consolidated</b>	
	<b>31 Dec 2021 \$'000</b>	<b>30 Jun 2021 \$'000</b>
Trade payables	3,433	3,155
Sundry payables and accrued expenses	10,013	7,710
Deferred settlement payments	<u>1,099</u>	<u>1,632</u>
	<u>14,545</u>	<u>12,497</u>

Deferred settlement payments are non-interest bearing and are payable at the Group's discretion, as and when they have sufficient funds to make repayments.

Refer to note 24 'Related party transactions' for further details around the related parties portion of deferred settlement payments.

**Note 14. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2021 \$'000</b>	<b>30 Jun 2021 \$'000</b>
Debtor financing - Scottish Pacific	<u>3,574</u>	<u>5,178</u>

Debtor finance facility is held through Scottish Pacific Business Finance Pty Ltd. Interest is charged on the 30 day bank bill rate as represented by BBSY plus 7.3%. The funds have a recourse date of 90 days.

**Note 15. Lease liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2021 \$'000</b>	<b>30 Jun 2021 \$'000</b>
Lease liability	825	776
Hire purchase lease liabilities	<u>1,572</u>	<u>1,803</u>
	<u>2,397</u>	<u>2,579</u>

Refer to note 19 'Lease liabilities' for maturity analysis on lease liabilities.

**Note 16. Employee benefits**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Annual leave	1,560	1,306
Long service leave	72	91
	<u>1,632</u>	<u>1,397</u>

**Note 17. Payables**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Sundry payables and accrued expenses	913	-
Deferred settlement payments	5,921	5,878
	<u>6,834</u>	<u>5,878</u>

Deferred settlement payments are non-interest bearing and are payable at the Group's discretion, as and when they have sufficient funds to make repayments.

Refer to note 24 'Related party transactions' for further details around the related parties portion of deferred settlement payments.

**Note 18. Borrowings**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Loan - Related parties	<u>870</u>	<u>870</u>

The loans from related parties are non-interest bearing and they are payable at the Group's discretion, as and when they have sufficient funds to make payments.

Refer to note 24 'Related party transactions' for further details are these related party transactions.

**Note 19. Lease liabilities**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Lease liability	8,634	8,817
Hire purchase lease liabilities	1,966	2,313
	<u>10,600</u>	<u>11,130</u>

The below outlines the maturity of the Group's remaining lease liabilities.

**Note 19. Lease liabilities (continued)**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
1 year or less	2,856	3,250
Between 1 and 2 years	2,339	2,475
Between 2 and 5 years	3,222	3,838
Over 5 years	5,561	5,438
	<u>13,978</u>	<u>15,001</u>
Less: Unexpired interest	<u>(981)</u>	<u>(1,292)</u>
	<u>12,997</u>	<u>13,709</u>

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Current	2,397	2,579
Non-current	10,600	11,130
	<u>12,997</u>	<u>13,709</u>

**Note 20. Employee benefits**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Long service leave	<u>268</u>	<u>330</u>

**Note 21. Issued capital**

	<b>Consolidated</b>			
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>Shares</b>	<b>Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares - fully paid	<u>54,122,884</u>	<u>54,122,884</u>	<u>6,391</u>	<u>6,391</u>

*Ordinary shares*

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

**Note 22. Reserves**

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
General reserve	(1,518)	(1,518)
Share-based payments reserve	549	549
	<u>(969)</u>	<u>(969)</u>

*Share-based payments reserve*

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





**Note 24. Related party transactions (continued)**

*Loans to/from related parties*

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

	<b>Consolidated</b>	
	<b>31 Dec 2021</b>	<b>30 Jun 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Current receivables:</i>		
Trade receivables from entities controlled by director John Trenaman	22	22
<i>Current payables:</i>		
Deferred settlement payment to director John Trenaman	250	-
Deferred advisor payment to entities controlled by director Gregory Kern	225	312
<i>Non-current payables:</i>		
Deferred settlement payment to director John Trenaman	1,010	1,285
Deferred advisor payment to entities controlled by director Gregory Kern	-	69
<i>Non-current borrowings:</i>		
Loan from entities controlled by director Gregory Kern	220	220
Loan from entities controlled by director John Trenaman	650	650

*Terms and conditions*

All transactions are non-interest bearing and payable at the Group's discretion, as and when they have sufficient funds to make payments.

**Note 25. Events after the reporting period**

No matter or circumstance has arisen since 31 December 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

**Note 26. Earnings per share**

	<b>Consolidated</b>	
	<b>6 months</b>	<b>6 months</b>
	<b>ended 31 Dec</b>	<b>ended 31 Dec</b>
	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss after income tax attributable to the owners of SMW Group Limited	(1,043)	(2,434)
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	54,122,884	52,052,614
Weighted average number of ordinary shares used in calculating diluted earnings per share	54,122,884	52,052,614
	<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share	(1.93)	(4.68)
Diluted earnings / (loss) per share	(1.93)	(4.68)

Weighted and diluted earnings per share are the same as there are no equity instruments which would dilute it.

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Shareholders of SMW Group Limited

### Report on the Review of the Interim Consolidated Financial Statements

#### Conclusion

We have reviewed the interim consolidated financial statements of SMW Group Limited (the Company) and its subsidiaries (collectively, the "Group"), which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended on that date, and a summary of significant accounting policies and other explanatory information.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements of the Group do not present fairly, in all material respects, the financial position of the Group as at 31 December 2021, and its financial performance and its cash flows for the six month period ended on that date, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

#### Basis for Conclusion

We conducted our review in accordance with NZ SRE 2410 (Revised) *Review of Financial Statements Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Financial Statements* section of our report. We are independent of the Group in accordance with the relevant ethical requirements in New Zealand relating to the audit of the annual financial statements, and we have fulfilled our other ethical responsibilities in accordance with these ethical requirements. Other than in our capacity as assurance practitioner we have no relationship with, or interests in, the Group.

#### Material uncertainty relating to going concern

We draw attention to Note 1 in the financial report which describes the events and/or conditions which give rise to the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. Our conclusion is not modified in respect of this matter.

#### Directors' Responsibilities for the Interim Consolidated Financial Statements

The Directors of the Company are responsible, on behalf of the Group, for the preparation and fair presentation of the interim consolidated financial statements in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting* and for such internal control as the Directors determine is necessary to enable the preparation and fair presentation of the interim consolidated financial statements that are free from material misstatement, whether due to fraud or error.


### **Auditor's Responsibilities for the Review of the Financial Statements**

Our responsibility is to express a conclusion on the interim consolidated financial statements based on our review. NZ SRE 2410 (Revised) requires us to conclude whether anything has come to our attention that causes us to believe that the interim consolidated financial statements, taken as a whole, are not prepared in all material respects, in accordance with New Zealand Equivalent to International Accounting Standard 34: *Interim Financial Reporting*.

A review of interim consolidated financial statements in accordance with NZ SRE 2410 (Revised) is a limited assurance engagement. We perform procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand) and consequently do not enable us to obtain assurance that we might identify in an audit. Accordingly, we do not express an audit opinion on these interim consolidated financial statements.

The engagement partner on the review resulting in this independent auditor's review report is Timothy Kendall.

**BDO Audit Pty Ltd**

BDO  


**T J Kendall**  
Director

Brisbane, 25 February 2022

Directors	<p>Jill Hatchwell   Independent Chairperson   Appointed 3 July 2020</p> <p>John Trenaman   CEO and Executive Director   Appointed 3 July 2020</p> <p>Greg Kern   Non-Executive Director   Appointed 3 July 2020</p> <p>Chris Castle   Independent Director   Appointed 3 July 2020</p> <p>Oliver Sabu   Executive Director   Appointed 3 July 2020   Resigned effective 24 August 2021</p>
Company secretary	Troy Donovan
Registered office	<p>Duncan Cotterill</p> <p>Level 2, Chartered Accountants House</p> <p>50 Customhouse Quay</p> <p>Wellington, 6001</p> <p>New Zealand</p>
Principal place of business	<p>SMW Group</p> <p>Level 2, 145 East Street</p> <p>Rockhampton</p> <p>QLD 4700</p> <p>Australia</p>
Auditor	<p>BDO Audit Pty Ltd</p> <p>Level 10, 12 Creek Street</p> <p>Brisbane QLD 4000</p> <p>Australia</p>
Solicitors	<p>Duncan Cotterill</p> <p>PO Box 10376</p> <p>The Terrace</p> <p>Wellington 6143</p> <p>New Zealand</p>
Share Registry	<p>Link Market Services</p> <p>Level 30</p> <p>PwC Tower</p> <p>5 Customs Street West</p> <p>Auckland 1010, New Zealand</p>