

SIS Australia Holdings Pty Ltd
ABN 65 132 211 459
Annual Report
for the year ended 31 March 2023

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for the year ended 31 March 2023

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Directors' report

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of SIS Australia Holdings Pty Ltd and the entities it controlled for the year ended 31 March 2023.

Directors

The following persons were directors of SIS Australia Holdings Pty Ltd during the whole of the financial year and up to the date of this report:

Uday Singh
Rituraj Sinha
Rivoli Sinha
Michael McKinnon

Principal activities

SIS Australia Holdings Pty Ltd ("the Parent"), its subsidiaries and associates are engaged in rendering security and related services consisting of manned guarding, consulting and investigation, training, physical security, paramedic and emergency response services, loss prevention, asset protection, mobile patrols, facility management services, alarm monitoring and response services and installation of electronic security devices and systems.

Dividends

Dividends paid to the shareholders during the financial year amounted to \$10,081,000 (2022: \$9,088,000).

Review of operations

A summary of consolidated revenues and results is set out below:

Particulars	31 March 2023 \$000's	31 March 2022 \$000's
Revenue	886,788	882,496
Earnings before interest, depreciation and amortisation, and taxation	35,949	49,076
Depreciation and amortisation	(10,278)	(9,399)
Earnings before interest and taxation	25,671	39,677
Finance costs	(5,381)	(5,320)
Other Income	1,919	3,500
Other gain	1,235	4,454
Share of profit of associates	2,567	1,153
Earnings before taxation	26,011	43,464
Income tax (expense)	(7,820)	(12,077)
Profit after tax	18,191	31,387

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the Group from the beginning of the financial year to the date of this report, other than those listed below:

Effective 1 September 2022, SIS Australia Group Pty Limited, a subsidiary of the Group acquired 85% of the voting shares of Safety Direct Solutions Pty Limited (SDS) for cash consideration of \$4.95m AUD with put/call options to buy the remaining 15% of the shares of SDS on or before 30 June 2024.

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 31 March 2023 that has significantly affected, or may significantly affect:

- (a) the Group's operations in future financial years, or
- (b) the results of those operations in future financial years, or
- (c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

Other Information on other likely developments in the operations of the Group and the expected results of operations have not been included in these financial statements because the directors believe it would be likely to result in unreasonable prejudice to the Group.

Environmental regulation

The Group is not subject to any significant environmental regulation under either Commonwealth or State legislation.

Insurance of officers

During the financial year, a related entity, MSS Security Pty Limited, paid a premium to insure the directors and officers of the Group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

Proceedings on behalf of the Group

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

No proceedings have been brought or intervened in on behalf of the Group, with leave of the Court under section 237 of the *Corporations Act 2001*.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts

The Group, is of a kind referred to in Class Order 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 325 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors.

Uday Singh
Director

Michael McKinnon
Director

Sydney
02 May 2023



Auditor's Independence Declaration

(To be provided by PwC)

SIS Australia Holdings Pty Ltd ABN 65 132 211 459

Financial Statements

for the year ended 31 March 2023

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These financial statements cover both the separate financial statements of SIS Australia Holdings Pty Ltd as an individual entity and the financial statements of the Group consisting of SIS Australia Holdings Pty Ltd and its subsidiaries. The financial statements are presented in Australian dollars.

SIS Australia Holdings Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

SIS Australia Holdings Pty Ltd Level 2, 63 - 79 Parramatta Road Silverwater NSW 2128

A description of the nature of the Group's operations and its principal activities is included in the directors' report on pages 1 to 3, which is not part of these financial statements.

The financial statements were authorised for issue by the directors on 02 May 2023. The directors have the power to amend and reissue the financial statements.

SIS Australia Holdings Pty Ltd
Statement of financial position
For the year ended 31 March 2023
All figures in \$'000

Particulars	Note No.	Consolidated As at		Parent entity As at	
		31 March 2023	31 March 2022	31 March 2023	31 March 2022
ASSETS					
Non-current assets					
Property, plant and equipment	4	21,219	17,751	-	-
Intangible Assets	5	161,030	156,680	-	-
Financial assets					
(i) Investments in associates and joint ventures	6	31,583	29,041	-	-
(ii) Investments in subsidiaries	6	-	-	15,010	15,010
(iii) Other investments	6	17,085	16,638	-	-
(iv) Other non-current financial assets	7	777	639	26	26
Deferred tax assets (net)	8	12,805	15,623	-	-
Total non-current assets		244,499	236,372	15,036	15,036
Current assets					
Inventories	10	254	358	-	-
Financial assets					
(i) Trade receivables	11	93,447	86,890	-	-
(ii) Cash and Cash Equivalents	12	88,670	83,142	7,536	1,850
(iii) Bank Balances other than above	12	1,560	570	-	-
(iv) Other current financial assets	7	31,625	27,958	43	84
Current tax assets		1,837	-	1,964	1,207
Other current assets	9	6,452	6,162	497	1,107
Total current assets		223,845	205,080	10,040	4,248
Total assets		468,344	441,452	25,076	19,284
EQUITY AND LIABILITIES					
EQUITY					
Equity share capital	13	4,000	4,000	4,000	4,000
Other equity	14	200,189	187,788	1,814	1,346
Equity attributable to owners		204,189	191,788	5,814	5,346
Non-controlling Interests		10,303	9,912	-	-
Total equity		214,492	201,700	5,814	5,346
LIABILITIES					
Non-current liabilities					
Financial liabilities					
(i) Borrowings	15	103,754	98,413	-	-
(ii) Non-current lease liabilities	18	7,844	6,729	-	-
(ii) Other non-current financial liabilities	17	957	-	-	-
Provisions	19	8,216	8,688	-	-
Deferred tax liabilities (net)	8	-	-	11	-
Total non-current liabilities		120,771	113,830	11	-
Current liabilities					
Financial liabilities					
(i) Borrowings	15	4,317	2,055	-	-
(ii) Trade payables	16	2,876	821	-	-
(iv) Current lease liabilities	18	3,370	3,641	-	-
(v) Other current financial liabilities	17	60,604	59,314	274	594
Other current liabilities	20	-	-	19,013	13,331
Provisions	19	61,914	60,015	(36)	13
Current tax liabilities		-	76	-	-
Total current liabilities		133,081	125,922	19,251	13,938
Total liabilities		253,852	239,752	19,262	13,938
Total equity and liabilities		468,344	441,452	25,076	19,284

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

SIS Australia Holdings Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2023

All figures in \$'000

Particulars	Note	Consolidated		Parent entity	
		For the year ended 31 March 2023	31 March 2022	For the year ended 31 March 2023	31 March 2022
INCOME					
Revenue from contracts with customers	21	886,788	882,496	-	-
Other income	22	1,919	3,500	11,101	10,200
Other gain	23	1,235	4,453	-	-
Total income		889,942	890,449	11,101	10,200
EXPENSES					
Cost of materials consumed		660	317	-	-
Purchases of stock-in-trade		342	143	-	-
Changes in inventories of stock-in-trade		-	6	-	-
Employee benefits expense	24	634,550	573,133	538	934
Finance costs	25	5,381	5,320	2	-
Depreciation and amortization expenses	26	10,278	9,399	-	-
Impairment of non-current assets		-	-	-	-
Other expenses	27	215,287	259,821	981	722
Total expenses		866,498	848,139	1,521	1,656
Profit before tax and exceptional items		23,444	42,310	9,580	8,544
Share of profit of associates		2,567	1,153	-	-
Exceptional items		-	-	-	-
Profit before tax		26,011	43,464	9,580	8,544
Tax expense/(benefit)					
Current tax		5,829	13,361	(394)	(517)
Deferred tax		2,081	(1,284)	12	-
Total tax expense/(benefit)	8	7,820	12,077	(382)	(517)
Profit for the year		18,191	31,387	9,962	9,061
Other comprehensive income					
Items that will be reclassified to profit or loss:					
a) Foreign exchange (gain)/loss on monetary items included in net investment in foreign operations		4,700	320	-	-
Other comprehensive profit for the year (net of taxes)		4,700	320	-	-
Total comprehensive income for the year		22,891	31,707	9,962	9,061
Profit attributable to:					
Owners of the Group		17,232	30,102	9,962	9,061
Non-controlling interests		959	1,285	-	-
		18,191	31,387	9,962	9,061
Other comprehensive income attributable to:					
Owners of the Group		4,690	322	-	-
Non-Controlling interests		10	(2)	-	-
		4,700	320	-	-
Total comprehensive income attributable to:					
Owners of the Group		21,922	30,424	9,962	9,061
Non-controlling interests		969	1,283	-	-
		22,891	31,707	9,962	9,061

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

SIS Australia Holdings Pty Ltd
Statement of changes in equity
For the year ended 31 March 2023
All figures in \$'000

For the Year ended 31 March 2022		Attributable to owners				
Consolidated	Notes	Equity Share Capital	Retained earnings	Total	Non- controlling Interests	Total equity
Balance at 1 April 2021		4,000	166,365	170,365	8,717	179,082
Profit for the year		-	30,102	30,102	1,285	31,387
Other comprehensive income		-	322	322	(2)	320
Total comprehensive income for the year		-	30,424	30,424	1,283	31,707
Dividends provided for or paid		-	(9,000)	(9,000)	(88)	(9,088)
Other appropriation		-	(1)	(1)	-	(1)
Balance at 31 March 2022		4,000	187,788	191,788	9,912	201,700
For the Year ended 31 March 2023						
Balance at 1 April 2022		4,000	187,788	191,788	9,912	201,700
Profit for the year		-	17,232	17,232	959	18,191
Other comprehensive income		-	4,690	4,690	10	4,700
Total comprehensive income for the year		-	21,922	21,922	969	22,891
Dividends provided for or paid		-	(9,494)	(9,494)	(587)	(10,081)
Transfer to minority interest		-	-	-	-	-
Other appropriation		-	(27)	(27)	9	(18)
Balance at 31 March 2023		4,000	200,189	204,189	10,303	214,492

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

SIS Australia Holdings Pty Ltd
Statement of changes in equity
For the year ended 31 March 2023
All figures in \$'000

Parent entity	Notes	Equity share capital	Retained earnings	Total equity
For the year ended 31 March 2022				
Balance at 1 April 2021		4,000	829	4,829
Profit for the year		-	9,061	9,061
Total comprehensive income for the year		-	9,061	9,061
Dividends provided for or paid		-	(8,544)	(8,544)
Other appropriation		-	(1)	(1)
As at 31 March 2022		4,000	1,346	5,346
For the year ended 31 March 2023				
Balance at 1 April 2022		4,000	1,346	5,346
Profit for the year		-	9,962	9,962
Total comprehensive income for the year		-	9,962	9,962
Dividends provided for or paid		-	(9,494)	(9,494)
As at 31 March 2023		4,000	1,814	5,814

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

SIS Australia Holdings Pty Ltd
Statement of cash flows
For the year ended 31 March 2023
All figures in \$'000

Particulars	Consolidated		Parent entity	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Net Profit before tax	26,011	43,464	9,580	8,544
Adjusted for:				
Depreciation and Amortisation expenses	10,278	9,399	-	-
Unrealised Foreign exchange (Gain)/Loss	(512)	496	-	-
Net (Gain) on sale of fixed assets	(723)	(219)	-	-
Finance costs	5,381	5,320	2	-
Interest income classified as investing cash flows	(1,918)	(8,230)	(85)	-
Dividend Income	-	-	(11,015)	(10,200)
Bad debts written off	121	(7)	-	-
Share of (Profit) of associates and joint ventures	(2,567)	(1,153)	-	-
Other items	8	-	-	-
Other non-cash items	(164)	-	-	-
Operating profit/(loss) before working capital changes	35,915	49,070	(1,518)	(1,655)
Movement in working capital:				
(Increase)/Decrease in Trade receivables	(4,173)	(976)	-	-
Decrease/(Increase) in Inventories	103	(16)	-	-
(Increase)/Decrease in other current assets	(2,207)	1,848	610	(3,600)
(Increase)/Decrease in other current financial assets	(2,142)	(4,037)	37	(14)
Increase/(Decrease) in Trade payables	1,163	(5,418)	4	(4)
Increase/(Decrease) in provisions	707	1,453	(49)	13
Increase/(Decrease) in other current liabilities	-	(564)	5,682	9,132
Increase/(Decrease) in other current financial liabilities	3,226	(312)	(320)	306
(Increase)/Decrease in other non-current financial assets	(3)	(330)	-	(26)
Increase in other non-current financial liabilities	116	118	-	-
Other items	4	-	-	-
Cash generated from operations	32,709	40,836	4,446	4,151
Direct tax paid including fringe benefit tax (net of refunds)	(7,729)	(22,378)	(364)	(6,235)
Net cash inflow/(outflow) from operating activities	24,980	18,458	4,082	(2,084)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of property plant and equipment/ Intangibles and changes in capital work in progress	(7,409)	(4,765)	-	-
Proceeds from sale/disposal of property, plant and equipment	1,642	408	-	-
Investments made	(5,653)	(28,792)	-	-
Dividend received	25	59	11,015	10,200
Investment Reserve Account	(990)	(31)	-	-
Interest received	1,909	4,043	86	-

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

SIS Australia Holdings Pty Ltd
Statement of cash flows
For the year ended 31 March 2023
All figures in \$'000

Net cash (outflow)/inflow from investing activities	(10,476)	(29,078)	11,101	10,200
CASH FLOWS FROM FINANCING ACTIVITIES				
Foreign exchange (Gain) realised	(5)	(115)	-	-
Proceeds from term loans	8,630	25,176	-	-
Repayment of term loans	(3,875)	(18,005)	-	-
Increase/(Repayment) of bank overdraft	(66)	(803)	-	-
Leases paid	(3,629)	(3,538)	-	-
Interest paid	(4,650)	(3,070)	(3)	-
Dividends paid to Parent's shareholders	(10,081)	(9,088)	(9,494)	(8,544)
Net cash (outflow) from financing activities	(13,676)	(9,443)	(9,497)	(8,544)
Net increase/(decrease) in cash and cash equivalents	828	(20,063)	5,686	(428)
Cash and cash equivalents at the beginning of the year	83,142	102,885	1,850	2,278
Effects of exchange rate changes on cash and cash equivalents	4,700	320	-	-
Cash and cash equivalents at the end of the year	88,670	83,142	7,536	1,850

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

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1. The Group Overview

SIS Australia Holdings Pty Ltd (“the Group”) is a company limited by shares, incorporated and domiciled in Australia. The Group is a wholly owned subsidiary of Security and Intelligence Services (India) Limited (incorporated in India), an entity is listed on the Bombay Stock Exchange Limited (“BSE”) and The National Stock Exchange of India Limited (“NSE”). Its registered office is situated at Level 2, 63- 79 Parramatta Road, Silverwater NSW 2128.

SIS Australia Holdings Pty Ltd (“the Parent”), its subsidiaries and associates are engaged in rendering security and related services consisting of manned guarding, consulting and investigation, training, physical security, paramedic and emergency response services, loss prevention, asset protection, mobile patrols, facility management services, alarm monitoring and response services and installation of electronic security devices and systems.

These financial statements are the consolidated financial statements of the Group consisting of SIS Australia Holdings Pty Ltd and its subsidiaries, associates and joint ventures in accordance with applicable accounting standards. A list of subsidiaries is included in Note 35.

The financial statements are presented in Australian Dollars (AUD) rounded off to nearest thousand dollars, or in certain cases, the nearest dollar as issued by the Australian Securities and Investments Commission under Class Order 2016/191

These financial statements were authorised for issue by the directors on 02 May 2023.

2. Summary of significant accounting policies

This note provides a list of significant accounting policies adopted in the preparation of these financial statements.

2.1 Basis of preparation

These general-purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations and mandatory professional reporting requirements issued by the Australian Accounting Standards Board and the *Corporations Act 2001*.

The consolidated financial statements of the Group have been prepared to comply with Australian Accounting Standards – Simplified Disclosures as issued by the Australian Accounting Standards Board (AASB). The Group is a for-profit entity for the purpose of preparing the financial statements.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention on an accrual and going concern basis, except for the following material items which have been measured at fair value as required by relevant AASB:

- a. Certain financial assets and financial liabilities (including derivative financial instruments) and contingent consideration that are measured at fair value;
- b. Share based payments; and
- c. Liability in respect of forward contract/ call and put options for acquisition of Non-controlling interests are measured at fair value.
- d. Contingent liability and indemnification of asset acquired in a business combination are measured at fair value.

Going Concern

As of 31 March 2021, SIS Australia Holdings Pty Ltd, the Parent Company had net liabilities of \$17,286,905 (2022 \$13,938,221). Included in the current liabilities are amounts totaling \$9,261,818 (2022: \$4,755,150) due to MSS Security Pty Ltd, \$1,827,987 (2022: \$3,540,940) due to SIS MSS Security Holdings Pty Ltd and \$1,506,424 (2022: \$532,438) due to MSS Strategic Medical and Rescue Pty Ltd, all subsidiaries of SIS Australia Group Pty Ltd, which is further the subsidiary of the Company. The directors of the subsidiary, SIS Australia Group Pty Ltd, have acknowledged the current liabilities of the Company and have agreed not to recall any loans or request the repayment of any funding to the extent that it would prejudice the Company’s ability to pay its debts as and when they fall due. The directors have also confirmed that the entity will provide the financial support that may be necessary to enable the Company to meet its commitments as and when they fall due for a minimum period of 12 months from the date of this report.

Accounting policies have been applied consistently to all periods presented in these financial statements.

For clarity, various items are aggregated in the statements of profit or loss and other comprehensive income and statement of financial position. These items are disaggregated separately in the notes to the financial statements, where applicable. Comparative information is reclassified where appropriate to enhance comparability or in conformity with revised standards and interpretations.

2.3 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent its subsidiaries and share in net assets of associates and joint ventures as at, and for the year ended, 31 March 2023. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee,
- Rights arising from other contractual arrangements,
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control over the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

The acquisition method of accounting is used to account for business combinations by the Group.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Parent, i.e., year ended on 31 March 2023.

In preparing the consolidated financial statements, the Group has used the following key consolidation procedures:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. The policy for accounting for Business combinations explains the accounting for any related goodwill.
- (c) Eliminate in full intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group. Profits or losses resulting from intraGroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full. However, intraGroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- (d) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

- (e) A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognised within equity.
- (f) If the Group loses control over a subsidiary, it:
- Derecognises the assets (including goodwill) and liabilities of the subsidiary,
 - Derecognises the carrying amount of any non-controlling interests,
 - Derecognises the cumulative translation differences recorded in equity,
 - Recognises the fair value of the consideration received,
 - Recognises the fair value of any investment retained,
 - Recognises any surplus or deficit in profit or loss,
 - Reclassifies the Parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

Non-controlling interest

Non-controlling interests in the net assets (excluding goodwill) of consolidated subsidiaries are identified separately from the Parent's equity. The interest of non-controlling shareholders may be initially measured either at fair value or at the non-controlling interest's proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition to acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interest is the amount of those interests at initial recognition plus the non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if it results in the non-controlling interest having a deficit balance.

2.4 Summary of significant accounting policies

a. Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Group classifies all other liabilities as non-current.

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

b. Property, plant and equipment

Recognition and measurement

An item is recognised as an asset, if and only if, it is probable that the future economic benefits associated with the item will flow to the Group and its cost can be measured reliably. Items of property, plant and equipment ('PPE') initially recognised at cost. All items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price, asset retirement obligation and directly attributable cost of bringing the asset to its working condition for its

intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. General and specific borrowing costs directly attributable to the construction of a qualifying asset are capitalised as part of the cost.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard or period of performance. All other expenses on existing property, plant and equipment, including day-to-day repairs, maintenance expenditure and cost of replacing parts, are charged to the statements of profit or loss and other comprehensive income for the year during which such expenses are incurred.

Property, plant and equipment under construction and cost of assets not ready for use at the year-end are disclosed as capital work-in-progress.

Depreciation

The Group depreciates property, plant and equipment over the estimated useful lives using a written down value method (and straight-line method in respect of certain subsidiaries) from the date the assets are available for use. Assets acquired under finance lease are depreciated over the asset's useful life or over the shorter of the estimated useful life of the asset and the related lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term. Leasehold improvements are amortised over the shorter of estimated useful life of the asset or the related lease term. Freehold land is not depreciated.

Category	Useful life
Furniture and Fixtures	3-10 years
Plant and Machinery	3-10 years
Vehicles	3-5 years
Computer Equipment	3-5 years

The useful lives as given above best represent the period over which the management expects to use these assets, based on technical assessment.

The useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate.

Additions are depreciated on a pro-rata basis from the date the asset is available for use till the date the assets are derecognised.

An item of property, plant and equipment and any significant part, initially recognised, is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss and other comprehensive income when the asset is derecognised.

c. Intangible assets

Intangible assets are recognised when the Group controls the asset, it is probable that future economic benefits attributed to the asset will flow to the Group and the cost of the asset can be measured reliably.

Intangible assets acquired separately are measured on initial recognition at historical cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangibles, excluding capitalised software development costs, are not capitalised and the related expenditure is reflected in the statements of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life on written down value method (or straight line method in respect of certain subsidiaries) and assessed for impairment whenever there is an indication that the intangible asset may be

impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statements of profit or loss and other comprehensive income.

The estimated useful lives of assets are as follows:

Category	Useful life
Goodwill	Indefinite
Computer Software	3-10 years
Brand name	Indefinite
Customer contracts	Expected contract duration

Intangible assets with indefinite useful lives are not amortised, but are tested annually for impairment, either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statements of profit or loss and other comprehensive income when the asset is derecognised.

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is allocated to cash generating units, and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination in which the goodwill arose. The units or the groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, which in the Group's case are the respective entities carrying out business.

Software

Costs incurred in developing products or systems and costs incurred in acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials, services, and direct payroll and payroll related costs of employees' time spent on the project.

Brand name

Brand name is not amortised and tested annually for impairment.

Customer contracts

Customer contracts acquired on an acquisition of business are recorded at the fair value of respective assets on the date of acquisition. Customer contracts are amortised based on their useful life.

d. Investment in subsidiaries, associates and joint ventures

A subsidiary is an entity over which the Group has control. The Group controls an investee when it is exposed to, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The Group's investments in subsidiaries are initially recognized at cost. The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of

the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining whether significant influence or joint control exist are similar to those necessary to determine control over the subsidiaries.

The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. The statements of profit or loss and other comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Dividends receivable from associates and joint ventures reduce the carrying amount of the investment.

If an entity's share of losses of an associate or a joint venture equals or exceeds its interest in the associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the entity discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the entity resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The financial statements of the associate or joint venture, for the purpose of reflecting the Group's share of the results of operations of the associate or joint venture, are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Share of profit of associates /joint ventures" in the statements of profit or loss and other comprehensive income.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

e. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income FVTOCI

Financial instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. EIR is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating EIR, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayments, extensions call and similar options) but does not consider the expected credit losses. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The interest income based on EIR is included as interest income as a part of other income in the statements of profit or loss and other comprehensive income. The losses arising from impairment are recognised in profit or loss. A gain or loss on such financial asset which is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised. This category generally applies to trade and other receivables.

Financial instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- (a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- (b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income calculated using the EIR method, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

Financial instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is made only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss in respect of such assets that are not part of a hedging relationship. The gain /loss on assets measured at FVTPL are presented in the statement of comprehensive income within other gains/losses in the period in which it arises. Interest income from these financial assets is included in other income.

Equity investments

All equity investments are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination are classified as at FVTPL. For all other equity instruments, the Group may

make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an Instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with gain/loss presented in the statement of comprehensive income within other gains/losses in the period in which it arises.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a similar financial assets) is primarily derecognised (i.e. removed from the Group's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised. Similarly, where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

Impairment of financial assets

The Group recognises loss allowances on a forward-looking basis using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Lifetime ECL allowance is recognised for trade receivables with no significant financing component. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case they are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date is recognised in the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains/losses are not subsequently transferred to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of comprehensive income.

Financial liability at fair value through profit or loss also includes liabilities arising from forward contract/ call and put options for the purpose of non-controlling interests in subsidiaries and contingent liability acquired in a business combination. The fair value gain/loss arising on such liabilities is recognised in profit or loss.

Borrowings

After initial recognition, borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowing using the EIR method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Preference shares which are mandatorily redeemable are classified as liabilities. The dividends on these preference shares, to the extent such dividends are mandatorily payable, are recognised in profit or loss as finance costs.

The fair value of the liability portion of an optionally convertible debenture/ bond/ preference share or a zero-coupon debenture/ bond/ preference share or compulsorily convertible debenture where the price of conversion of the debenture into equity share is not fixed, is determined using a market rate of interest for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds is attributable to the equity portion of the compound financial instrument. This is recognised and included in shareholders' equity, net of income tax effects, and not subsequently remeasured.

When the terms of a financial liability are renegotiated and the entity issues equity instrument to a creditor to extinguish all or part of a liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instrument issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. Where there is a breach of a material provision of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other gains/ losses. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of comprehensive income as other gains/losses.

Reclassification of financial instruments

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines changes in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of

the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

f. Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

g. Current and deferred tax

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses and unused tax credits.

The current income tax is a charge calculated on the basis of tax laws enacted or substantially enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It established provisions where appropriate on the basis of amounts expected to be paid to tax authorities.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

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

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are netted off in the statement of financial position.

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position. Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items

recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Tax consolidation legislation

SIS Australia Holdings Pty Ltd and its wholly-owned Australian controlled entities are members of a consolidated group under the tax consolidation legislation.

The head entity SIS Australia Holdings Pty Ltd and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

h. Inventories

Inventories are valued at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. Cost includes custom duty, freight and other charges as applicable. The Group periodically reviews inventories to provide for diminution in the value of, and/or any unserviceable or obsolete, inventories.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Chemicals and consumables: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis or on weighted average method in respect of certain subsidiaries.
- Stores and Spares: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.

i. Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts (including cash credit facilities) as they are considered an integral part of the Group's cash management. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

j. Non-current assets held for sale/distribution to owners and discontinued operations

The Group classifies non-current assets and disposal groups as held for sale/distribution to owners if their carrying amounts will be recovered principally through a sale/distribution rather than through continuing use and sale is considered highly probable. Actions required to complete the sale/distribution should indicate that it is unlikely that significant changes to the sale/distribution will be made or that the decision to sell/distribute will be withdrawn and Management must be committed to the sale/distribution being completed within one year from the date of classification.

Non-current assets held for sale/for distribution to owners and disposals are measured at the lower of their carrying amount and the fair value less costs to sell/distribute except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement. Assets and liabilities classified as held for sale/distribution are presented separately in the statement of financial position.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell/distribute. A gain is recognised for any subsequent increases in fair value less costs to sell/ distribute an asset (or a disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of sale/ distribution of the non-current asset (or disposal group) is recognised on the date of derecognition.

Property, plant and equipment and intangible assets once classified as held for sale/distribution to owners are not depreciated or amortised.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statements of profit or loss and other comprehensive income.

k. Contributed equity

Equity shares are classified as equity.

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

l. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30-60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

m. Fair value measurement

The Group records certain financial assets and liabilities at fair value on a recurring basis. The Group determines fair value based on the price it would receive to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability.

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 1 hierarchy includes financial instruments measured using quoted prices. This includes listed equity instruments, bonds and debentures and mutual funds that have quoted price. The fair value of all financial instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs). If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities included in level 3.

Assets and liabilities are to be measured based on the following valuation techniques:

- (a) Market approach – Prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.
- (b) Income approach – Converting the future amounts based on market expectations to its present value using the discounting method.
- (c) Cost approach – Replacement cost method.

n. Provisions and contingent liabilities

Provisions

A provision is recognised when the Group has a present legal or a constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are recognised for legal claims and service warranties. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in provision due to the passage of time is recognised as an interest expense.

These are reviewed at each statement of financial position date and adjusted to reflect the current best estimates. In respect of losses that are covered by insurance, such losses are recognised as an expense when there is clear evidence or determination or probability that any portion of the loss is not expected to be settled through insurance or other forms of recovery.

Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle, or a reliable estimate of the amount cannot be made.

Liabilities recognised in a business combination

A contingent liability recognised in a business combination is initially measured at its fair value. Subsequently, it is measured at the higher of the amount that would be recognised in accordance with the requirements for provisions above or the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the requirements for revenue recognition.

o. Government grants

Grants from the Government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions.

Government grants relating to income are recognised in the statements of profit or loss and other comprehensive income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of related assets and presented within other income.

During the year, Platform 4 Group Limited, a subsidiary of the Group based in New Zealand, claimed the Covid-19 Wage subsidy under the New Zealand Government scheme and recognized the same as Income subject to the following criteria:

- (a) There is reasonable assurance that the entity complies with the conditions attaching to them and
- (b) The grants were received during the year

On the fulfilment of the above criteria, government grants were recognised in the Statement of comprehensive Income to match the related costs for which the grants are intended to compensate.

p. Revenue recognition

Revenue is measured at the fair value of consideration received or receivable. Amounts recognised as revenue are net of returns, trade allowances, discounts, rebates, deductions by customers, service tax, value added tax, goods and services tax and amounts collected on behalf of third parties. The Group also recognised a loss allowance for contract assets following the adoption of AASB 9 Financial Instruments. See Note 11 for further information.

Revenue is recognised when the control is transferred to the customer and when the Group has completed its performance obligations under the contract. Revenue is recognised in a manner that depicts the transfer of goods and services to customers at an amount that reflects the consideration the Group expects to be entitled to in exchange for those goods or services. Revenue is recognised as follows:

- (a) Revenue from services represents the amounts receivable for services rendered.
- (b) For non-contract-based business, revenue represents the value of goods delivered or services performed.
- (c) For contract-based business, revenue represents the sales value of work carried out for customers during the period. Such revenues are recognised in the accounting period in which the services are rendered.
- (d) Contract assets representing unbilled revenue net of expected deductions is recognised at the end of each period. Such contract assets are reversed in the subsequent period when an actual invoice is raised.
- (e) Contract Liabilities representing revenue billed but for which services have not yet been performed are included under Advances from customers. The same is released to the profit and loss account as and when the services are rendered and the control is transferred to the customer.

Sale of goods

Revenue from the sale of goods is recognised when the control of goods has been transferred, being when the products are delivered to the buyer, the buyer having the full discretion over the use of the goods and there is no unfulfilled obligation that could affect the buyer's acceptance of the product. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the buyer, and either the buyer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Discounts and rebates are estimated based on accumulated experience. Certain subsidiaries of the Group provide normal warranty provisions for general repairs for one year on all its products sold, in line with industry practice. A liability is recognised at the time the product is sold. Revenue is deferred and recognised on a straight line basis over the extended warranty period in the case warranty is provided to a customer for a period beyond one year.

Rendering of services

In contracts involving the rendering of services, revenue is measured using the proportionate completion method when no significant uncertainty exists regarding the amount of the consideration that will be derived from rendering the service. When the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Estimates of revenue, costs or extent of progress towards completion are revised if circumstances change. Any resulting increases or decreases in estimated revenue or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known to the management.

Multiple-element arrangements

When a sales arrangement contains multiple elements, such as services, material and maintenance, revenue for each element is determined based on each element's fair value.

Revenue recognition for delivered elements is limited to the amount that is not contingent on the future delivery of products or services, future performance obligations or subject to customer-specified return or refund privileges.

The undiscounted cash flows from the arrangement are periodically estimated and compared with the unamortised costs. If the unamortised costs exceed the undiscounted cash flow, a loss is recognised.

Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of comprehensive income.

Dividends

Dividend income from investments are recognised in the statements of profit or loss and other comprehensive income as other income when the Group's right to receive payments is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

q. Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

The consolidated financial statements of the Group are presented in Australian Dollars (AUD) which is also the Parent's functional currency.

Transactions in foreign currencies are initially recorded by the entities of the Group at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in statements of profit or loss and other comprehensive income with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation or a monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

On consolidation, the assets and liabilities of foreign operations are translated into AUD at the rate of exchange prevailing at the reporting date and their statements of profit or loss and other comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates prevailing at the dates of the transactions). The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedge of such investments, are recognised in other comprehensive income. When a foreign operation is sold, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

r. Employee benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and compensated absences expected to be settled within twelve months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to reporting date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as other payables and accruals.

Bonus

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually or legally obliged or where there is a past practice that has created a constructive obligation.

Compensated absences

The employees of the entities of the Group are entitled to compensated absences which are both accumulating and non-accumulating in nature. The employees can carry forward up to a specified portion of the unutilised accumulated compensated absences and utilise it in future periods or receive cash at retirement or termination of employment. The expected cost of accumulating compensated absences relating to long service leave is determined by actuarial valuation (using the projected unit credit method) based on the additional amount expected to be paid as a result of the unused entitlement that has accumulated at the reporting date. The expense on non-accumulating compensated absences is recognised in the statements of profit or loss and other comprehensive income in the year in which the absences occur. Actuarial gains / losses are immediately taken to the statements of profit or loss and other comprehensive income and are not deferred.

In respect of those employees who are entitled to an encashment of the leave at the end of every calendar year, a provision is created to account for the liability.

The obligations are presented as current liabilities in the statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

Post-employment obligations: Defined Contribution Plan

The Group's policy is to contribute on a defined contribution basis for eligible employees, to Employees' Superannuation Fund, Employees' Pension Scheme and Employees' State Insurance Scheme towards post-employment benefits, and has no further obligation beyond making its contribution which is expected in the year in which it pertains. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

s. Equity settled stock-based compensation

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The fair value of options granted under various Employee Share option plans is recognised as an employee benefit expense with a corresponding increase in equity.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in the profit or loss, with corresponding adjustment to equity.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions, if any, are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

t. Borrowing costs

Borrowing costs include interest, other costs incurred in connection with borrowing and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to the interest cost. General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a

substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are expensed in the period in which they are incurred.

u. Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

The Group leases various buildings and vehicles. Rental contracts are typically made for fixed years of three to six years but may have extension options as described below. Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Measurement and recognition of leases as a lessee

For any new contracts entered into on or after 1 April 2019, the Group considers whether a contract is or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration'. To apply this definition the Group assesses whether the contract meets three key evaluations which are whether:

- (i) the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- (ii) The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- (iii) The Group has the right to direct the use of the identified asset throughout the period of use.

The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- Amounts expected to be payable by the Group under residual value guarantees

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- Where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- Uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases, which does not have recent third party financing, and
- Makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

After initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Right-of-use assets are measured at cost comprising the following:

- The amount of the initial measurement of lease liability
- Any lease payments made at or before the commencement date less any lease incentives received
- Any initial direct costs, and
- Restoration costs.

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

Extension and termination options

Extension and termination options are included in several property leases across the Group. Most of the extension and termination options held are exercisable only by the Group and not by the respective lessor.

On the statement of financial position, right-of-use assets have been included in property, plant, and equipment (except those meeting the definition of investment property) and lease liabilities have been included in other current financial liabilities.

Short-term and low value leases

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture. The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

v. Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of its fair value less cost of disposal and its value-in-use. Value-in-use is the present value of future cash flows expected to be derived from the asset. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or group of assets (cash-generating units or CGU). Impairment occurs when the carrying amount of a CGU including the goodwill, exceeds the estimated recoverable amount of the CGU. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to the Group's CGUs expected to benefit from the synergies arising from the business combination. Total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU, pro-rata on the basis of the carrying amount of each asset in the CGU. An impairment loss on goodwill recognised in the statement of comprehensive income is not reversed in the subsequent period. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of impairment at the end of each reporting period.

w. Exceptional items

Significant items refer to items of income or expense within the statement of profit and loss from ordinary activities which are non-recurring and are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance of the Company.

x. Cash dividend and non-cash distribution to equity holders of the parent

The Group recognises a liability to make cash or non-cash distributions to equity holders of the Group when the distribution is authorised and the distribution is no longer at the discretion of the Group. A corresponding amount is recognised directly in equity.

y. Goods and services tax (GST)

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

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

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

z. Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Group are segregated.

2.5 New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time for their annual reporting period commencing 1 April 2022:

- AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities
- AASB 2020-2 Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities
- AASB 2020-8 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2 [AASB 4, AASB 7, AASB 9, AASB 16 & AASB 139]
- AASB 2020-9 Amendments to Australian Accounting Standards – Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments [AASB 1060].

Other than the new standards and amendments listed above, no other items were early adopted by the Group.

The Group adopted AASB 1060 General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities in the current year. Other than the change in disclosure requirements, the adoption of AASB 1060 has no significant impact on the consolidated financial statements because the Group previously complied with Australian Accounting Standards – Reduced Disclosure Requirements in preparing its consolidated financial statements.

The other amendments listed above also did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The full extent to which the coronavirus impacts the Group's operations will depend on future developments, which are inherently uncertain and cannot be predicted with confidence. Notwithstanding this, as of the date of these financial statements were authorised, the directors have concluded that there has not been a material adverse impact on the Group's financial position, results or cash flows for the year ended 31 March 2023, as a result of COVID-19.

3.1 Key estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Litigation provision

At reporting date, the Group assesses its litigation provision. Management is required to use estimates and assumptions in calculating the balance included within this provision.

(ii) Impairment

The Group assesses impairment at each reporting date by evaluating conditions specific to the company that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. There are no reasonably foreseeable changes in these key estimates which would have caused an impairment of these asset.

(iii) Estimation of fair values of contingent consideration in a business combination

The Group assesses the fair value of the contingent consideration in a business combination. Refer to note 29 and 31 to the financial statements for further details.

(iv) Impairment of financial assets

The Group assesses its principal financial assets, including trade and other receivables, and cash and cash equivalents that derive directly from its operations and loans, security and other deposits for impairment. Refer to note 36 – Risk management for further information.

4. Property, Plant and Equipment

Year ended 31 March 2022

Consolidated Group	Gross block					Depreciation				Net book value
	As at April 1, 2021	Acquired on Acquisition	Additions during the year	Sale and adjustments	As at March 31, 2022	Up to March 31, 2021	For the year	Sale and adjustments	Up to March 31, 2022	As at March 31, 2022
Description of Assets										
Right of Use Buildings	12,215	-	1,424	(185)	13,454	3,800	2,298	(119)	5,979	7,475
Plant & Machinery	3,517	-	782	(232)	4,067	2,810	581	(232)	3,159	908
Furniture & Fixture	3,714	-	74	-	3,788	2,269	363	(397)	2,235	1,553
Vehicles	11,314	292	1,576	(901)	12,281	4,381	2,437	(286)	6,532	5,749
Right of Use Vehicles	993	-	437	(108)	1,322	676	227	(91)	812	510
Computer Equipment	3,278	-	555	(40)	3,793	2,357	328	(40)	2,645	1,148
Right of Use Equipment	201	-	12	(213)	-	141	79	(220)	-	-
Capital work in progress	904	-	1,048	(1,544)	408	-	-	-	-	408
Grand Total	36,136	292	5,908	(3,223)	39,113	16,434	6,313	(1,385)	21,362	17,751

Year ended 31 March 2023

Consolidated Group	Gross block					Depreciation				Net book value
	As at April 1, 2022	Acquired on Acquisition	Additions during the year	Sale and adjustments	As at March 31, 2023	Up to March 31, 2022	For the year	Sale and adjustments	As at March 31, 2023	As at March 31, 2023
Description of Assets										
Right of Use Buildings	13,454	65	4,030	(736)	16,813	5,979	2,808	(526)	8,261	8,552
Plant & Machinery	4,067	649	922	(80)	5,558	3,159	655	70	3,884	1,674
Furniture & Fixture	3,788	583	643	18	5,032	2,235	440	186	2,861	2,171
Vehicles	12,281	345	3,725	(2,067)	14,284	6,532	2,765	(1,639)	7,658	6,626
Right of Use Vehicles	1,322	-	442	(1)	1,763	812	202	(1)	1,013	750
Computer Equipment	3,793	48	511	(44)	4,308	2,645	662	(29)	3,278	1,030
Right of Use Equipment	-	-	217	-	217	-	69	-	69	148
Capital work in progress	408	22	(162)	-	268	-	-	-	-	268
Grand Total	39,113	1,712	10,328	(2,910)	48,243	21,362	7,601	(1,939)	27,024	21,219

5. Other Intangible Assets

Year ended 31 March 2022

Consolidated group	Gross block						Amortisation				Net book value
	As at April 1, 2021	Acquired on Acquisition	Additions during the year	Sale and adjustments	Impairment during the year	As at March 31, 2022	Up to March 31, 2021	For the year	Sale and adjustments	Up to March 31, 2022	As at March 31, 2022
Goodwill	196,246	986	-	-	-	197,232	49,136	-	-	49,136	148,096
Computer Software	9,806	-	2,274	-	-	12,080	7,394	910	-	8,304	3,776
Customer Contracts	15,135	949	-	31	-	16,115	9,160	2,176	2	11,338	4,777
Brand name	31	-	-	-	-	31	-	-	-	-	31
Total	221,218	1,935	2,274	31	-	225,458	65,690	3,086	2	68,778	156,680
Intangible Assets under development											
Computer Software	-	-	-	-	-	-	-	-	-	-	-
Grand Total	221,218	1,935	2,274	31	-	225,458	65,690	3,086	2	68,778	156,680

Year ended 31 March 2023

Consolidated group	Gross block						Amortisation				Net book value
	As at April 1, 2022	Acquired on Acquisition	Additions during the year	Sale and adjustments	Impairment during the year	As at March 31, 2023	Up to March 31, 2022	For the year	Sale and adjustments	Up to March 31, 2023	As at March 31, 2023
Goodwill	197,232	456	-	-	-	197,688	49,136	-	-	49,136	148,552
Computer Software	12,080	-	170	-	-	12,250	8,304	1,141	-	9,445	2,805
Customer Contracts	16,115	4,384	131	20	-	20,650	11,338	1,523	(399)	12,462	8,188
Brand name	31	-	-	-	-	31	-	13	-	13	18
Total	225,458	4,840	301	20	-	230,619	68,778	2,677	(399)	71,056	159,563
Intangible Assets under development											
Computer Software	-	-	1,467	-	-	1,467	-	-	-	-	1,467
Grand Total	225,458	4,840	1,768	20	-	232,086	68,778	2,677	(399)	71,056	161,030

Impairment testing of goodwill and other intangibles with indefinite lives

The group recognised the following additions to goodwill during the year ended 31 March 2023

Particulars	31-Mar-23
Carrying value at the beginning of the year	197,232
Goodwill on acquisition of Safety Direct Solutions Australia Pty Ltd (Refer Note 31)	218
Goodwill on acquisition of business assets of PPPG Security (Refer note 32)	238
Carrying value at the end of the year	197,688

The following key assumptions were used for testing of impairment on goodwill and other intangibles

Particulars	Sales (% annual growth rate)	EBIT (%)	Long term growth rate (%)	Post-tax discount rate (%)
Southern Cross Protection Pty Ltd and its controlled entities	2.0%	4.05% to 6%	2%	9.29%
MSS Security Pty Ltd	2.3%	4.03%	2%	9.29%
MSS Strategic Medical and Rescue Pty Ltd	2.3%	2.07%	2%	9.29%
SIS Henderson Holdings Pte Ltd	18.4%	0.59% to 8.45%	2%	9.64%
Platform 4 Group Ltd and its controlled entities	2.0%	1% to 5.2%	2%	11.00%

6. Investments

	Consolidated		Parent entity	
	For the year ended 31 March 2023	31 March 2022	For the year ended 31 March 2023	31 March 2022
Non-current investments				
Investments in Equity Instruments				
Investments in associates/ joint ventures				
Unquoted equity shares (fully paid)				
49 equity shares (March 31, 2022: 49) each fully paid up in Habitat Security Pty Ltd	84	51	-	-
8,000,000 equity shares (March 31, 2022: 8,000,000) each fully paid up in Service Master Clean Limited	31,499	28,990	-	-
Total Investment in associates/ joint ventures	31,583	29,041	-	-
Investments in subsidiaries				
10,000 equity shares (March 31, 2022: 10,000) each fully paid up in SIS Group International Holdings Pty Ltd	-	-	10	10
15,000,000 equity shares (March 31, 2022: 15,000,000) each fully paid up in SIS Australia Group Pty Ltd	-	-	15,000	15,000
Total Investment in subsidiaries	-	-	15,010	15,010
Other Investments				
Investment in Bonds	13,627	13,180	-	-
Investments in preference shares in AMC Limited	3,459	3,459	-	-
Total other investments	17,086	16,639	-	-
Total non-current investments	48,669	45,680	15,010	15,010

7. Other Financial Assets

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Other non-current financial assets				
Security deposits	598	290	-	-
Other non-current financial assets	179	349	26	26
Total Other non-current financial assets	777	639	26	26
Other current financial assets				
Unbilled revenue	31,705	27,699	-	-
Interest accrued on investments	269	260	-	-
Security deposits	52	-	-	-
Advances to related parties	(401)	-	43	80
Total other current financial assets	31,625	27,958	43	80
Total financial assets	32,402	28,598	69	106

The amounts receivable from related parties are non-interest bearing and represent transactions made in the ordinary course of business.

8. Income Tax Assets, Liabilities and Expense

The balance in deferred tax assets (liabilities) comprises temporary differences

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Total deferred tax assets/(liabilities)	12,805	15,623	(11)	-

Reflected in the statement of financial position as follows

Particulars				
Deferred tax assets	20,873	21,980	-	-
Deferred tax liabilities*	(8,068)	(6,357)	(11)	-
Total deferred tax assets/(liabilities), Net	12,805	15,623	(11)	-

*Deferred tax liabilities also include liabilities amounting to \$497,398 pertaining to New Zealand tax jurisdiction

Reconciliation of Consolidated deferred tax assets (liabilities), net

	Property, plant and equipment	Intangible Assets	Employee Provisions	Accruals and other	Allowance for doubtful debts - trade receivables	Total
As at April 1, 2021	(4,074)	(873)	20,716	(1,517)	336	14,588
Tax income/(expense) during the period	582	1,526	778	(1,348)	(254)	1,284
Addition on business combination	-	(283)	-	-	-	(283)
Conversion of foreign currency balances	-	34	-	-	-	34
As at March 31 2022	(3,492)	404	21,494	(2,865)	82	15,623
Tax income/(expense) during the period	363	237	(641)	(2,056)	16	(2,081)
Addition on business combination	-	(1,424)	-	582	-	(842)
Conversion of foreign currency balances	-	106	-	-	-	106
As at March 31 2023	(3,129)	(677)	20,853	(4,339)	98	12,806

Deferred tax assets and liabilities above have been determined by applying the income tax rates applicable to respective entities in the group. Deferred tax assets and liabilities in relation to taxes payable by various entities/ under different tax basis have not been offset in the financial statements.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The major components of income tax expense for the years ended 31 March, 2023 and 31 March, 2022 are:

Reflected in the statement of financial position as follows:

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current income tax:				
Current income tax charge	5,829	13,361	(394)	(517)
Adjustments in respect of current income tax of previous years	(89)	-	-	-
Deferred tax:				
Decrease/(Increase) in deferred tax assets	2,081	(1,284)	12	-
Income tax expense/(benefit) reported in the income statement	7,821	12,077	(382)	(517)

Reconciliation of tax expense and the accounting profit multiplied by the tax rate for 31 March, 2023 and 31 March, 2022 are:

Particulars	31 March 2023		31 March 2022	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Accounting profit before tax from continuing operations	26,011	43,464	9,580	8,544
Tax at the Australian tax rate of 30.0% (2022 - 30%)	7,803	13,039	2,874	2,563
Tax effect of amount subject to New Zealand tax rate of 28% (2022 - 28%)	(2)	(20)	-	-
Tax effect of amount subject to Singapore tax rate of 17% (2022 - 17%)	303	295	-	-
Tax effect of amounts which are not deductible in calculating taxable income:				
Share of net profit of associates	(767)	(346)	-	-
Non-taxable dividends	7	18	-	-
Income not subject to tax (including grants)	(19)	-	-	-
Deferred tax asset not recognised on tax losses	367	-	-	-
Permanent differences	206	(915)	(3,256)	(3,080)
Overprovision in respect of prior year	(80)	-	-	-
Franking credits on dividend	2	6	-	-
Income tax expense/(benefit) reported in the income statement	7,820	12,077	(382)	(517)

9. Other Assets

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Other current assets				
Balances with related parties	-	52	514	1,107
Prepaid expenses	6,019	6,097	(17)	-
Other advances	433	13	-	-
Total other current assets	6,452	6,162	497	1,107

10. Inventory

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Stock-in-trade	-	4	-	-
Uniforms	41	37	-	-
Consumables	213	317	-	-
Total Inventories at the lower of cost or net realisable value	254	358	-	-

11. Trade Receivables

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Trade receivables	93,861	87,071	-	-
Less: Loss allowance	(501)	(258)	-	-
Trade receivables from related parties	87	77	-	-
Total trade receivables	93,447	86,890	-	-

12. Cash and cash equivalents

Cash and cash equivalents

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Balance with banks:				
On current accounts	88,645	83,142	7,536	1,850
Cash on hand	25	-	-	-
Total cash and cash equivalents	88,670	83,142	7,536	1,850
Other bank balances				
Balances with Banks - restricted balances	1,560	570	-	-
Total other bank balances	1,560	570	-	-

13. Equity Share Capital

a. Share capital

Particulars	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
	Shares	Shares	\$'000	\$'000
Ordinary Shares				
Fully Paid	501,000	501,000	4,000	4,000

b. Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Group in proportion to the number of, and amounts paid on, the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have a \$1 par value and the Group does not have a limited amount of authorised capital.

14. Other Equity

Particulars	Consolidated		Parent entity	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
Reserves and surplus				
Equity Contribution by Parent	239	239	-	-
Retained earnings	199,564	191,624	1,814	1,346
Total reserves and surplus	199,803	191,863	1,814	1,346
Foreign currency translation reserve	625	(4,075)	-	-
Total other equity	200,189	187,788	1,814	1,346

	Consolidated	Parent entity
Retained Earnings		
At April 1, 2021	170,521	830
Add: Net profit for the year	30,102	9,061
Add: Items of Other Comprehensive Income recognised directly in retained Earnings	322	-
Add: Appropriations		
Dividends	(9,000)	(8,544)
Other appropriations	(1)	(1)
Transfer from foreign currency translation reserve	(320)	-
At March 31, 2022	191,624	1,346
Add: Net profit for the year	17,232	9,962
Add: Items of Other Comprehensive Income recognised directly in retained Earnings	4,700	-
Add: Appropriations		
Dividends	(9,494)	(9,494)
Other appropriations	(142)	-
Transfer to foreign currency translation reserve	(4,700)	-
At March 31, 2023	199,504	1,814
Foreign currency translation reserve		
At April 1, 2021		
Translation reserve	(4,395)	-
Add: Foreign exchange gain on monetary items included in net investment in foreign operations	320	-
At March 31, 2022	(4,075)	-
Add: Foreign exchange gain on monetary items included	4,700	-
At March 31, 2023	625	-

Nature and purpose of Reserves

Share Options outstanding Account

The ultimate parent company has two share option schemes under which options to subscribe for the Parent's shares have been granted to certain executives and senior employees.

The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

The share options outstanding account is used to recognise the grant date fair value of options issued to employees under the Parent's employee share option plan. Refer to Note 13 for further details of these plans.

Foreign currency translation Reserve

Translation differences included in the foreign currency translation reserve arise as a result of translating the financial statement items from the functional currency into the presentational currency using the exchange rate at the balance sheet date, which differs from the rate in effect at the last measurement date of the respective item.

15. Borrowings

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Non-current Borrowings				
Term Loans				
From Banks	99,753	94,953	-	-
Vehicle Loan from various banks	4,001	3,367	-	-
Equipment Loan from Banks	-	93	-	-
Total non-current borrowings	103,754	98,413	-	-
Current Borrowings				
Term Loans				
From Banks	-	66	-	-
Vehicle Loan from various banks	413	663	-	-
Vehicle loans from others	1,400		-	-
Other loans	2,504	1,325	-	-
Total current borrowings	4,317	2,054	-	-

16. Trade Payables

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Current trade payables				
Trade payables	2,876	821	-	-
Total trade payables	2,876	821	-	-

Trade payables are non-interest bearing and are normally settled on credit terms ranging from 30-60 days which vary by vendor and type of service.

17. Other financial liabilities

Particulars	Consolidated		Parent entity	
	For the year ended		For the year ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
Non-current				
Liability towards put and call options to purchase non-controlling interests in a subsidiary (refer note 29)	957	-	-	-
Current				
Interest accrued but not due on borrowings	3,928	3,913	-	-
Employee benefits payable	129	113	-	-
Other payables and accruals	57,341	55,288	274	594
Total other current financial liabilities	61,398	59,314	274	594

18. Lease Liabilities

This note provides information for leases where the Group is a lessee.

Particulars	Consolidated		Parent entity	
	For the year ended		For the year ended	
	31 March	31 March	31 March	31 March
	2023	2022	2023	2022
Current	3,370	3,641	-	-
Non-current	7,844	6,729	-	-
Total lease liabilities	11,214	10,370	-	-

Undiscounted future lease payments in relation to lease liabilities as at period end are as follows:

Within one year	3,794
Later than one year but not later than five years	8,222
Later than five years	-
	12,017

19. Provisions

Consolidated

Particulars	IBNR	Leave liabilities	Others	Total
As at March 31, 2022				
Current	1,124	58,465	427	60,016
Non-current	-	8,538	150	8,688
Total	1,124	67,003	577	68,704
As at March 31, 2023				
Current	1,124	60,360	430	61,914
Non-current	-	7,859	357	8,216
Total	1,124	68,219	787	70,130

IBNR

The IBNR, which is the abbreviated form of incurred but not reported (IBNR), are the reserves for claims that become due with the occurrence of events but have not been reported yet. The sum of IBNR losses plus reported losses yields an estimate of the total eventual liabilities.

Movements in provisions

Particulars	IBNR	Leave liabilities	Others	Total
As at March 31, 2022	1,124	67,003	577	68,704
Amounts provided during the year	-	52,770	568	53,338
Amounts used during the year	-	(51,554)	(358)	(52,076)
As at March 31, 2023	1,124	68,219	787	70,130

20. Other Liabilities

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Other current liabilities				
Advances from related parties	-	-	19,013	13,331
Total other current liabilities	-	-	19,013	13,331

The amounts due to related parties are non-interest bearing and represent transactions made in the ordinary course of business. The balance is unsecured and payable on demand.

21. Revenue from operations

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Sale of products				
Revenue from sale of electronic security devices	491	3,876	-	-
Total sale of products	491	3,876	-	-
Rendering of services				
Security services				
From guarding and other security services	886,297	878,620	-	-
Total rendering of services	886,297	878,620	-	-
Revenue from operations	886,788	882,496	-	-
Time of revenue recognition				
At a point in time				
Sale of products	491	3,876	-	-
Total at a point in time	491	3,876	-	-
Over time				
Security services	886,297	878,620	-	-
Total over time	886,297	878,620	-	-
Revenue from operations	886,788	882,496	-	-

22. Other Income

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Interest income from banks	1,889	1,133	86	-
Dividends Received	-	-	11,015	10,200
Government grants	30	2,367		
Total	1,919	3,500	11,101	10,200

23. Other gain/(loss)

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2022	31 March 2021	31 March 2022	31 March 2021
Net gain on sale of property, plant and equipment	723	219	-	-
Foreign exchange gain/(loss)	512	(495)	-	-
Net gain/(loss) on financial liabilities measured at fair value through profit or loss	-	4,730	(a)	-
Total	1,235	4,454	-	-

Note (a) - Gain on Fair Value arising on acquisition of remaining shares in Platform 4 Group Ltd

Effective November 24, 2021, the Group acquired the remaining shares in Platform 4 Group Ltd (P4G), New Zealand under the put and call option in place as part of the share purchase agreement for a consideration of \$5,197,000. As a result of this transaction, the Group recognised a gain of \$4,730,471 based on the fair value of the liability as on the date of settlement compared to its carrying value. The gain has been recognised as Income in the statement of comprehensive income.

24. Employee Benefits

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Salaries, wages and bonus	578,528	523,473	490	882
Contribution to provident and other funds	41,899	37,130	31	39
Employee share-based payment expense	525	828	-	-
Staff welfare expenses	13,598	11,702	17	13
Total employee benefit expense	634,550	573,133	538	934

25. Finance Costs

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Interest on Lease Liability	691	582	-	-
Other borrowing costs	4,690	4,738	2	-
Finance costs expenses in profit or loss	5,381	5,320	2	-

26. Depreciation and Amortisation Expenses

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Depreciation on property, plant and equipment (Note 4)	7,601	6,313	-	-
Amortisation of intangible assets (Note 5)	2,677	3,086	-	-
Total depreciation and amortisation expenses	10,278	9,399	-	-

The above amounts include Depreciation on Right of use assets recognised under AASB 16 as below:

Particulars	Consolidated For the year ended	
	31 March 2023	31 March 2022
Right of use assets - Building	2,808	2,298
Right of use assets - Vehicles	202	227
Right of use assets - Equipment	69	79
	3,079	2,604

27. Other Expenses

Particulars	Consolidated For the year ended		Parent entity For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Training expenses	2,656	1,839	-	1
Uniform and kit items	2,406	2,562	-	-
Sub-contracting costs	171,900	227,049	-	-
Selling expenses	1,143	757	-	7
Administrative expenses:				
Travelling and conveyance	10,392	7,111	177	(2)
Postage and telephone	4,251	4,193	5	6
Rent	780	740	-	-
Rates & taxes	872	813	-	-
Insurance	1,972	1,908	-	-
Stationary & Printing	597	468	-	-
Repairs and maintenance:				
Buildings	261	206	-	-
Machinery	393	604	-	-
Vehicle expenses*	564	405	-	-
Consulting fees	583	694	161	162
Legal and professional fees	6,377	5,830	591	528
Bad and doubtful debts provided/written off	121	(7)	-	-
Bank charges	181	188	1	-
Other administration and general expenses	9,838	4,461	36	20
Total	215,287	259,821	981	722

*Vehicle expenses include expenses relating to short term leases.

Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

Particulars	Consolidated		Parent entity	
	For the year ended		For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
	\$	\$	\$	\$
(a) PricewaterhouseCoopers Australia				
(i) Audit and other assurance services				
Audit and review of financial statements	576,066	369,136	49,294	165,308
Other services	352,795	176,460	-	-
Total remuneration for audit and other services	928,861	545,596	49,294	165,308
(ii) Taxation services				
Tax	56,879	63,380	1,204	19,380
Other services	179,775	46,250	179,775	-
Total remuneration for taxation services	236,654	109,630	180,979	19,380
Total remuneration of PricewaterhouseCoopers Australia	1,165,515	655,226	230,273	184,688

(b) Other auditors

(i) Audit and other assurance services				
Audit and review of financial statements	-	213,943	-	-
Other services	-	10,478	-	-
Total remuneration for audit and other services	-	224,421	-	-

28. Distributions Made and Proposed

Particulars	Consolidated		Parent entity	
	For the year ended		For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Ordinary shares				
Total dividend paid or provided for	10,081	9,088	9,494	8,544

29. Commitments and Contingencies

a. Operating lease commitments – Group as lessee

From 1 April 2019, the Group has recognised right-of-use assets and a lease liability for these leases, except for short-term and low-value leases. See Note 2.4(v) for further information.

Rental expenses relating to short term and low value leases

Particulars				
Rental expenses relating to short term and low value leases	1,344	1,145	-	-

b. Commitment for purchase of non-controlling interests under a put and call option

Effective September 01, 2022, SIS Australia Group Pty Limited, a subsidiary of the Group, acquired 85% of the voting rights and shares in Safety Direct Solutions Pty Limited (SDS) by way of a purchase of shares. SDS as a result of the acquisition has become a subsidiary in the Group. Further, a deed of put and call option, executed on September 01, 2022 provides an option the Group to acquire the remaining voting rights and equity interests in SDS on or after June 30, 2024. The Group has recognized a liability of \$957,392 as at March 31, 2023 towards such call and put options.

c. Contingent liabilities

The Group had the following contingencies: Bank guarantees and surety bonds 31 March 2023: \$7,169,260 (31 March 2022: \$6,340,764).

30. Events Occurring After the Reporting Date

No matter or circumstance has occurred subsequent to reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

31. Business Combination – Safety Direct Solutions Pty Ltd

On 1 September 2022, SIS Australia Group Pty Limited, a subsidiary of the Group acquired 85% of the voting shares of Safety Direct Solutions Pty Limited (SDS), a non-listed company based in Australia and New Zealand specializing in providing critical risk, medical, training and security services to a diversified portfolio of customers comprising the defence, mining and resource sectors for cash consideration of \$4.95m AUD. The Group acquired SDS because of the continue building along with SMR the largest Paramedic business in Australia, and to increase the SIS Group's overall margin profile. The Group has put/call options to buy the remaining 15% of the shares of SDS on or before 30 June 2024.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Safety Direct Solutions Pty Ltd as at the date of acquisition were:

	Fair value recognised on AUD (\$)
Assets	
Property, plant and equipment	3,318,749
Cash and cash equivalents	109,590
Trade and other receivables	3,191,052
Deferred tax assets on Employee provisions	581,970
Current Tax assets	227,125
Other assets	1,762,786
Total assets	9,191,272
Liabilities	
Trade and other payables	253,313
Borrowings	1,395,263
Provisions	855,441
Other Liabilities	3,744,847
Total liabilities	6,248,864
Total identifiable net assets at fair value	2,942,408
Goodwill arising on acquisition (Note 5)	218,443
Acquired contracts on acquisition (Note 5)	2,719,299
Purchase consideration transferred	5,880,150
(b) Purchase consideration - cash outflow	
	AUD (\$)
Purchase consideration	
Amount settled in cash	4,945,401
Contingent consideration payable	934,749
Total consideration	5,880,150

Transaction costs of \$181,063 have been expensed and are included in other expenses.

32. Asset Acquisitions

During the year ended 31 March 2023, the Group acquired the assets of the following entities through its subsidiaries as below:

Particulars (amounts in \$)	Sentry Security	Fortitude Security	Protection Plus Security	Security One
Acquiring entity	Southern Cross Protection	Southern Cross Protection	Southern Cross Protection	Platform 4 Group
Effective date of acquisition	20 December 2022	1 February 2023	29 September 2022	15 August 2022
Nature of business	Patrols	Patrols	Cash-in transit	Monitoring
Fair value of consideration transferred				
Amount settled in cash	45,025	119,718	200,000	371,623
Deferred consideration	15,000	29,930	-	36,970
Total fair value of consideration	60,025	149,648	200,000	408,593
Identifiable net assets				
Property, plant and equipment	-	-	189,100	-
Employee entitlements	-	-	(82,899)	-
Lease liabilities	-	-	(170,200)	-
Customer contracts	85,750	213,782	36,687	566,966
Deferred Tax liability on above	(25,725)	(64,134)	(11,006)	(158,373)
Identifiable net assets	60,025	149,648	(38,318)	408,593
Goodwill on purchase	-	-	238,318	-

33. Group Information

Particulars	Country of Incorporation	Class of Shares	Equity Holding **	
			2023 %	2022 %
SIS Australia Group Pty Ltd	Australia	Ordinary	100	100
SIS Group International Holdings Pty Ltd	Australia	Ordinary	100	100
SIS Henderson Holdings Pte Ltd	Singapore	Ordinary	100	100
Henderson Security Pte Ltd	Singapore	Ordinary	100	100
Henderson Technology Pte Ltd	Singapore	Ordinary	100	100
SIS MSS Security Holdings Pty Ltd	Australia	Ordinary	100	100
MSS Strategic Medical and Rescue Pty Ltd	Australia	Ordinary	100	100
Platform 4 Group Ltd	New Zealand	Ordinary	100	100
Triton Security Services Ltd	New Zealand	Ordinary	100	100
MSS Security Pty Ltd	Australia	Ordinary	100	100
Australian Security Connections Pty Ltd	Australia	Ordinary	100	100
MSS AJG Pty Ltd**	Australia	Ordinary	-	100
Southern Cross Protection Pty Ltd	Australia	Ordinary	100	100
Charter Security Protective Services Pty Ltd	Australia	Ordinary	100	100
Askara Pty Ltd	Australia	Ordinary	100	100
Safety Direct Solutions Pty Ltd *	Australia	Ordinary	85	-
Safety Direct Solutions NZ Pty Ltd *	New Zealand	Ordinary	85	-

* The proportion of ownership interest is equal to the proportion of voting power held.

** The entities were de-registered during the current reporting period.

34. Interest in Other Entities

Particulars	Consolidated		Parent entity	
	For the year ended		For the year ended	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Carrying amount at the beginning of the financial year	29,041	27,946	-	-
Share of profits after income tax	2,567	1,153	-	-
Dividends received/receivable	(25)	(58)	-	-
Carrying amount at the end of the financial year	31,583	29,041	-	-

35. Related Party Transactions

Particulars		Joint Venture and Associates	Other Group companies	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
Consolidated						
Transactions during the year						
Investments made	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Sale of Investments	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Fixed Assets purchased/(sold)	Mar-23	-	-	-	790,459	790,459
	Mar-22	-	-	-	691,105	691,105
Other receivables and accruals paid	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Other payables and accruals received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Interest Received on Bonds; Debentures and loans	Mar-23	-	-	-	250,796	250,796
	Mar-22	-	-	-	192,474	192,474
Sub-contracting service charge (net) received	Mar-23	2,348,577	129,389	-	-	2,477,966
	Mar-22	1,781,403	46,293	-	18,945	1,846,641
Service charges / Expenses paid	Mar-23	-	-	-	2,354,512	2,354,512
	Mar-22	-	-	-	2,013,514	2,013,514
Service Charges / other Income received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Salary & remuneration paid	Mar-23	-	-	3,368,123	66,664	3,434,787
	Mar-22	-	-	3,525,755	60,000	3,585,755
Rent received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Rent paid	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Demerger of consultancy and investigation business	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Balances outstanding at end of the year						
Investment in shares	Mar-23	-	-	218,411	-	218,411
	Mar-22	-	-	302,127	-	302,127
Other payables and accruals	Mar-23	200,733	18,840	417,526	79,608	716,706
	Mar-22	201,448	22,074	630,743	62,362	916,627
Other receivables and accruals	Mar-23	31,021	-	-	-	31,021
	Mar-22	7,742	-	-	-	7,742
Bonds and Debentures	Mar-23	-	-	-	3,484,229	3,484,229
	Mar-22	-	-	-	3,263,277	3,263,277

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Notes to the consolidated financial statements
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All figures in \$'000

Particulars		Joint Venture	Associates	Key management personnel and their relatives	Enterprises owned or significantly influenced by group of individuals or their relatives who have control or significant influence over the Group companies	Total
Parent						
Transactions during the year						
Investments made	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Sale of Investments	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Fixed Assets purchased/(sold)	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Other receivables and accruals paid	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Other payables and accruals received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Interest Received on Bonds; Debentures and loans	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Sub-contracting service charge (net) received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Service charges / Expenses paid	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Service Charges / other Income received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Salary & remuneration paid	Mar-23	-	-	367,025	-	367,025
	Mar-22	-	-	182,437	-	182,437
Rent received	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Rent paid	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Demerger of consultancy and investigation business	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Balances outstanding at end of the year						
Investment in shares	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Other payables and accruals	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Other receivables and accruals	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-
Bonds and Debentures	Mar-23	-	-	-	-	-
	Mar-22	-	-	-	-	-

*amounts have been rounded to

Terms and conditions of transactions with related parties

Transactions relating to dividends paid, subscription for new equity shares were on the same terms and conditions that applied to other shareholders.

The sales to, and purchases from, related parties are made on normal commercial terms and conditions and at market rates. Outstanding balances at the year-end are unsecured and carry interest equivalent to market rate, where specified, in terms of the transactions and settlement occurs in cash. For the year ended March 31, 2023, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2022: AUD Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

There is no allowance account for impaired receivables in relation to any outstanding balances, and no expense has been recognised in respect of impaired receivables due from related parties.

36. Financial Risk Management

The Group's principal financial liabilities, comprise loans and borrowings, trade and other payables, and financial guarantee contracts. The main purpose of these financial liabilities is to finance the Group's operations and to provide guarantees to support the financing of the operations of its subsidiaries, joint ventures and associates. The Group's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations and loans, security and other deposits.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk mainly comprises currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, loans and deposits given, FVTOCI investments and derivative financial instruments.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates which arises from assets and liabilities denominated in currencies other than the functional currency of the respective entities and foreign currency revenue and cash flows. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a foreign currency) and the Group's net investments in foreign subsidiaries. The Group has limited foreign currency transactions and has limited exposure to foreign currency assets and liabilities resulting in the foreign currency risk being low.

The exchange rate between the Australian Dollar and foreign currencies has fluctuated in recent years and may continue to do so in the future. Consequently, the results of the Group's operations may be affected as the Australian Dollar appreciates/depreciates against these currencies.

The Group has no foreign currency denominated financial liabilities or assets. The Group has foreign currency denominated financial assets through an Indian Rupee denominated bond issued by its ultimate parent SIS Limited. The assets and liabilities as at March 31, 2023 and 31 March 2022 were as follows:

Particulars	INR Million	
	31 March 2023	31 March 2022
Other Financial Liabilities	-	-
Financial Assets (investments in bonds)	750	750

Interest rate risk

Interest rate risk primarily arises from floating rate borrowing, including various revolving and other lines of credit. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates arises on borrowings with floating interest rate which is not material.

The exposure of the Group's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	31 March 2023	31 March 2022
Variable rate borrowings:		
Cash credit	1,435	-
Loans	99,730	95,112
Fixed rate borrowings	6,905	5,355
Total borrowings	108,070	100,467

The Group's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

Particulars	31 March 2023	31 March 2022
Interest rates - increase by 25 basis points *	243	228
Interest rates - decrease by 25 basis points *	(243)	(228)

*Holding all other variables constant

Credit risk

Credit risk arises from the possibility that counterparties may not be able to settle their obligations as agreed resulting in a financial loss. The primary exposure to credit risk arises from Trade receivables and Unbilled revenue amounting to AUD 67.66 million and AUD 39.02 million respectively as at 31 March 2023 (AUD 47.54 million and AUD 38.19 million respectively as at 31 March 2022). These are unsecured and are managed by the Group through a system of periodically assessing the financial reliability of customers, taking into account the financial condition, current economic trends, and analysis of historical bad debts and ageing of accounts receivables. No single customer accounted for more than 10% of the accounts receivable as of 31 March 2023 and 31 March 2022, respectively and revenues for the year ended 31 March 2023 and 31 March 2022, respectively. There is no significant concentration of credit risk. The Group uses the expected credit loss ("ECL") method to assess the loss allowance for Trade receivables and Unbilled revenue taking into account primarily the historical trends and analysis of bad debts. The company does not expect any credit risk or impairment in respect of amounts lent to its subsidiaries, associates and joint ventures.

The credit risk for financial assets other than bank balances and trade receivables are considered low.

Significant estimates and judgements

Impairment of financial assets

The impairment provision for financial assets disclosed above are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history and existing market conditions. The Group estimates loss arising on trade receivables as a percentage of sales based on past trends and such loss is directly debited to revenue instead of creating a provision for impairment of receivables.

Impairment of financial assets

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Surplus funds are invested in bank fixed deposits or used to temporarily reduce the balance of cash credit accounts to optimize interest costs.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its obligations associated with financial liabilities. The Group consistently generates sufficient cash flows from operations and has access to multiple sources of funding to meet its financial obligations and maintain adequate liquidity for use.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, debentures, shareholder equity, and finance leases.

Approximately 4.98% of the Group's long term debt will mature in less than one year at 31 March 2023 (31 March 2022: 13.32%) based on the carrying value of borrowings reflected in the financial statements. The Group has assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and significant portion of short term debt maturing within 12 months can be rolled over with existing lenders. The Group believes that it has sufficient working capital and cash accruals to meet its business requirements and other obligations.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

SIS Australia Holdings Pty Ltd
Notes to the consolidated financial statements
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(continued)
All figures in \$'000

Year ended March 31, 2023

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	-	1,079	3,238	103,753	-	108,070
Other Financial Liabilities	-	57,613	2,991	-	-	60604
Leases	-	949	2,846	8,222	-	12,017
Contingent Consideration	-	-	957	-	-	957

Year ended March 31, 2022

Particulars	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Borrowings	66	497	1,491	98,413	-	100,467
Other Financial Liabilities	-	59,698	-	-	-	59,698
Leases	-	910	2,731	5,787	942	10,370
Contingent Consideration	-	-	-	-	-	-

There has been no default in servicing borrowings and/ or breaches in loan covenants.

The Group has the following financial assets which are subject to the impairment requirements. On assessment of the future cash flows arising from these assets, the Group believes that there is no provision required to be made for impairment losses on these assets.

Particulars	As at	
	31 March 2023	31 March 2022
Financial Assets:		
Investments in debentures or bonds	13,627	13,180
Trade receivables	93,447	86,890
Preference shares	3,459	3,459
Total	110,533	103,529

In the directors' opinion:

- (a) the financial statements and notes set out on pages 5 to 54 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards (Reduced disclosure requirements), the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Group's financial position as at 31 March 2023 and of their performance for the financial year ended on that date, and
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

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

Uday Singh
Director

Michael McKinnon
Director

Sydney
02 May 2023

**Independent auditor's report to the members of
SIS Australia Holdings Pty Ltd**

{The Auditor's report will be provided by your Auditor.}