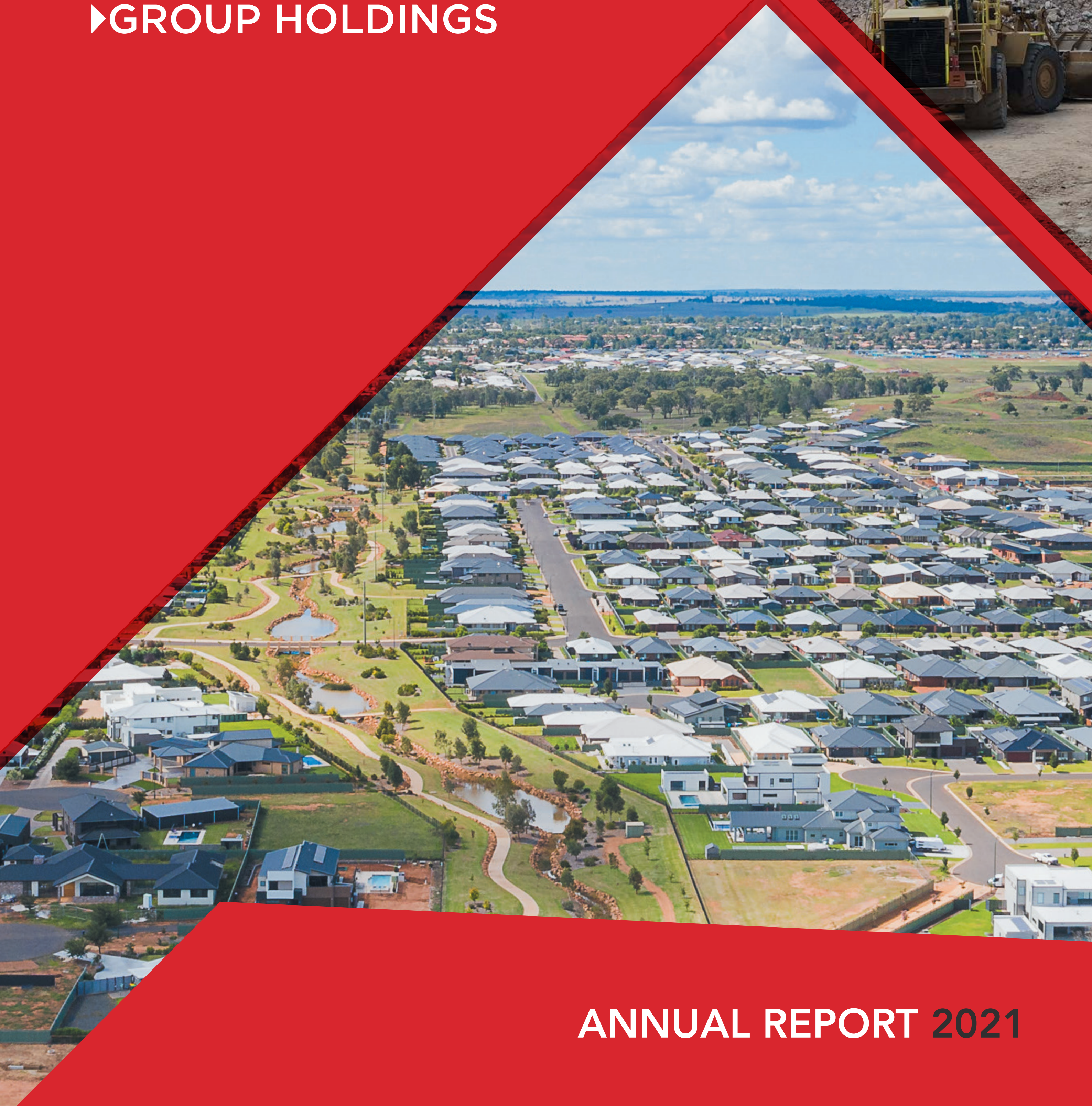
MAAS GROUP HOLDINGS



ANNUAL REPORT 2021

CONTENTS

ABOUT MAAS GROUP

Founded in 2002, MAAS Group is a leading independent Australian construction materials, equipment and services provider with diversified exposures across the civil, infrastructure, mining and real estate end markets.

With a diverse and experienced team of over 850 employees and a fleet of 400 plus machines, MAAS operates from multiple strategically placed offices throughout Australasia. Ensuring the highest standards of delivery are met on time, every time.

Based in Dubbo NSW, MAAS Group operates right across Australia, with a strong presence in regional areas and a growing international presence.

MAAS Group holds strong market positions in each of its complementary segments:

- Construction Materials
- Civil Construction and Hire
- Real Estate
- Manufacturing


MAAS GROUP
KingGee

OUR STRATEGIC FOCUS

The current significant pipeline of infrastructure construction is anticipated to provide opportunities for MAAS Group to leverage its strong market positions and vertically integrated business model to provide construction materials, equipment and services to a range of civil and infrastructure projects. Further, economic and population growth in regional NSW is expected to drive demand for affordable housing and services, providing opportunities for MAAS Group to develop existing and additional residential housing estates and commercial properties.

There are also global opportunities for MAAS Group to expand its product range and distribution reach for its mobile and electrical equipment in the specialised civil tunnelling and underground hard-rock mining markets. The Company has manufacturing facilities in Vietnam that supply underground mobile and electrical equipment to the civil tunnelling and underground hard-rock mining industries in Australia and globally.

Business Strengths

- MAAS Group is a significant independent competitor with strong regional market positions and diversified exposures across the civil, infrastructure, property and mining end markets.
- MAAS Group operates a vertically integrated business model, with a track record of capturing margin opportunities across the business cycle.
- MAAS Group employs a disciplined approach to the deployment of capital and managing assets, with a focus on achieving strong financial returns on investment.
- MAAS Group has undertaken significant historical investment in a portfolio of strategic quarry and property assets that do not currently generate earnings, but are anticipated to contribute to future shareholder value for MAAS Group.
- MAAS Group has a strong, stable, experienced and passionate management team.

KEY FACTS & FIGURES FY20/21

FINANCIAL HIGHLIGHTS

FY21 V FY20

Statistory Revenue +43.4%

$277.6m

Increase of 43.4% over the prior year

Proforma Revenue +26%[1]

$283.4m

Increase of 26% over prior year, strong pipeline for FY22 and beyond

Statutory NPAT 67.1%

$34.6m

Increase of 67.1% over the prior year

Proforma NPAT +22%[1,2]

$39.7m

Increase of 22% over prior year

Proforma operating cash[5]

$61.7m

81% operating cash conversion, tight management of working capital

Proforma Liquidity[6]

$170.0m

Strong liquidity position to fund next phase of growth Increase of approx. $86m over IPO pro forma liquidity

Proforma EBITDA +17%[1]

$75.9m

Strong performance in line with expectations, increase 17% over prior year

Proforma EBIT +20%[1]

$59.8m

Increase of 20% over prior year, EBIT to EBITDA conversion of 79%

Total tangible assets +27%[3]

$434.9m

Strong balance sheet, increase of $93m (27%) over prior year

Proforma Net Debt[4]

$47.5m

$30.4m lower than pro forma IPO balance sheet
0.6x pro forma EBITDA

1. Proforma Revenue, EBITDA, EBIT & NPAT are non-IFRS measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to those measures presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the performance of MGH.
2. Includes $0.1m of NPAT attributable to non controlling interest
3. Comparison to IPO proforma balance sheet
4. Includes committed funds from July 21 capital raise ($79.0m), excludes AASB16 rental property leases
5. Operating cash pre tax and interest
6. Includes committed funds from July 21 capital raise ($79.0m) and credit approved facility increase ($40.0m)

CHAIRMAN'S LETTER

September 2021

Dear fellow Shareholders,

It is my pleasure to reflect on MAAS Group Holdings Ltd's first year as a public company after listing on the Australian Stock Exchange on 4 December 2020.

The significant transition from a private company to the listed arena has been successfully executed by your management team. The ASX listing has been beneficial to all shareholders with strong share price growth since listing and we thank particularly those initial shareholders who supported our IPO raising and showed confidence in the Board, our executive management team and our business strategy.

Under Wes Maas' entrepreneurial leadership, the Company has continued to grow strongly in the past year through a combination of organic business growth, disciplined investment and acquisitions of complementary businesses, quarries, and real estate projects.

Our FY21 net profit after tax of $34.6m represented a 67.1% increase from the prior year result on the back of strong growth across all business segments.

In addition to the strong financial results, the group has invested further in its future growth with acquisitions completed during the year and subsequent to year end in the construction materials, civil and hire and property segments which will make significant contributions to earnings in future years.

The strong market fundamentals currently underpinning MAAS Group together with the significant investments already made in strategic quarry and property portfolios has the Group well placed to deliver strong earnings growth for FY22 and beyond.

MAAS Group is led by a strong, stable, experienced and passionate management team with a cohesive and high-performance culture and a relentless focus on creating value for shareholders. With the transition to the public environment and the acquisition and integration of a number of businesses since listing, a key focus of the management team has been maintaining the strong culture of the organization which has been built up over the past 19 years.

Whilst maintaining a safe working environment for our people is always our highest priority, sadly during the year we had a fatality at our West Wyalong Quarry operation. Our thoughts and support continue for the family, friends and colleagues of the deceased contractor.

During the year, efforts to reduce the risk of spreading the COVID-19 virus remained a priority, particularly given the current situation impacting regional and metropolitan NSW. To date we have had no confirmed transmission within our workplace.

As part of the preparation for the Company's IPO and ASX listing, myself and three other non-executive directors, Stewart Butel, Michael Medway and Neal O'Connor joined our Managing Director, Wes Maas on the Board. More recently, we announced the proposed appointment of David Keir to the Board and we look forward to the Company having the benefit of his extensive experience in the property sector as MAAS Group progresses its extensive portfolio of residential, commercial and industrial development projects.

I would like to thank my fellow Directors for their commitment and support throughout the year and congratulate our executive management team, led by Wes Maas, for adapting well to the rigours of running a publicly listed company and for delivering outstanding financial results and setting a solid platform for continued business growth.

All our staff, contractors and suppliers have contributed to MAAS Group's successful year and their efforts are also acknowledged and appreciated.

Finally, thank you to our shareholders, many of whom joined at the time of our IPO. Together we are building a great Australian business and I look forward to your continuing support and to reporting to you in 12 months time on another year of substantial achievement and growth.

Yours sincerely

Stephen Bizzell

Chairman – MAAS Group Holdings Limited

CEO'S REPORT

At MAAS, we have a reputation for doing what we say we are going to do.

It gives me great satisfaction to introduce our first annual report as a public company by saying thank you to our team who have done a great job throughout a busy and challenging year.

Their efforts have delivered not only excellent financial results and a strong continued investment in our core businesses, but we also have several exciting growth opportunities with an ongoing commitment to drive value for both our customers and our business.

This annual report highlights our achievements over the last year as we look to a future of continued growth for our company.

Financial results and capital investments

The business has performed well this financial year, achieving pro forma EBITDA of $75.9m. This is at the upper end of the guidance range we provided of $70-77m pro forma EBITDA.

Targeted capital investment in previous years has underpinned our ability to deliver our current year earnings and provided the foundations for future growth. We have continued to demonstrate a disciplined investment strategy in the current financial year and are well positioned to deliver on our strategy and fulfil our growth expectations. Some of these investments include, multiple additional quarry sites supplying the strong regional markets, established concrete plants in Rockhampton, Tamworth and Inverell and the commencement of development of concrete plants in Gunnedah and Dubbo, acquisition of an established regional civil and plant hire operator in Mudgee, as well as additional fleet and equipment to service the growth and to allow further expansion of operations.

We also invested in several new residential land banks both during the year and subsequent to year end in Dubbo, Tamworth, Lithgow, Griffith and Bathurst increasing our inventory to close to 6000 lots.

Our team has performed extremely well through the transition from private ownership to a public company. Our strategic plan provided stability and focus and we maintained our reputation of delivering on our commitments during that transition.

We have continued to invest in our people and have a mix of home-grown talent and new skills acquired through our acquisitions and recruitment programs. The MAAS management team has significant experience and they have embraced the challenges of assuming authority and responsibilities from the founding shareholders while working together to achieve our common goals and to collaborate effectively across the business wherever we can.

While MAAS is a diverse organisation with a broad geographic footprint, our guiding principles give us a shared culture. The benefits of vertical integration are only truly possible when our teams work together, sharing knowledge, effort and responsibility for deadlines and outcomes. We have an excellent track-record of productive relationships with our customers, government stakeholders and our community and continue to highlight reputation-building opportunities as important components in our strategic planning.

I am extremely proud and appreciative of the amazing work ethic right across the organisation. There is a genuine passion for the business, an entrepreneurial spirit, and a daily commitment to our safety, environment and quality obligations as non-negotiable.

Safety of our workforce will always remain our highest priority. Regrettably we had a fatality at out West Wyalong Quarry on 24 May 2021. This incident is one that will not be forgotten as it has had an enduring impact on the deceased contractor's family, friends, colleagues and our team.

MAAS operates a best-in-class safety monitoring and reporting system, with the overarching purpose of making sure everyone goes home safely to their family every day.

Nothing overrides the safety of our team, and every employee is empowered to stop operations and escalate issues if they consider something is not safe.

As the business grows, so too does the employment and career opportunities we can offer as an industry leader. Our ability to continue to attract, retain and engage committed and skilled employees is a critical future success factor, and we have a range of employee engagement and leadership development initiatives in place to support our aspiration to be an employer of choice in both regional and metropolitan markets.

We are constantly challenging ourselves to look at better and different ways of tackling every aspect of production and identifying growth opportunities. Constant improvement and growth is a part of our DNA. This applies not just to 'what's next?' but also to applying our existing knowledge and experiences to design stronger business models in each of our divisions.

In 2022 and beyond, we see many significant opportunities with the continued expansion of our quarry and concrete business in NSW and Queensland, and the growth of both our residential and commercial property business.

The substantial experience and expertise gained from the past provides us with a great foundation to drive this growth in the future.

My thanks to the Board of Directors for their guidance and support in this crucial year as we have taken our first steps as a public company.

To our shareholders, I assure you of my dedication to delivering returns that justify your continuing confidence.

Our goal in the years ahead is to leverage the MAAS culture of success and performance, while forging and executing new and exciting plans for the future.

Regards

Wes Maas
CEO

OUR PEOPLE & COMMUNITY

At MGH we are conscious of a sustainable future and focused on the long term. We believe that the best businesses deliver real and lasting benefits for not only their shareholders, but also for their workers and the broader community. Our business is underpinned by our people, and we are committed to delivering real results over the long term, respecting others and being a responsible corporate citizen.

OUR PEOPLE

MGH is a company founded on our core values of:

- Trust
- Teamwork
- Commitment to Customers
- Ownership
- Leadership
- Candour

These values are the cornerstone foundations of the MGH culture and of our commitment to our employees and our goal of being an employer of choice within both regional and metropolitan markets.

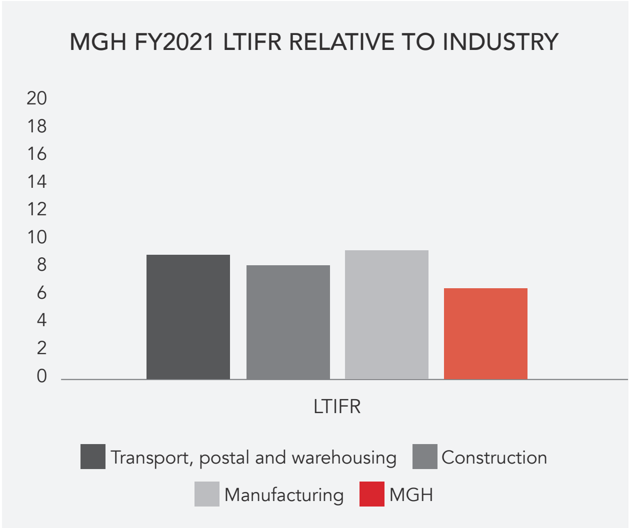
With an ever expanding workforce of currently over 850 staff, MGH recognises the importance of a motivated and united workforce in successfully delivering its objectives and that our people and culture underpin our continued growth. We continuously invest in our people through personal development and training and are committed to help them reach their objectives and fulfill their potential. We also pride ourselves in "developing our own" through the recruitment and training of apprentices.

OUR SAFETY

Our most important asset are our people, and we believe all workers should return home safely at the end of the day. Safety of our workforce will always remain our highest priority. This belief drives a strong commitment to the health, safety and wellbeing of our workers which is supported by our work, health and safety ("WHS") management systems and practices which are wide-ranging and tailored to the risk profile of each business unit. Business units maintain accredited WHS management systems. Our WHS management systems are underpinned by effective consultation and risk management protocols that aim to protect workers from harm, ensure legislative compliance and secure safety standards. We understand that genuine consultation results in empowered workers who take ownership and provide innovation solutions to uphold WHS standards. Likewise, ongoing communication facilitates engaged and accountable leadership which creates trust and a positive safety culture within the workforce. MGH risk management strategies focus on hazard mitigation and aim to deliver a targeted, risk-based approach to prioritise areas of greatest risk.

The key elements of the MGH WHS management system are commitment, planning and design, implementation and integration, measurement, evaluation and ongoing refinement. MGH WHS management system:

- is continuously improving;
- uses feedback to manage and improve safety related outcomes;
- builds on existing health and safety processes;
- integrates with other management systems;
- provides for more informed decision making; and
- strengthens corporate culture and demonstrates due diligence.



Notes: industry figures based on Safe Work Australia: Australian Workers' Compensation Statistics 2018-19, published Jan 2021 (most recent statistics available). Safe Work Australia's and MGH LTIFR based on workers compensation claims for injuries that resulted in 5 days or more of lost time from work. MGH LTIFR [5.6] is a rolling figure from 1 July 2020 – 30 June 2021.

OUR PEOPLE & COMMUNITY

OUR COMMUNITY

MGH builds and maintains strong community relationships, and engages openly and constructively with community stakeholders to share information, hear concerns and solve problems.

Our people are local people, and we believe our projects should contribute to the social, environmental and economic future of our community. We also choose to play an active role in our local communities, supporting events, clubs and the people who need it most. We proudly support the Clontarf Foundation, which aims to improve the education, life skills and self-esteem and hence employment prospects of young Aboriginal and Torres Strait Islander men, the annual Give Me 5 for Kids campaign to raise funds for Dubbo Children's Hospital as well as the Dubbo and District Junior Rugby League and the Dubbo based Titan Macquarie Mud Run which raises funds for the local community, assisting and promoting an active lifestyle.

COVID-19 pandemic

MGH operates throughout Australia, but predominantly in the state of NSW. NSW is currently subject to lockdown restrictions associated with managing the outbreak of COVID-19, but MGH operates a business which the NSW Government has classified as an essential service, exempt from the lockdown and shutdown of services. In line with the NSW Government exemption, MGH continues to operate using COVID safe plans across all its sites in NSW. For all of its operations throughout Australia and Asia, MGH has adopted best practice COVID safety measures, maintaining strict health protocols in line with the relevant government rules and regulations.

MGH continues to follow the advice of the relevant government authorities, continually reviewing COVID safe practices to ensure they remain as effective as possible and regularly communicating with our staff. These measures help keep our employees safe and prevent the spread of the virus.

Titan Macquarie Mud Run

OUR ENVIRONMENT

MGH is committed to managing its environmental footprint in a responsible manner and minimise its impact on the environment. Our businesses are governed by numerous pieces of legislation which mandate various environmental management practices. We have established an environmental management framework to ensure environmental obligations are identified and management strategies implemented across operations from planning through to operational stages. The processes we undertake, and which form part of our environmental management framework include:

- ensuring environmental management is part of our decision-making process;
- assigning accountability for environmental performance to individuals within the business;
- engaging with all stakeholders (clients, communities, competitors and regulators) to foster a culture of continual environmental improvement; and
- using appropriate controls to mitigate environmental impacts and promote sustainable use of resources.

In addition to adopting environmentally responsible business practices in relation to its operations, MGH undertakes many initiatives which contribute to minimising the environmental impact for both its operations and the community. Examples of this include:

- construction of residential dwellings in accordance with the Buildings Sustainability Index (BASIX). Our housing designs take into account the thermal comfort of the dwelling and incorporate water harvesting through the use of rainwater tanks. Additionally MGH offers customers the choice of incorporating alternative energy solutions through the use of solar;
- civil construction utilises water management initiatives including the harvesting and recycling of water which is used in dust suppression;
- Central Queensland Quarry recycles fly ash (by-product of burning coal) and uses this in the manufacture of concrete. Fly ash utilisation, especially in concrete, has significant environmental benefits including the life of concrete roads and structures due to improved concrete durability, net reduction in energy use, greenhouse gas and other adverse air emissions when fly ash is used to replace or displace cement powder, reduction of coal by products used in landfill and improved water efficiency in concrete mixing process.
- Operations in Vietnam focus on recycling and reuse of scrap metal, paper and oil. During the reporting period, we reused over 142 tonnes of metal, 3 tonnes of paper and 3 kilolitres of oil.

CORPORATE GOVERNANCE

The Group has adopted the ASX Corporate Governance Principles and Recommendations (4th edition) ("ASX Recommendations") to the extent appropriate for the size, nature and maturity of the Group's operations. The Group has prepared a statement which sets out the corporate governance practices that were in operation during the year and has identified any of the ASX Recommendations which have not been followed, and where appropriate, providing reasons for not following the ASX Recommendations. The Group's Corporate Governance Statement and policies are available on our website at: https: //investors.maasgroup.com.au/investor-centre/?page=corporate-governance

CONSTRUCTION MATERIALS

The Construction Materials segment supplies quarry materials, aggregates, premix concrete, precast concrete and crushing and screening services to the civil infrastructure, building and construction, and mining sectors. Quarry materials include aggregates, rail ballast, drainage rock, manufactured sand, natural sand and specialty stone and rock. Quarry materials are used in, and typically account for, a significant proportion of concrete and asphalt production by volume, are commonly utilised as base materials underlying foundations for earthworks, roads, rail and other infrastructure, and are also used in landscaping and various other applications. Crushing and screening services involve the utilisation of specialised plant and equipment to crush both owned and third-party resources such as quarry rock and gravel to suit the specific size requirements of customers for various applications.

OUTLOOK

- Well positioned for continued growth, with product volumes expected to more than double over the next 12 months
- Completed acquisitions include Amcor Quarries and Concrete in Rockhampton QLD, Willow Tree Gravels (south of Tamworth), Inverell Aggregates and Concrete, Redimix Concrete in Tamworth and a greenfield concrete site in Gunnedah
- With the acquisition of 3 quarries, we now have 14 of our 23 quarries in operation with development and planning of the new quarries progressing well
- Inland Rail contract commenced in August 2021
- Pre-mix concrete rollout underway with Rockhampton, Tamworth, Inverell in operation, Dubbo and Gunnedah under construction and multiple mobile batch plants in operation on various projects
- Macquarie Geotech and drilling arm on track to deliver growth over the next 12 months
- Small contribution from precast concrete to come in FY22 with significant ramp up expected in FY23
- Crushing and screening expansion as new plant and equipment deployed
- Further vertical integration within this segment with the increased trucking fleet, drill and blast fleet
- Further synergies to be realised over the coming period

CIVIL CONSTRUCTION AND HIRE

Civil Construction and Hire provides construction and above ground plant hire services to major civil and infrastructure projects in Australia, electrical infrastructure works to projects in NSW, WA and QLD, and underground electrical equipment to civil tunnelling and underground hard-rock mining projects. Services and plant and equipment are provided to various stages of implementation of large and small civil infrastructure projects, mining construction projects, mining production activities, and general building and construction works.

OUTLOOK

- Strong forward workbook for FY22 for Civil, Plant Hire and Electrical
- Approx 70% of work in hand for the FY22 budget
- Additionally, FY22 growth will be further assisted by recent acquisition of A1 Earthworx, NSW and Amcor Excavations, QLD
- Several significant contract wins including plant hire contracts with FGJV, Snowy Hydro and CPB, Atlas Mine Civils and Kidston Hydro
- Strong second-hand machine sales supporting the MAAS business model of recycling plant and capital
- Outlook very strong for the next 3-5 years with the significant infrastructure rollout
- MAAS has a very strong offering and is very well positioned to take advantage of the opportunities
- We expect to see this segment continue to grow

BUSINESS SEGMENTS

REAL ESTATE

The Real Estate segment undertakes residential, commercial and industrial property developments in NSW, with a primary focus on key regional areas including Dubbo, Orange, Tamworth and Mudgee with recently acquired residential sites in Griffith, Bathurst and Lithgow. Acquisitions increase the diversity of the residential segment through exposure to new geographical areas and economies, and further product diversity. Strategically targeted acquisitions in high demand major growth centres leverage MGH's vertically integrated business. These acquisitions expand the existing pipeline to close to 6,000 residential lots, with growth in medium density and retirement living projects.

OUTLOOK

RESIDENTIAL

- On track to deliver significant growth into FY22 and beyond as we bring on new properties in new locations
- Building our downstream vertical integration and building capacity with the addition of new commercial and home construction businesses growing our capability
- Establishment of new business units within segments
  - Build to rent
  - Retirement Living operating under the land lease model Manufactured Homes Estate to be delivered

COMMERCIAL

- Commercial portfolio tracking well as per plan
- Significant annuity income streams to begin to come online and will grow as the portfolio is delivered
- Identification of target markets within MAAS Commercial portfolio
  - Self-storage
  - Industrial
  - Serviced apartments
  - Non-discretionary retail including childcare
- Significant growth expected in FY22 and beyond

MANUFACTURING

The Manufacturing segment specialises in the manufacture and sale of machines and spare parts to the underground hard-rock mining and civil tunnelling industries. With growth in manufacturing expertise and product sales through Jacon and VMS, opportunities increase to build under license for the OEMs and exposure to significant infrastructure pipeline, including major tunnel projects throughout Australia and internationally

The primary markets that VMS services includes Australia, Indonesia, Mongolia, South America and India.

Product range to date includes:

- Underground/tunnelling Shotcrete machines and Agitator trucks
- Skid mounted sub-stations for mining and tunnelling
- Electric boxes and panels for mining and tunnelling
- After-market spare parts for a wide range of mining and tunnelling machinery
- High volume fabricated items
- Water tanks for construction equipment
- Loader buckets and excavator attachments

OUTLOOK

- Fundamentals of this business unit remain solid
- Toll Manufacturing represents growth opportunity which is currently constrained through COVID-19 issues
- No additional capex requirements for Vietnam manufacturing facility with ability to significantly increase capacity

MAAS DIRECTORS

WES MAAS

CHIEF EXECUTIVE OFFICER AND MANAGING DIRECTOR

- Wes Maas is the Founder and has been actively involved in the business since its inception. He has been instrumental in developing MAAS Group into the leading independent construction materials, equipment, services and property provider it is today.
- Wes brings over 19 years of experience in the construction and services industries to MAAS Group.
- Mr Maas has been responsible for ingraining the values and creating the culture of the MAAS Group that underpins its strong identity.

STEPHEN BIZZELL

NON-EXECUTIVE CHAIRMAN

- Stephen was appointed to the Board as part of the IPO of MAAS Group.
- He brings over 25 years of experience in the mining, energy, and financial services sectors.
- Stephen is chairman of BCP and is also a director of Armour Energy Ltd (ASX: AJQ);Laneway Resources Ltd (ASX: LNY); Renascor Resources Ltd (ASX: RNU) and Strike Energy Ltd (ASX: STX).
- Stephen is a former director of Queensland Treasury Corporation, is currently a board trustee of Brisbane Grammar School and a member of the Queensland Advisory Board for Starlight Children's Foundation.
- Stephen has extensive governance experience having served as a director or chairman of 14 ASX listed companies and was previously an executive director of Arrow Energy for 12 years until its takeover in 2010, a co-founder and director of Bow Energy until its takeover in 2012 and a co-founder and director of Stanmore Coal until its takeover in 2020.
- He holds a Bachelor of Commerce from The University of Queensland.

STEWART BUTEL

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Stewart was appointed to the Board as part of the IPO of MAAS Group
- Stewart has more than 40 years of experience in management and board roles in the resource industry in New South Wales, Queensland and Western Australia.
- Stewart joined Wesfarmers Limited in 2000 and was managing director of Wesfarmers Resources between 2006 and 2016.
- Stewart is a past director of a number of ASX listed and unlisted companies including Duet Group Ltd (ASX: DUE), Gladstone Ports Corporation, RPM Global Ltd (ASX: RUL), and was past Chairman of Stanmore Coal Ltd (ASX: SMR).
- He is past President of the Queensland Resources Council, served on the board of the Minerals Council of Australia and other resource industry bodies.
- Stewart holds a Bachelor of Science (Geology) and has professional qualifications in mining and business, and has completed the Advanced Management Program at Harvard Business School.

NEAL O'CONNOR

INDEPENDENT NON-EXECUTIVE DIRECTOR

- Neal was appointed to the Board as part of the IPO of the MAAS Group.
- Neal has over 30 years of experience in law as well as extensive experience in the resource industry and brings an added focus on corporate governance and risk management to the Board.
- Neal is currently a non-executive director of Mitchell Services Ltd (ASX:MSV) and acts as a consultant to Carter Newell Lawyers.
- Neal is a former director of Stanmore Coal Ltd (ASX:SMR) and was previously General Counsel, Company Secretary and an Executive Committee Member of Xstrata Holdings Pty Ltd and Xstrata Queensland Limited.
- Neal is a Solicitor of the Supreme Court of Queensland, Solicitor of the High Court of Australia, Solicitor of the High Court of England and Wales, and a member of the Australian Institute of Company Directors.

MICHAEL MEDWAY

NON-EXECUTIVE DIRECTOR

- Michael has worked in the professional accounting industry for almost 30 years in. He has been a Chartered Accountant for over 20 years and his background has seen him work across various firms in Sydney and Regional NSW.
- As the principal of Lincoln Partners Dubbo and later a director of Lincoln Partners Pty Ltd, Michael has acted as the external accountant for Wes Maas and his companies since 2002 and MAAS Group upon its formation. Michael retired from Lincoln Partners Pty Ltd in June 2020 and was subsequently appointed to the Board.
- Michael holds a Bachelor of Business (Accountancy) from The University of Technology, Sydney

DAVID KEIR

PROPOSED INDEPENDENT NON-EXECUTIVE DIRECTOR

- David is proposed to be appointed to the MGH Board of Directors as an independent non-executive Director with his appointment to take effect at such time as customary on-boarding processes for new directors are completed.
- David is a highly experienced executive with over 30 years of experience in the property industry
- He is currently the Chief Development Officer for the Port of Brisbane, overseeing the planning, development and ongoing portfolio management of a diverse property portfolio, consisting of a range of land uses which include industrial, transport operations, marine infrastructure, retail/commercial, and environmental buffer areas.
- David holds a Bachelor of Applied Science, Built Environment from Queensland University of Technology, Graduate Diplomas in Project Management and Urban and Regional Planning and has completed the Executive Management Program at Wharton Business School, University of Pennsylvania.

EXECUTIVE TEAM

WES MAAS

MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (CEO)

Wes was 22 when he launched the business which started out with one Bobcat and a tipper truck. He has grown the business to incorporate a highly successful plant hire operation with a fleet of 400 plus machines, bulk earthworks, civil construction, quarry business and also a crushing and screening contract hire, along with a residential and commercial property division. Wes is now supported by a team of dedicated staff with the same vision and a very strong culture, all who endeavour to continue to grow the business.

CRAIG BELLAMY

COMPANY SECRETARY AND CHIEF FINANCIAL OFFICER (CFO)

Craig joined MAAS Group in May 2019 as Chief Financial Officer and is responsible for all financial aspects of the Group including accounting, treasury, budgeting and tax. Craig has over 25 years of experience and has previously held executive roles including Chief Executive Officer and Chief Financial Officer for ASX Listed Entities Devine Limited and Unity Pacific Group Limited (formerly Trinity Group Limited). Craig holds a Bachelor of Business (Accountancy) and is a Chartered Accountant.

TANYA GALE

GENERAL MANAGER OF CORPORATE FINANCE

Tanya joined MAAS Group in July 2019 with over 20 years of experience in the property and construction sector and a track record in preparation and execution of IPO's, acquisitions and post transaction integration. Tanya has strong FP&A, financial management and accounting skills developed from a broad base of experience in large corporations, mid-size subsidiaries and start-ups.

ANDY LETFALLAH

CHIEF OPERATING OFFICER (COO)

Andy joined Maas Group in 2019 with the objective of delivering scalable profitable growth and operational excellence specifically focused on MGH Integration roadmap. Andy has over 20 years in leadership roles across sales, operations, and finance teams, with an esteemed career carved out across various divisions of Brambles Ltd (ASX: BXB) IMPACT program and Iron Mountain (NYSE: IRM) integration of Recall (ASX: REC). Andy is a Six Sigma Black Belt, and holds a Bachelor of Commerce Degree with majors in Marketing, Management and Human Resources and a Masters of Business Administration (MBAx) with a major in Technology from the University of NSW Business School, AGSM.


REGIONAL
QUARRIES


REGIONAL
QUARRIES
REGIONAL
QUARRIES
1800 GRAVEL

DIRECTORS' REPORT

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of MAAS Group Holdings Limited (referred to hereafter as the 'company' or 'parent entity' or 'MGH') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

Directors

The following persons were directors of MAAS Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Stephen G Bizzell - Chairman (appointed 21 October 2020)

Wesley J Maas - Managing Director and Chief Executive Officer

Stewart A Butel (appointed 6 November 2020)

Neal M O'Connor (appointed 6 November 2020)

Michael J Medway (appointed 21 October 2020)

Craig G Bellamy (resigned 21 October 2020)

Damien J Porter (resigned 21 October 2020)

Principal activities

During the financial year the principal activities of the consolidated entity consisted of:

- Real estate
- Civil, construction and hire
- Manufacturing
- Construction materials

The Real Estate activities of the consolidated entity for the year consisted of residential development, housing construction and Commercial Development in Regional New South Wales.

The Civil, Construction and Hire activities of the consolidated entity for the year consisted of Civil, Construction and Hire of above ground, underground and specialised electrical equipment, electrical services and machinery sales within Australia.

The Manufacturing activities of the consolidated entity for the year consisted of the manufacture of equipment and the sale of equipment and spare parts. The consolidated entity conducted its operations from Australia, Vietnam and Indonesia with sales to multiple global jurisdictions.

The Construction Materials activities of the consolidated entity for the year consisted of the operation of fixed and mobile plant quarries, crushing services, concrete transport services and geotechnical services within Australia.

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Interim dividend for the year ended 30 June 2021 of 2 cents per ordinary share	5,298,915	–

A final dividend of 3 cents per ordinary share was declared subsequent to year end.

Review of operations and financial position

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $34,569,427 (30 June 2020: $20,693,573).

The consolidated entity enjoyed a strong result for the year ended 30 June 2021 through increased performance from all operating segments. The FY21 EBITDA for the consolidated entity increased by 34.4% compared to the prior year whilst the FY21 Adjusted EBITDA for the consolidated entity increased by 39.8% from the prior year. Further details in relation to the statutory and adjusted statutory EBITDA are below.

The financial position of the consolidated entity improved during FY21 with Total Assets increasing by 35% to $489.2m (FY20: $362.2m) and net assets increasing by 157.5% to $254.4m (FY20: $98.8m).

The increased financial position of the consolidated entity was driven by an Initial Public Offering (IPO) for the company to list on the Australian Securities Exchange (ASX) which resulted in the company listing on the ASX in December 2020. As a result of the IPO, the issued capital of the consolidated entity increased by approximately $126m with funds subsequently used both in operations and to acquire a number of businesses and assets.

DIRECTORS' REPORT

Reconciliation of profit before income tax to EBITDA and Adjusted EBITDA (unaudited):

	CONSOLIDATED	
	2021	2020
	$	$
Profit before income tax expense	47,240,551	29,941,060
Depreciation and amortisation	15,705,939	13,711,770
Interest revenue	(15,704)	(113,394)
Finance costs	7,494,933	8,852,492
EBITDA	**70,425,719**	**52,391,928**
Gain on contingent and deferred consideration	-	(1,040,524)
Gain from bargain purchase in a business combination	-	(1,194,898)
Transaction costs in connection with the IPO and preparation towards IPO	1,752,510	1,310,454
Transaction costs relating to business combinations	1,080,462	562,998
Stamp duty expensed on acquisitions	213,550	787,534
Other non-recurring expenses	342,200	-
Adjusted EBITDA	**73,814,441**	**52,817,492**

Reconciliation of Adjusted EBITDA to Proforma EBITDA (unaudited):

	CONSOLIDATED	
	2021	2020
	$	$
Adjusted EBITDA	73,814,441	52,817,492
Pre-acquisition EBITDA	1,626,114	6,912,040
Share-based payment expense (relating to business combination)	351,636	-
Alignment of corporate costs	-	(1,109,267)
Other non-operating expenses	114,675	6,035,301
Proforma EBITDA	**75,906,866**	**64,655,566**

EBITDA, adjusted EBITDA and proforma EBITDA are non-IFRS earnings measures which do not have any standardised meaning prescribed by IFRS and therefore may not be comparable to EBITDA presented by other companies. These measures, which are unaudited, are important to management as an additional way to evaluate the consolidated entity's performance.

Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events. It also excludes bargain purchases from business combinations. Interest income and finance costs have been allocated to segments, however going forward this type of activity will be driven by a central treasury function and will therefore not be allocated to segments. Refer to segment note 4 to the financial statements for further details of the consolidated entity's results which have been broken down to 4 segments: (1) Real Estate; (2) Civil, Construction and Hire; (3) Manufacturing; and (4) Construction Materials.

Proforma EBITDA is adjusted for the pre-acquisition earnings of business combinations and non-operational items during the year.

As noted above, each of the operating segments enjoyed increased performance in FY21 compared to the prior year which is summarised by segment below.

The Real Estate segment increased adjusted EBITDA by 43.4% to $21.9m for the year (FY20: $15.2m) through a combination of improved performance from both the residential and commercial real estate divisions. Residential settlements for FY21 were 230 settlements as compared to 125 settlements in FY20. This combined with fair value adjustments of $9.3m (FY20: $7.1m) of the Commercial Property division underpinned the strong result for the segment.

The Civil, Construction and Hire segment saw an increase in adjusted EBITDA to $36.5m (FY20: $30.3m) representing an increase of 20.5%. Each of the business units comprising the segment performed in accordance with expectations with market conditions continuing to strengthen into FY22.

The Manufacturing segment increased adjusted EBITDA to $4.8m (FY20: $2.0m) representing an increase of 140%. The result was largely driven through a combination of improved performance from the Jacon business with increased sales of machines and spare parts.

DIRECTORS' REPORT

The Construction Materials segment increased adjusted EBITDA to $13.4m (FY20: $10.9m) representing an increase of 22.93%. The result was achieved despite higher than expected rainfall for the year and the delay to the commencement date of some projects including Inland Rail which commenced in August 2021.

The consolidated entity listed on the Australian Stock Exchange (ASX) on 4 December 2020 through the admission of MAAS Group Holdings Limited to the official list of the ASX. The listing on the ASX was a pivotal moment in the history of MGH and provides it access to capital to assist its future growth.

FY21 was also a busy year with respect to acquisitions with MGH completing a number of acquisitions in the FY21 year including Macquarie Geotechnical (Construction Materials), Amcor Quarries and Concrete (Construction Materials), Willowtree Gravel (Construction Materials) and Amcor Excavations (Civil, Construction and Hire). In addition to these completed acquisitions, the consolidated entity also increased its residential development footprint through the acquisition of the future master planned residential estate to be known as Arcadia located in Tamworth and an additional residential site in Mudgee. These completed acquisitions have seen the balance sheet grow to approximately $490m in total assets.

The consolidated entity also announced further pending acquisitions to the ASX on 28 June 2021 with some of these settling since year-end. Refer note 40 and note 42 for further information in relation to business combinations and subsequent events.

Significant changes in the state of affairs

On 6 November 2020 MAAS Group Holdings Limited (MGH) converted the $21 million convertible note facility into ordinary shares in MGH. Refer to note 22 for further detail.

On 3 December 2020, MGH was admitted to the Official List of ASX Limited and official quotation of MGH's ordinary fully paid shares commenced on 4 December 2020. MGH raised $145.65 million pursuant to the offer under the prospectus dated 6 November 2020, by the issue and transfer of 72,824,571 shares at an offer price of $2.00 per share. 41.0 million new shares were issued by the company and 31.8 million shares transferred by MGH SaleCo Ltd, being the Sale Shares sold by the founding shareholders. The proceeds of the offer were applied to the repayment of borrowings, payment of cash consideration to Macquarie Geotechnical Pty Ltd and VMS shareholders, cash transaction costs, and proceeds to MGH SaleCo Ltd. Cash was also retained for working capital.

MGH completed the acquisition of Macquarie Geotechnical Pty Ltd on 21 December 2020 (refer note 40) and acquired the remaining 25% interest in its subsidiary VMS Engineering Company Ltd on 18 November 2020 (refer note 41). As noted above, the company also completed the acquisitions of Willowtree Gravel in May 2021 and Amcor Excavations Pty Ltd, Amcor Quarries and Concrete Pty Ltd in June 2021.

There were no other significant changes in the state of affairs of the consolidated entity during the financial year.

Matters subsequent to the end of the financial year

(a) Share placement

On 1 July 2021, the company announced its intention to undertake a capital raising comprising an Institutional Placement, a Conditional Placement and a share purchase plan (SPP). On 8 July 2021, the company issued 8,915,909 fully paid ordinary shares at an issue price of $5.50 per share raising approximately $49 million pursuant to the institutional placement component of the raising. The company has also received binding commitments to raise a further $30 million via the conditional placement of 5,454,543 ordinary shares at $5.50 per share which includes participation by Directors and employees, which is subject to shareholder approval at a forthcoming shareholder meeting. The company also announced a shareholder purchase plan to raise up to $15m to allow retail shareholders in Australia and New Zealand the opportunity to participate in the capital raising. The closing date of the SPP is 16 September 2021.

(b) Share purchase plan (SPP)

On 12 August 2021, the company announced the extension to the closing date of the SPP to 16 September 2021.

(c) Banking facilities and project finance funding

Following the increase in the company's banking facility limits by $25 million in May 2021, the company has received another credit approval to increase its banking facility limits to $200 million. The increased facility remains subject to final documentation.

The company has received approval from its banking consortium to secure up to an additional $100 million for future project finance funding. Commercial developments will be funded separately by project financiers under standalone project specific finance facilities with separate covenants and undertakings.

(d) Dividend

The Directors declared a fully franked final dividend of 3 cents per share on 25 August 2021. The dividend is subject to a dividend reinvestment plan ("DRP") and the reinvestment price for those shareholders who elect to participate in the DRP will be a 5% discount to the five-day VWAP for the five trading days immediately after the dividend record date.

DIRECTORS' REPORT

(e) Acquisitions

Redimix

On 23 July 2021, the consolidated entity entered into an agreement to purchase the aggregate and concrete business BJB Concrete Pty Ltd, trading as Redimix Concrete for an agreed cash consideration of $2.5 million and 91,098 MGH shares and an associated parcel of land for a purchase price of $3.0 million cash. Under the terms of the acquisition, the cash payments were due at settlement with the share issuance to occur by 3 September 2021. The acquisition completed on 20 August 2021. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from completion. The Redimix business operations will be reported in the Construction Materials segment.

Inverell

On 25 June 2021, the consolidated entity entered into an agreement to acquire the business and land owned and operated by Inverell Aggregate Supplies Pty Ltd ("Inverell"). The acquisitions of the business and land were completed on 22 July 2021 with $1.8m of the total consideration of $3.9m payable at completion. The remaining consideration of $2.1m is a combination of deferred and contingent consideration and will be released progressively over the four years following completion. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from 22 July 2021. The Inverell business operations will be reported in the Construction Materials segment.

A1 Earthworx

On 16 August 2021, the consolidated entity entered into an agreement to purchase the earthmoving and civil construction machinery business A1 Earthworx Mining & Civil Pty Ltd. The acquisition was completed on 16 August 2021 with $8.575 million in cash paid and 444,444 MGH shares issued at completion. A potential of up to $1.8million is payable in cash following the finalisation of the FY24 financial result if certain earnings targets are met. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from 16 August 2021. A1 Earthworx will be reported in the Civil, Construction and Hire segment increasing the segment's civil capability for both internal and external projects.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely developments and expected results of operations

Other than the following acquisitions listed below, no other information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Stanaway

On 25 June 2021, the consolidated entity entered into a share purchase agreement to acquire all the issued shares of Stanaway Pty Ltd (trading as David Payne Construction). The acquisition is expected to complete in August 2021. Consideration is a combination of scrip and cash with 1.8 million MGH shares to be issued at completion with an additional 1.2 million MGH shares contingent upon certain targets being reached over three years following completion. A potential of up to $1.4 million is payable in cash following the finalisation of the FY24 financial result if certain earnings targets are met. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired company will be consolidated from the date of completion. Stanaway Pty Limited will be reported in the Real Estate segment providing construction capability for the commercial development portfolio.

Maas Construction and Maas Plumbing

On 27 June 2021, the consolidated entity entered into share purchase agreements to acquire the issued shares of Maas Construction Group comprising Maas Constructions (Dubbo) Pty Ltd, Maas Building Pty Ltd and Regional Demolition Pty Ltd (Maas Construction), and Maas Plumbing Pty Ltd (Maas Plumbing) The combined purchase price consists of 2.73 million MGH shares to be issued at completion with an additional 0.97 million MGH shares contingent upon certain targets being reached over three years following completion. A potential of up to $2.2 million is payable in cash following the finalisation of the FY24 financial result if certain earnings targets are met. The directors have resolved that the transaction will be subject to shareholder approval due to the relationship of the vendors with Wesley Maas. The meeting for shareholder approval will be held in the coming months. Maas Construction and Maas Plumbing will be reported in the Real Estate segment providing construction capability for the commercial development portfolio.

Spacey Self Storage

On 27 June 2021, the consolidated entity entered into purchase agreements to acquire the shares, interests and land of a storage business (the "Spacey Self Storage" business). The purchase price is made up of 3.379 million MGH shares to be issued at completion and cash of $1.4 million payable at completion. There is no deferred or contingent consideration. The directors have resolved that the transaction will be subject to shareholder approval due to the relationship of the vendors with Wesley Maas. The meeting for shareholder approval will be held in the coming months. Spacey Self Storage will be reported in the Real Estate segment and will form a key platform of growth for the commercial property portfolio.

DIRECTORS' REPORT

Environmental regulation

The consolidated entity is subject to various environmental regulations under Australian Commonwealth and State law. The consolidated entity has conducted its operations in accordance with the legislation and has not breached nor been subject to any penalty by the relevant authority.

Information on directors

Name:	Stephen G Bizzell
Title:	Non-executive Chairman (appointed 21 October 2020)
Qualifications:	B. Com. MAICD
Experience and expertise:	Stephen brings over 25 years experience in the mining, energy, and financial services sectors. Stephen is the Chairman of corporate advisory and funds management group Bizzell Capital Partners and has extensive governance experience having served as a director or chairman of 14 ASX listed companies and was previously an executive director of Arrow Energy for 12 years until its takeover in 2010, a cofounder and director of Bow Energy until its takeover in 2012 and a co-founder and director of Stanmore Coal until its takeover in 2020.
Other current directorships:	Armour Energy Ltd (since 9 March 2012) Laneway Resources Ltd (since 28 June 1996) Renascor Resources Ltd (since 1 September 2010) Strike Energy Ltd (since 31 December 2018)
Former directorships (last 3 years):	Stanmore Coal Limited (5 October 2009 to 15 May 2020) UIL Energy Limited (1 August 2014 to 9 October 2019)
Special responsibilities:	Chairman the company, member of the Audit and Risk Committee, and member of the Remunerationand Nomination Committee
Interests in shares:	649,362
Name:	Wesley J Maas
Title:	Managing Director and Chief Executive Officer
Qualifications:	None
Experience and expertise:	Wes Maas is the Founder and has been actively involved in the business since its inception. He has been instrumental in developing MAAS Group into the leading independent construction materials, equipment, services and property provider it is today. Wes brings over 18 years experience in the construction and services industries to MAAS Group.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Managing Director and Chief Executive Officer
Interests in shares:	149,401,642
Name:	Stewart A Butel
Title:	Non-executive Director (appointed 6 November 2020)
Qualifications:	B. Science (Geology), Grad Dip in Business Studies, Advanced Certificate of Coal Mining, GAICD
Experience and expertise:	Stewart has more than 45 years of experience in management and board roles in the resource industry in New South Wales, Queensland and Western Australia. Stewart joined Wesfarmers Limited in 2000 and was managing director of Wesfarmers Resources between 2006 and 2016. Stewart is a past director of a number of ASX listed and unlisted companies. He is past President of the Queensland Resources Council, served on the board of the Minerals Council of Australia and other resource industry bodies.
Other current directorships:	None
Former directorships (last 3 years):	RPM Global Holdings Limited (from 1 September 2018 to 18 May 2020) Stanmore Coal Limited (from 18 September 2017 to 15 May 2020)
Special responsibilities:	Chairman of Health Safety and Environment Committee, and Chairman of Related Party Committee
Interests in shares:	58,684

DIRECTORS' REPORT

Name:	Neal M O'Connor
Title:	Non-executive Director (appointed 6 November 2020)
Qualifications:	B. Laws and Dip. Legal Practice, GAICD
Experience and expertise:	Neal has over 30 years experience in law as well as extensive experience in the resource industry. Neal is currently a non-executive director of Mitchell Services Ltd (ASX:MSV) and acts as a consultant to Carter Newell Lawyers. Neal is a former director of Stanmore Coal Ltd (ASX:SMR) and was previously General Counsel, Company Secretary and an Executive Committee Member of Xstrata Holdings Pty Ltd and Xstrata Queensland Limited. Neal is a Solicitor of the Supreme Court of Queensland, Solicitor of the High Court of Australia, Solicitor of the High Court of England and Wales, and a member of the Australian Institute of Company Directors.
Other current directorships:	Mitchell Services Limited (since 21 October 2015)
Former directorships (last 3 years):	Stanmore Coal Ltd (from 18 September 2017 to 15 May 2020)
Special responsibilities:	Chairman of Audit and Risk Committee, and member of Related Party Committee
Interests in shares:	25,150
Name:	Michael J Medway
Title:	Non-executive Director (appointed 21 October 2020)
Qualifications:	BBus (Accountancy), CA, MAICD
Experience and expertise:	Michael has worked in the professional accounting industry for almost 30 years in. He has been a Chartered Accountant for over 20 years and his background has seen him work across various firms in Sydney and Regional NSW. As the principal of Lincoln Partners Dubbo and later a director of Lincoln Partners Pty Ltd, Michael has acted as the external accountant for Wes Maas and his companies since 2002 and MAAS Group upon its formation. Michael retired from Lincoln Partners Pty Ltd in June 2020 and was subsequently appointed to the Board.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chairman of Remuneration and Nomination Committee, and member of Audit and Risk Committee
Interests in shares:	100,600
Name:	Craig G Bellamy
Title:	Executive Director (resigned as a Director on 21 October 2020)
Qualifications:	BBus (Accountancy), CA
Experience and expertise:	Craig joined MAAS Group in May 2019 as Chief Financial Officer and is responsible for all financial aspects of the Group including accounting, treasury, budgeting and tax. Craig has over 25 years' experience and has previously held executive roles including Chief Executive Officer and Chief Financial Officer for ASX Listed entities Devine Limited and Unity Pacific Group Limited (formerly Trinity Group Limited).
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	Chief Financial Officer and Company Secretary
Interests in shares:	Nil*
Name:	Damien J Porter
Title:	Executive Director (resigned as a Director on 21 October 2020)
Qualifications:	None
Experience and expertise:	Damien is the General Manager for the Plant Hire business unit and has been with MAAS Group since 2005. Damien has over 20 years of experience in hire, operations and sales.
Other current directorships:	None
Former directorships (last 3 years):	None
Special responsibilities:	General Manager - Plant
Interests in shares:	Nil*

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

'Former directorships (last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships of all other types of entities, unless otherwise stated.

*Interests in the shares of the company as at the date of resignation as a director.

DIRECTORS' REPORT

Company secretary

Wesley J Maas held the position of company secretary from the date of incorporation until 23 October 2020. Craig G Bellamy was appointed company secretary on 23 October 2020 and is the company's Chief Financial Officer.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2021, and the number of meetings attended by each director were:

	FULL BOARD		AUDIT AND RISK COMMITTEE		REMUNERATION AND NOMINATION	
	ATTENDED	HELD	ATTENDED	HELD	ATTENDED	HELD
Stephen G Bizzell*	11	11	2	2	1	1
Wesley J Maas[A]	11	11	-	-	-	-
Stewart A Butel**[A]	9	9	-	-	-	-
Neal M O'Connor**	9	9	2	2	1	1
Michael J Medway*	11	11	2	2	1	1
Craig G Bellamy***	1	1	-	-	-	-
Damien J Porter***	1	1	-	-	-	-

	HEALTH, SAFETY & ENVIRONMENT COMMITTEE		RELATED PARTY COMMITTEE	
	ATTENDED	HELD	ATTENDED	HELD
Stephen G Bizzell*[B]	1	1	-	-
Wesley J Maas[C]	-	-	-	-
Stewart A Butel**	1	1	3	3
Neal M O'Connor**[C]	-	-	3	3
Michael J Medway*[B]	1	1	-	-
Craig G Bellamy***	-	-	-	-
Damien J Porter***	-	-	-	-

A Attended the Audit & Risk Committee, and the Remuneration and Nomination Committee meetings, but not a member of the relevant committee (by invitation)

B Attended the Related Party Committee meetings, but not as a member of the relevant committee (by invitation)

C Attended the Health, Safety & Environment Committee meetings, but not as a member of the relevant committee (by invitation)

Held represents the number of meetings held during the time the director held office or was a member of the relevant committee.

* Appointed 21 October 2020

** Appointed 6 November 2020

*** Resigned 21 October 2020

Remuneration report – audited

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

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

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

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

DIRECTORS' REPORT

Principles used to determine the nature and amount of remuneration

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

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

The Remuneration and Nomination Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Remuneration and Nomination Committee. The Remuneration and Nomination Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

The company did not have any non-executive directors during the financial year ended 30 June 2020.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The maximum aggregate amount which has been approved by MGH shareholders for payments to the directors is $750,000 per annum. The most recent determination was at the Annual General Meeting held on 21 October 2020, where the shareholders approved a maximum annual aggregate remuneration of $750,000.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has two components:

- base pay and non-monetary benefits
- variable remuneration – short term incentives
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Non-executive Chairman based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

DIRECTORS' REPORT

The objectives of short-term incentives ('STI') currently in place are to link the achievement of the consolidated entity's operational success with the remuneration received by the executive charged with meeting informally agreed key performance indicators ('KPI's'). It is a cash incentive set to provide sufficient incentive to the executive to achieve the KPIs. The only executive entitled to an STI is the CFO under the terms of his employment contract. The total potential STI is set at 20% of base salary (total opportunity: $72,000). No STI was awarded or forfeited during the year, as the first review date of this incentive will be in December 2021, being the anniversary date of the CFO's updated remuneration package. KPI's include criteria at both an individual and consolidated entity level including individual and company performance.

There are currently no long-term incentives.

Use of remuneration consultants

The consolidated entity did not engage remuneration consultants during the year ended 30 June 2021.

Details of remuneration

Amounts of remuneration

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of MAAS Group Holdings Limited:

- Stephen G Bizzell (appointed 21 October 2020)
- Wesley J Maas
- Stewart A Butel (appointed 6 November 2020)
- Neal M O'Connor (appointed 6 November 2020)
- Michael J Medway (appointed 21 October 2020)

And the following persons:

- Craig G Bellamy (Chief Financial Officer and formerly director of MAAS Group Holdings Limited)
- Damien J Porter (General Manager - Plant and formerly director of MAAS Group Holdings Limited)

	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	
2021	**CASH SALARY AND FEES**	**ANNUAL LEAVE ACCRUAL**	**NON-MONETARY**	**SUPER-ANNUATION**	**LONG SERVICE LEAVE**	**TOTAL**
	$	**$**	**$**	**$**	**$**	**$**
Non-Executive remuneration:						
Stephen G Bizzell	63,092	-	-	5,994	-	69,086
Stewart A Butel	51,750	-	-	4,916	-	56,666
Neal M O'Connor	50,672	-	-	4,814	-	55,486
Michael J Medway	53,628	-	-	5,095	-	58,723
Executive remuneration:						
Wesley J Maas	291,808	27,159	-	27,722	-	346,689
Craig G Bellamy(1)	339,461	28,226	-	32,249	-	399,936
Damien J Porter(2)	58,846	26,465	-	5,509	44,326	135,146
	909,257	**81,850**	**-**	**86,299**	**44,326**	**1,121,732**

(1) Craig Bellamy was an Executive Director of the company until the date of his resignation as Director on 21 October 2020. Craig Bellamy is still considered a key management personnel from that time on in his role as Chief Financial Officer/Company Secretary.

(2) Damien Porter was an Executive Director of the company until the date of his resignation as Director on 21 October 2020. Damien Porter was no longer considered as a key management personnel in his role as General Manager - Plant after resigning as director.

DIRECTORS' REPORT

2020	SHORT-TERM BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM BENEFITS	
	CASH SALARY AND FEES	ANNUAL LEAVE ACCRUAL	NON-MONETARY	SUPER-ANNUATION	LONG SERVICE LEAVE	TOTAL
	$	$	$	$	$	$
Executive Directors:						
Wesley J Maas	90,000	-	31,334	8,550	-	129,884
Craig G Bellamy	255,143	10,108	-	24,115	-	289,366
Damien J Porter	152,713	6,065	8,415	14,469	-	181,662
	497,856	**16,173**	**39,749**	**47,134**	**-**	**600,912**

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Wesley J Maas
Title:	Chief Executive Officer
Agreement commenced:	28 September 2020
Term of agreement:	Ongoing
Details:	Wes is the founder, major shareholder and Managing Director of MGH. There was no employment agreement for Wes for the year ended 30 June 2020. Remuneration paid to Wes during the period was approved by the Board. Wes entered into an employment agreement with MGH in September 2020. Under the terms of his executive contract, Wes will be entitled to a base salary of $360,000 plus superannuation and other non-monetary benefits. The term of the contract is open-ended and requires Wes to provide 12 months notice in the event of resignation. The company is required to provide Wes 6 months notice in the event of termination.
Name:	Craig G Bellamy
Title:	Chief Financial Officer
Agreement commenced:	27 May 2019
Term of agreement:	Ongoing
Details:	Craig is Chief Financial Officer of MGH. After an initial term of 7 months, Craig's ongoing contract was renegotiated and commenced from 27 May 2019. Craig is paid a base salary of $360,000 per annum plus superannuation effective 4 December 2020, when his remuneration was renegotiated. Craig is also entitled to an STI of 20% of base salary subject to key performance indicators. Under the terms of his agreement, Craig is entitled to 6 months' notice in the event of resignation, with the company also required to provide 6 months' notice in the event of termination.
Name:	Damien J Porter
Title:	General Manager - Plant Hire
Agreement commenced:	1 July 2019
Term of agreement:	Ongoing
Details:	Damien is the General Manager - Plant Hire for MGH. Damien's employment contract commenced on 1 July 2019 and is paid a base salary of $180,000 per annum plus superannuation. Under the terms of his executive contract, Damien is to provide 12 months notice in the event of resignation, with the company required to provide 6 months notice in the event of termination.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Options

There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2021.

DIRECTORS' REPORT

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2021.

Additional information

The company aims to align its executive remuneration to its strategic and business objective and the creation of shareholder wealth. The tables below show measures of the Company's financial performance over the last four years (being the extent of available historic audited performance information) as required by the Corporations Act 2001.

The earnings of the consolidated entity for the four years to 30 June 2021 are summarised below:

	2021	2020	2019	2018
	$	$	$	$
Sales revenue	277,561,966	193,440,063	39,075,545	43,305,489
Profit after income tax	34,741,442	20,942,474	9,220,253	11,248,027

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2021	2020
	$	$
Share price at financial year end ($)*	5.60	-
Total dividends declared (cents per share)	2.00	-
Basic earnings per share (cents per share)	14.37	10.10
Diluted earnings per share (cents per share)	14.33	10.10

*The company's shares first traded on the ASX on 4 December 2020 after successful completion of its IPO. Accordingly, no share price information has been provided prior to the 2021 financial year.

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	BALANCE AT THE START OF THE YEAR	ADDITIONS PRE-IPO	DISPOSALS ON IPO	ADDITIONS ON IPO	ADDITIONS POST IPO	BALANCE AT THE END OF THE YEAR
Ordinary shares						
Stephen G Bizzell	-	320,542	-	326,736	2,084	649,362
Wesley J Maas	160,633,241	12,648,672	(25,940,204)	-	2,059,933	149,401,642
Stewart A Butel	-	58,334	-	-	350	58,684
Neal M O'Connor	-	-	-	25,000	150	25,150
Michael J Medway	-	-	-	100,000	600	100,600
Craig G Bellamy	-	-	-	180,000	1,081	181,081
Damien J Porter	-	-	-	-	-	-
	160,633,241	**13,027,548**	**(25,940,204)**	**631,736**	**2,064,198**	**150,416,519**

Other transactions with key management personnel

Related party transactions – Wesley Maas:

- Wesley Maas is a director of Property Maintenance Australia Pty Ltd (PMA). The consolidated entity engaged PMA to provide property consulting services to the value of $67,500 during the 2020 financial year and until September 2020 when the engagement ended. The contract was based on normal commercial terms and conditions.
- The consolidated entity leased premises from Emma Maas, the wife of Wesley Maas, on a short-term and ad-hoc basis. The rental charged during the year of $29,150 was based on market rates.
- The consolidated entity leased premises from Yarrandale Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged during the year of $305,254 was based on market rates.
- In May 2021, the consolidated entity leased premises from Maas Homebush Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged was based on market rates and will commence after a three-month rent-free period, which ended in July 2021.
- During the year the ended 30 June 2021, W & E Maas Holdings Pty Limited (an entity controlled and/or associated with Wesley Maas) sold the remaining shares in related entity MAAS Group Properties Logan Pty Ltd to MGH for $106,030.

DIRECTORS' REPORT

Related party transactions – Stephen Bizzell:

- There is a commercial tenancy agreement for office space and a carpark in Brisbane between the consolidated entity and Mallee Bull Investments Pty Ltd as trustee for the Mallee Bull Property Trust (Mallee Bull Property Trust) for a term of two years from July 2020 at a rental of $900 per month. During the year, $8,681 was paid to Mallee Bull Investments Pty Ltd and at the end of the financial year, $900 was payable. The spouse of Mr Stephen Bizzell, the Company's Chairman, is a director of Mallee Bull Investments Pty Ltd and an ultimate beneficiary of the Mallee Bull Property Trust. The tenancy agreement is on commercial arm's length terms and was entered into prior to Mr Bizzell's appointment as Chairman.
- The consolidated entity provides mining and ancillary services (construction services) by way of a service agreement with Laneway Resources Limited. Stephen Bizzell is a Chairman of the board and substantial shareholder of Laneway Resources Limited. The agreement is on arm's length, commercial terms and MGH recognised $1,973,016 of construction services revenue during the year.
- On 8 October 2018, the consolidated entity engaged Bizzell Capital Partners Pty Ltd (BCP) to advise on the Company's ASX listing, capital raising processes and acquisitions. Stephen Bizzell is the chairman and owner of BCP. The engagement of BCP was negotiated on arms' length commercial terms prior to Stephen's appointment as a director and Chairman of MGH. The parties mutually agreed to terminate the engagement on 5 November 2020 pursuant to a mutual deed of termination. Under the termination deed, the consolidated entity paid $473,000 (exclusive of GST) in respect of advisory fees up to 5 November 2020.

Related party transactions – Damien Porter:

- During the 2020 financial year, the consolidated entity leased premises from Damien Porter on a short-term and ad-hoc basis. The rental charged was based on market rates and no amounts were paid or payable to Damien Porter in the year ended 30 June 2021.

Related party transactions – Michael Medway:

- During the year Michael Medway provided consultancy services to the consolidated entity under usual commercial terms. Services included due diligence services with respect to acquisitions of businesses and or assets. The value of the services provided is $9,000 which have yet to be invoiced to the company or accrued by the company at the reporting date.

Aggregate amounts of each of the above types of other transactions with key management personnel of MAAS Group Holdings Limited:

	CONSOLIDATED	
	2021	**2020**
	$	**$**
Amounts recognised as revenue		
Construction services	1,973,016	-
Amounts recognised as an expense		
Advisory services – IPO & acquisitions	367,688	-
Consulting fee	67,500	270,000
Rent	343,084	19,100
	778,272	**289,100**
Other transactions:		
Acquisition of minority interest in subsidiary	106,030	-
Amounts recognised directly in equity:		
Advisory services – capital raising	152,612	-
Amounts recognised as assets and liabilities:		
At the end of the reporting period the following aggregate amounts were recognised in relation to the above transactions:		
Current assets (trade receivables)*	1,809,289	-
Current liabilities (amounts payable)	56,962	-

*Subsequent to reporting date amounts have been paid.

There were no other transactions with key management personnel.

DIRECTORS' REPORT

Loans to/from key management personnel

Details of loans provided by or made to directors of MAAS Group Holdings Limited and other key management personnel of the consolidated entity, including their close family members and entities related to them, are set out below.

(a) Related party loan liabilities

RELATED PARTY ENTITY	KMP RELATED TO	BALANCE AT BEGINNING OF THE YEAR	CONVERTED INTO SHARES	NET LOAN PAYMENT	BALANCE AT END OF THE YEAR
		$	$	$	$
Choice Investments Dubbo Pty Ltd	Wesley J Maas	24,021,530	-	(24,021,530)	-
Old Man Investments Pty Ltd	Damien Porter	253,903	(253,903)	-	-
		24,275,433	**(253,903)**	**(24,021,530)**	**-**

All of the above loans were unsecured and non-interest bearing.

This concludes the remuneration report.

Shares under option

There were no unissued ordinary shares of MAAS Group Holdings Limited under option outstanding at the date of this report.

Shares issued on the exercise of options

There were no ordinary shares of MAAS Group Holdings Limited issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report.

Indemnity and insurance of auditor

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

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 36 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in note 36 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Auditor's independence declaration

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

DIRECTORS' REPORT

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

On behalf of the directors

Stephen G Bizzell	Wesley J Maas
Chairman	Managing Director and Chief Executive Officer

26 August 2021
Dubbo

AUDITOR'S INDEPENDENCE DECLARATION

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD
4001 Australia

DECLARATION OF INDEPENDENCE BY K L COLYER TO THE DIRECTORS OF MAAS GROUP HOLDINGS LIMITED

As lead auditor of MAAS Group Holdings Limited for the year ended 30 June 2021, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of MAAS Group Holdings Limited and the entities it controlled during the period.

K L Colyer
Director

BDO Audit Pty Ltd

Brisbane
26 August 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	CONSOLIDATED 2021 $	CONSOLIDATED 2020 $
Revenue	5	277,561,966	193,440,063
Other income	6	1,623,737	4,096,036
Interest revenue		15,704	113,394
Gain from bargain purchase in a business combination		-	1,194,898
Net fair value gain on investment properties	16	9,284,466	7,125,882
Expenses			
Purchases of raw materials and consumables used and changes in inventories	12	(134,257,555)	(85,929,078)
Bad debts		(51,036)	(432,988)
Employee benefits expense		(46,583,882)	(40,389,490)
Depreciation and amortisation expense		(15,705,939)	(13,711,770)
Transaction costs in connection with the IPO and preparation towards the IPO		(1,752,510)	(1,310,454)
Transaction costs relating to business combinations		(1,080,462)	(562,998)
Stamp duty		(213,550)	(787,534)
Legal, audit, accounting and consultants		(2,658,131)	(3,306,682)
Motor vehicle expenses		(5,972,307)	(5,550,641)
Insurance and registration		(3,975,469)	(2,154,782)
Repairs and maintenance		(11,178,135)	(5,898,524)
Rent - short-term and low-value leases		(49,836)	(313,397)
Travel and accommodation		(1,383,726)	(1,451,716)
Other expenses		(8,887,851)	(5,376,667)
Finance costs	7	(7,494,933)	(8,852,492)
Profit before income tax expense		47,240,551	29,941,060
Income tax expense	8	(12,499,109)	(8,998,586)
Profit after income tax expense for the year		34,741,442	20,942,474
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(981,996)	341,344
Other comprehensive income for the year, net of tax		(981,996)	341,344
Total comprehensive income for the year		**33,759,446**	**21,283,818**
Profit for the year is attributable to:			
Non-controlling interest		172,015	248,901
Owners of MAAS Group Holdings Limited	30	34,569,427	20,693,573
		34,741,442	**20,942,474**
Total comprehensive income for the year is attributable to:			
Non-controlling interest		172,015	248,901
Owners of MAAS Group Holdings Limited		33,587,431	21,034,917
		33,759,446	**21,283,818**
Basic earnings per share	44	14.37	10.10
Diluted earnings per share	44	14.33	10.10

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		CONSOLIDATED	
	NOTE	2021	2020
		$	$
Assets			
Current assets			
Cash and cash equivalents	9	17,996,088	12,453,302
Trade and other receivables	10	37,744,713	27,352,806
Contract assets	11	8,619,042	11,421,354
Inventories	12	57,005,110	54,000,152
Income tax refund due		1,671,066	-
Non-current assets classified as held for sale	13	4,280,000	6,963,615
Other	14	4,409,039	2,641,481
Total current assets		131,725,058	114,832,710
Non-current assets			
Inventories	12	31,860,261	21,785,561
Investments accounted for using the equity method	15	8,000,000	-
Investment properties	16	25,843,360	14,416,086
Property, plant and equipment	17	232,995,733	168,220,572
Intangibles	18	54,284,656	40,314,489
Deferred tax asset	19	4,361,322	2,458,576
Other	14	137,510	139,749
Total non-current assets		357,482,842	247,335,033
Total assets		489,207,900	362,167,743
Liabilities			
Current liabilities			
Trade and other payables	20	38,252,457	27,240,980
Contract liabilities	21	7,037,767	7,103,044
Borrowings and lease liabilities	22	35,604,509	71,900,463
Income tax		-	2,529,790
Employee benefits	24	4,108,329	2,362,115
Provisions	25	1,128,174	811,696
Other - deferred consideration payable		333,333	333,333
Total current liabilities		86,464,569	112,281,421
Non-current liabilities			
Borrowings and lease liabilities	22	121,280,786	134,525,317
Derivative financial instruments	23	-	1,843,174
Deferred tax liability	26	25,338,029	14,088,605
Employee benefits	24	390,873	-
Provisions	25	1,000,000	-
Other - deferred consideration payable		333,333	666,667
Total non-current liabilities		148,343,021	151,123,763
Total liabilities		234,807,590	263,405,184
Net assets		**254,400,310**	**98,762,559**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2021

		CONSOLIDATED	
	NOTE	2021	2020
		$	$
Equity			
Issued capital	27	279,635,572	153,643,287
Other equity	28	3,353,774	-
Reserves	29	(109,185,693)	(108,658,802)
Retained profits	30	80,596,657	51,326,145
Equity attributable to the owners of MAAS Group Holdings Limited		254,400,310	96,310,630
Non-controlling interest		-	2,451,929
Total equity		**254,400,310**	**98,762,559**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2021

	ISSUED CAPITAL	OTHER EQUITY	RESERVES	RETAINED PROFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
						CONSOLIDATED
	$	$	$	$	$	$
Balance at 1 July 2019	153,643,287	-	(109,000,146)	30,632,572	2,203,028	77,478,741
Profit after income tax expense for the year	-	-	-	20,693,573	248,901	20,942,474
Other comprehensive income for the year, net of tax	-	-	341,344	-	-	341,344
Total comprehensive income for the year	-	-	341,344	20,693,573	248,901	21,283,818
Balance at 30 June 2020	**153,643,287**	**-**	**(108,658,802)**	**51,326,145**	**2,451,929**	**98,762,559**

	ISSUED CAPITAL	OTHER EQUITY	RESERVES	RETAINED PROFITS	NON-CONTROLLING INTERESTS	TOTAL EQUITY
						CONSOLIDATED
	$	$	$	$	$	$
Balance at 1 July 2020	153,643,287	-	(108,658,802)	51,326,145	2,451,929	98,762,559
Profit after income tax expense for the year	-	-	-	34,569,427	172,015	34,741,442
Other comprehensive income for the year, net of tax	-	-	(981,996)	-	-	(981,996)
Total comprehensive income for the year	-	-	(981,996)	34,569,427	172,015	33,759,446
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 27)	125,992,285	-	-	-	-	125,992,285
Share-based payments (note 45)	-	-	351,636	-	-	351,636
Deferred consideration (note 27)	-	3,353,774	-	-	-	3,353,774
Transactions with non-controlling interests (note 41)	-	-	103,469	-	(2,623,944)	(2,520,475)
Dividends paid (note 31)	-	-	-	(5,298,915)	-	(5,298,915)
Balance at 30 June 2021	**279,635,572**	**3,353,774**	**(109,185,693)**	**80,596,657**	**-**	**254,400,310**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	CONSOLIDATED 2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		300,694,099	208,466,614
Payments to suppliers (inclusive of GST)		(247,268,804)	(166,851,955)
		53,425,295	41,614,659
Dividends received		-	969
Interest received		15,704	35,047
Interest and other finance costs paid		(3,689,153)	(5,321,027)
Income taxes paid		(5,473,609)	(8,953,494)
Net cash from operating activities	43	44,278,237	27,376,154
Cash flows from investing activities			
Payment for purchase of business, net of cash acquired	40	(29,664,858)	(29,777,796)
Payments of contingent consideration		-	(558,466)
Payment for purchase of associate	15	(8,000,000)	-
Payments for investment property		(2,142,808)	(11,383,113)
Payments for property, plant and equipment		(38,290,815)	(15,550,613)
Payments for intangibles		(28,783)	(3,424,045)
Payments for non-controlling interest in subsidiary	41	(2,520,475)	-
Payments for deposits		(1,402,437)	(365,564)
Related party loans - net		-	2,829,142
Proceeds from disposal of financial assets at fair value through profit or loss		-	334,666
Proceeds from disposal of investment properties		2,769,000	139,304
Proceeds from disposal of property, plant and equipment		9,669,738	16,352,192
Net cash used in investing activities		(69,611,438)	(41,404,293)
Cash flows from financing activities			
Proceeds from issue of shares	27	82,000,000	-
Proceeds from/(payments of) borrowings and lease liabilities	43	(47,209,540)	23,544,058
Payment for deferred consideration		(510,000)	-
Share issue transaction costs		(2,054,262)	-
Dividends paid		(1,350,211)	-
Net cash from financing activities		30,875,987	23,544,058
Net increase in cash and cash equivalents		5,542,786	9,515,919
Cash and cash equivalents at the beginning of the financial year		12,453,302	2,937,383
Cash and cash equivalents at the end of the financial year	9	**17,996,088**	**12,453,302**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 1. General information

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

MAAS Group Holdings Limited is an ASX listed company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

20L Sheraton Road
Dubbo
NSW 2830

A description of the nature of the consolidated entity's operations and its principal activities are included in note 4 - Operating Segments.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 26 August 2021. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these standards and interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The consolidated entity adopted the amendments to AASB 3 Business Combinations which clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output. Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments were considered and applied for the business combinations entered into by the consolidated entity during the financial year. Refer to note 40 for the details of business combinations.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of financial assets at fair value through profit or loss, investment properties and derivatives at fair value. Assets held for sale are measured at fair value less costs of disposal, with the exception of investment property held for sale which is measured at fair value.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 39.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of MAAS Group Holdings Limited ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. MAAS Group Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 2. Significant accounting policies (continued)

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

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

The acquisition of subsidiaries in a business combination is accounted for using the acquisition method of accounting - refer note 40. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

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

Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in Australian dollars ($), which is MAAS Group Holdings Limited's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss and other comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit or loss and other comprehensive income on a net basis within other gains/(losses).

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as at fair value through other comprehensive income are recognised in other comprehensive income.

Group companies

The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities are translated at the closing rate at the reporting date
- income and expenses for each statement 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 dates of the transactions), and
- all resulting exchange differences are recognised in other comprehensive income.

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

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 2. Significant accounting policies (continued)

Income tax

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

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

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

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

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

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

MAAS Group Holdings Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime. The head entity and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from each subsidiary in the tax consolidated group.

The group has not yet entered into a tax funding and tax sharing agreement. Currently wholly owned entities fully compensate the head entity for any current tax payable assumed and are compensated by the head entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the head entity under the tax consolidation legislation.

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Derivatives are classified as current or non-current depending on the expected period of realisation.

Financial instruments

Investments and other financial assets.

Classification

The consolidated entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the consolidated entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments that are not held for trading, this will depend on whether the consolidated entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). The consolidated entity reclassifies debt investments when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 2. Significant accounting policies (continued)

Measurement

At initial recognition, the consolidated entity measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. Measurement of cash and cash equivalents and trade and other receivables are measured at amortised cost.

Cash and cash equivalents

Refer to note 9.

Debt instruments

Subsequent measurement of debt instruments depends on the consolidated entity's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the consolidated entity classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses), together with foreign exchange gains and losses. Impairment losses are presented as a separate line item in the statement of profit or loss and other comprehensive income.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The consolidated entity subsequently measures all equity investments at fair value. The consolidated entity measures its investments in equity instruments at FVPL. Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the statement of profit or loss and other comprehensive income as applicable.

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition.

Investments

Investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment

The consolidated entity assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables and contract assets, the consolidated entity applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables and contract assets.

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 2. Significant accounting policies (continued)

Impairment of non-financial assets

At the end of each reporting period, the consolidated entity assesses whether there is any indication that an asset may be impaired. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are included in the costs of qualifying assets. The capitalisation rate used to determine the amount of finance costs to be capitalised to qualifying assets is the weighted average interest rate applicable to the entity's borrowings during the period.

Finance costs include interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and certain exchange differences arising from foreign currency borrowings.

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

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

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

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

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2021. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic

Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the consolidated entity based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the consolidated entity operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Allowance for expected credit losses

The allowance for expected credit losses assessment for trade receivables and contract assets requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates, the impact of the COVID-19 pandemic and forwardlooking information that is available. Refer to note 10 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or nonstrategic assets that have been abandoned or sold will be written off or written down. There was no adjustment required to the estimated useful lives of any assets during the financial year (2020: no adjustment).

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to note 18 for further information.

Investment properties

Investment properties are revalued annually by independent professional valuers or periodically at Directors' valuation. The critical inputs underlying the estimated fair value of investment properties are contained in note 33. Any change in these inputs may impact the fair value of the investment properties. The fair value assessment of the investment properties includes the best estimate of the impacts of the COVID-19 pandemic using information available at the reporting date.

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

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions including the best estimate of the impacts of the COVID-19 pandemic using information available at the reporting date.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Derivative instruments - conversion feature of convertible notes

The fair value of the conversion feature of the convertible notes is estimated using present value techniques, by discounting the probabilityweighted estimated future cash outflows. The critical inputs underlying the estimated fair value of the conversion feature of the convertible notes is contained in note 33. Any change in these inputs may impact the fair value of the derivative.

Business Combinations

(i) Deferred consideration and contingent consideration

The deferred consideration liability is the difference between the total purchase consideration, usually on an acquisition of a business combination, and the amounts paid or settled up to the reporting date, discounted to net present value. Contingent consideration included in Provisions (note 25), is measured at fair value and has been estimated using present value techniques by discounting the probability-weighted estimated cashflows.

The future cashflows are contingent on certain hurdles being met in the future. The consolidated entity applies provisional accounting for any business combination. Any reassessment of the liability during the earlier of the finalisation of the provisional accounting or 12 months from acquisition date is adjusted for retrospectively as part of the provisional accounting rules in accordance with AASB 3 Business Combinations.

Thereafter, at each reporting date, the contingent consideration liability is reassessed against revised estimates and any increase or decrease in the fair value of the liability will result in a corresponding gain or loss to profit or loss. The increase in the deferred consideration liability resulting from the passage of time is recognised as a finance cost.

(ii) Fair value of net assets acquired

Business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported. Refer to note 40 for further information.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 4. Operating segments

Identification of reportable operating segments

During the 2021 financial year, management undertook an operational review of the former Tunnelling and Underground Services segment which resulted in the consolidation of the Underground equipment hire operations into MAAS Plant Hire Pty Ltd (Civil, Construction and Hire segment), resulting in a fully integrated hire and workshop operation. The remaining manufacturing and Jacon product sales were established as a stand-alone segment (Manufacturing) with independent management reporting directly to the Group CEO. The current reportable segments are: Real Estate; Civil, Construction and Hire; Manufacturing; and Construction Materials. The 30 June 2020 comparatives have been restated to reflect the changes made in the 2021 financial year. The reportable segments of the business are as follows:

Segment	Description of segment
1. Real Estate	- Residential Development: develops, builds and sells residential housing estates
	- Commercial Development and Investment: delivers commercial property and industrial developments, and investing in commercial real estate
2. Civil, Construction and Hire	- Civil Construction: civil infrastructure construction, roads, dams and mining infrastructure
	- Plant Hire and Sales: above ground plant hire for major infrastructure projects
	- Electrical Services: electrical infrastructure, communications and specialised services
	- Underground hard rock mining
	- Underground Equipment Hire and Repair: hires, maintains, rebuilds and sells second-hand mobile equipment for civil tunnelling and underground hard rock mining
3. Manufacturing	- Manufacturing, sales and distribution of underground construction and mining equipment and parts
4. Construction Materials	- Quarries: supply of quarry materials to construction projects
	- Crushing and Screening: mobile crushing and screening for quarries, civil works and mining
	- Geotechnical services
Other	- This includes head office.

The operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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

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

Intersegment transactions

Intersegment transactions were made at market rates. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur nonmarket interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Segment assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Segment liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

Major customers

During the year ended 30 June 2021, there was one customer who contributed more than 10% to the consolidated entity's revenue. For the year ended 30 June 2020, there was no single customer who contributed 10% or more to the consolidated entity's revenue.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2021

Note 4. Operating segments (continued)

							CONSOLIDATED - 2021
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	OTHER	ELIMINATIONS AND ADJUSTMENTS	TOTAL
	$	$	$	$	$	$	$
Revenue							
Sales to external customers	53,270,590	161,542,798	21,910,559	36,392,111	-	-	273,116,058
Intersegment sales	-	20,191,626	1,299,446	5,261,400	-	(26,752,472)	-
Total sales revenue	53,270,590	181,734,424	23,210,005	41,653,511	-	(26,752,472)	273,116,058
Other revenue	2,036,134	1,085,006	57,289	1,276,242	-	(8,763)	4,445,908
Interest revenue	11,219	1,976	1,052	264	1,193		15,704
Total revenue	55,317,943	182,821,406	23,268,346	42,930,017	1,193	(26,761,235)	277,577,670
Adjusted EBITDA*	21,854,629	36,531,317	4,847,481	13,401,701	(779,588)	(2,041,099)	73,814,441
Depreciation and amortisation	(44,085)	(10,897,213)	(1,099,781)	(4,323,606)	-	658,746	(15,705,939)
Interest revenue	11,219	1,976	1,052	264	1,193		15,704
Finance costs	(480,901)	(2,038,362)	(472,232)	(729,094)	(3,457,085)	(317,259)	(7,494,933)
Transaction costs in connection with the IPO	-	-	-	-	(1,752,510)	-	(1,752,510)
Transaction costs relating to business combinations	-	-	-	(360,190)	(720,272)	-	(1,080,462)
Stamp duty expensed on acquisitions	-	-	-	(213,550)	-	-	(213,550)
Other non-recurring expenses	-	(342,200)	-	-	-	-	(342,200)
Profit/(loss) before income tax expense	21,340,862	23,255,518	3,276,520	7,775,525	(6,708,262)	(1,699,612)	47,240,551
Income tax expense							(12,499,109)
Profit after income tax expense							34,741,442
Assets							
Segment assets	102,238,397	226,309,545	40,143,717	120,375,211	3,383,498	(3,242,468)	489,207,900
Total assets							489,207,900
Total assets includes:							
Acquisition of non-current assets	32,472,064	39,599,365	173,320	37,367,134	-	-	109,611,883
Liabilities							
Segment liabilities	26,144,443	108,679,529	15,049,157	47,802,945	37,442,375	(310,859)	234,807,590
Total liabilities							234,807,590

*Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2021

Note 4. Operating segments (continued)

							CONSOLIDATED - 2020
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	OTHER	ELIMINATIONS AND ADJUSTMENTS	TOTAL
	$	$	$	$	$	$	$
Revenue							
Sales to external customers	23,645,126	123,439,061	17,063,033	22,822,420	-	-	186,969,640
Intersegment sales	-	12,120,134	4,680,516	2,798,859	-	(19,599,509)	-
Total sales revenue	23,645,126	135,559,195	21,743,549	25,621,279	-	(19,599,509)	186,969,640
Other revenue	3,695,669	2,832,356	-	17,343	-	(74,945)	6,470,423
Interest revenue	5,995	105,677	1,608	16	98	-	113,394
Total revenue	27,346,790	138,497,228	21,745,157	25,638,638	98	(19,674,454)	193,553,457
Adjusted EBITDA*	15,242,469	30,286,975	1,980,228	10,933,721	22,520,376	(28,146,276)	52,817,493
Depreciation and amortisation	(17,615)	(10,636,882)	(672,217)	(2,385,057)	-	-	(13,711,771)
Interest revenue	5,995	105,677	1,608	16	98	-	113,394
Finance costs	(897,857)	(2,608,122)	(443,266)	(885,849)	(3,429,371)	(588,027)	(8,852,492)
Gain on contingent and deferred consideration	-	-	1,040,524	-	-	-	1,040,524
Gain from bargain purchase in a business combination	-	-	-	-	-	1,194,898	1,194,898
Legal fees in connection with the proposed IPO	-	-	-	-	(243,045)	-	(243,045)
Legal fees relating to business combinations	-	-	(500,000)	(62,998)	-	-	(562,998)
Stamp duty expensed on acquisitions	-	-	-	(787,534)	-	-	(787,534)
Consulting expenses in connection with the proposed IPO	-	-	-	-	(1,067,409)	-	(1,067,409)
Profit/(loss) before income tax expense	14,332,992	17,147,648	1,406,877	6,812,299	17,780,649	(27,539,405)	29,941,060
Income tax expense							(8,998,586)
Profit after income tax expense							20,942,474
Assets							
Segment assets	69,073,748	200,258,401	43,299,760	51,590,749	4,826,273	(6,881,188)	362,167,743
Total assets							362,167,743
Total assets includes:							
Acquisition of non-current assets	14,678,503	54,340,931	3,172,743	4,069,940	-	-	76,262,117
Liabilities							
Segment liabilities	15,071,008	120,409,095	12,463,442	15,019,250	104,130,591	(3,688,202)	263,405,184
Total liabilities							263,405,184

*Adjusted EBITDA excludes the effects of significant items of income and expenditure which may have an impact on the quality of earnings because of isolated or non-recurring events.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 4. Operating segments (continued)

Geographical information

For the financial year ended 30 June 2021, revenue from external customers attributed to foreign countries amounted to $16,339,829 (30 June 2020: $5,924,279). This related to the sales of underground equipment and toll manufacturing from the Manufacturing segment. Countries where revenue from the sale of underground equipment directly and through international distribution networks included Mongolia, Indonesia, Papua New Guinea and New Zealand. No revenues attributed to an individual foreign country is material.

The total non-current assets, other than financial instruments and deferred tax assets, located in Australia amounted to $353,417,833 (2020 - $233,556,666) and non-current assets located in foreign countries (Vietnam and Indonesia) amounted to $9,664,051 (2020 - $11,180,042). No noncurrent assets in an individual foreign country are material.

Accounting policy for operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Note 5. Revenue

	CONSOLIDATED	
	2021	2020
	$	$
Revenue from contracts with customers		
Construction - civil infrastructure (i)	34,465,375	18,299,491
Construction - residential (i)	14,769,939	9,253,894
Electrical service (i)	40,795,828	19,933,927
Labour hire and repairs (i)	1,713,750	3,412,496
Sale of goods - plant, equipment, parts, road-base and aggregates (ii)	101,830,275	91,913,047
Land development and resale (ii)	38,500,651	14,391,232
Geotechnical services (ii)	6,939,818	-
	239,015,636	157,204,087
Other revenue		
Equipment and machinery hire	34,100,422	29,765,553
Management fees	1,440,000	2,430,000
Dividends and trust distributions	-	969
Rent	484,242	623,010
Other revenue	2,521,666	3,416,444
	38,546,330	36,235,976
Revenue	**277,561,966**	**193,440,063**

Disaggregation of revenue

The consolidated entity derives revenue from the transfer of goods and services over time and at a point in time for all major revenue sources indicated above. Revenue from contracts with customers is derived from the sale of goods and services to global customers located in countries including Australia, Vietnam, Indonesia, Mongolia, Papua New Guinea and New Zealand. Management does not review revenue by country. Refer to note 4 for disaggregation of revenue by geographical region.

(i) Revenue recognised over time

(ii) Revenue recognised at a point in time

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 5. Revenue (continued)

						2021
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	ELIMINATIONS	TOTAL
	$	$	$	$	$	$
Construction - civil infrastructure	-	50,168,478	-	-	(15,703,103)	34,465,375
Construction - residential	14,769,939	-	-	-	-	14,769,939
Electrical service	-	42,032,244	-	-	(1,236,416)	40,795,828
Labour hire and repairs	-	1,713,750	-	-	-	1,713,750
Sale of goods - plant, equipment, roadbase and aggregates	-	54,994,903	23,210,005	31,941,250	(8,315,883)	101,830,275
Land development and resale	38,500,651	-	-	-	-	38,500,651
Geotechnical services	-	-	-	6,939,818	-	6,939,818
Revenue from contracts with customers	53,270,590	148,909,375	23,210,005	38,881,068	(25,255,402)	239,015,636
Equipment & machinery hire	-	32,825,049	-	2,772,443	(1,497,070)	34,100,422
Total sales revenue per segment	**53,270,590**	**181,734,424**	**23,210,005**	**41,653,511**	**(26,752,472)**	**273,116,058**

						2021
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	ELIMINATIONS	TOTAL
	$	$	$	$	$	$
Other revenue	2,036,134	33,910,055	57,289	4,048,685	(1,505,833)	38,546,330
Equipment and machinery hire disclosed in sales revenue per segment	-	(32,825,049)	-	(2,772,443)	1,497,070	(34,100,422)
Total sales revenue per segment	**2,036,134**	**1,085,006**	**57,289**	**1,276,242**	**(8,763)**	**4,445,908**

						2020
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	ELIMINATIONS	TOTAL
	$	$	$	$	$	$
Construction - civil infrastructure	-	28,336,526	-	-	(10,037,035)	18,299,491
Construction - residential	9,253,894	-	-	-	-	9,253,894
Electrical service	-	19,933,927	-	-	-	19,933,927
Labour hire and repairs	-	3,412,496	-	-	-	3,412,496
Sale of goods - plant, equipment, parts, road-base and aggregates	-	53,010,619	21,743,549	25,621,279	(8,462,400)	91,913,047
Land development and resale	14,391,232	-	-	-	-	14,391,232
Revenue from contracts with customers	23,645,126	104,693,568	21,743,549	25,621,279	(18,499,435)	157,204,087
Equipment and machinery hire	-	30,865,627	-	-	(1,100,074)	29,765,553
Total sales revenue per segment	**23,645,126**	**135,559,195**	**21,743,549**	**25,621,279**	**(19,599,509)**	**186,969,640**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 5. Revenue (continued)

						2020
	REAL ESTATE	CIVIL CONSTRUCTION AND HIRE	MANU-FACTURING	CONSTRUCTION MATERIALS	ELIMINATIONS	TOTAL
	$	$	$	$	$	$
Other revenue	3,695,669	33,697,983	-	17,343	(1,175,019)	36,235,976
Equipment and machinery hire disclosed in sales revenue per segment	-	(30,865,627)	-	-	1,100,074	(29,765,553)
Total sales revenue per segment	**3,695,669**	**2,832,356**	**-**	**17,343**	**(74,945)**	**6,470,423**

Accounting policy for revenue recognition

Construction - civil infrastructure

The consolidated entity derives revenue from the construction of civil infrastructure projects, including roads, railways, tunnels, water, energy and resources facilities across Australia. Contracts entered into may be for the construction of one or several separate stages in a project (deliverables). The construction of each individual deliverable is generally taken to be one performance obligation. Where contracts are entered for the building of deliverables, the total transaction price is allocated across each deliverable based on stand-alone selling prices. The transaction price is normally fixed at the start of the project. It is normal practice for contracts to include bonus and penalty elements based on timely construction or other performance criteria known as variable consideration, discussed below.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the consolidated entity, with the consolidated entity having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured output of each process based on appraisals that are agreed with the customer on a regular basis.

Revenue earned is typically invoiced monthly or in some cases on achievement of milestones or to match major capital outlay.

Invoices are paid on normal commercial terms, which may include the customer withholding a retention amount until finalisation of the construction. Certain construction projects entered into receive payment prior to work being performed in which case revenue is deferred on the statement of financial position.

Construction - residential

The consolidated entity derives revenue from the construction of residential houses in the NSW area. Contracts entered into is for the construction of a residential dwelling and is taken to be one performance obligation and the stand-alone selling price. The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed they are controlled by the customer and have no alternative use to the consolidated entity, with the consolidated entity having a right to payment for performance to date.

Generally, contracts identify various inter-linked activities required in the construction process. Revenue is recognised on the measured input, being stage of completion of costs incurred against budgeted costs. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed.

Customers are invoiced based on the achievement of milestones (included in the contract). Payment is received following invoice on normal commercial terms. At reporting date, the amounts invoiced are likely to differ from the stage of completion. The difference is recognised as either a contract asset or contract liability.

Equipment and machinery hire

The consolidated entity generates revenue from the provision of dry hire and wet hire of plant and equipment to many infrastructure projects throughout Australia. Contracts include separate mobilisation and demobilisation fees and a schedule of rates for the dry hire or wet hire. Dry hire revenue is generated from hire of equipment only, no supply of driver, maintenance or fuel, whereas wet hire includes a driver and can include maintenance services and fuel.

These form of contracts may vary in scope however all wet hires have one common performance obligation, being the provision of equipment and driver to the customer which includes mobilisation and dismantling, and maintenance services and any ancillary materials that are required to fulfil the obligation.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 5. Revenue (continued)

The mobilisation fees, maintenance services and ancillary materials are generally taken to be one performance obligation as the customer does not benefit from these services on its own, are not considered distinct and therefore are grouped with other items in the contract, being the hire of equipment.

Equipment and machinery rental periods are typically short-term and is recognised at fixed rates over the period of hire. Customers are in general invoiced on a monthly basis and payment is received following invoice on normal commercial terms.

Electrical service revenue

The consolidated entity performs electrical services specialising in underground and overhead power line construction and High Voltage and Low Voltage cable jointing for supply authorities and mining professionals. Contracts may include multiple processes required to be performed for each milestone set in the project. Milestones may be performed by the Group or by other contractors employed by the customer and as such are accounted for as separate obligations. The transaction price is allocated to each performance obligation based on the stand-alone selling price. The total transaction price may include a variable pricing element which is accounted for in accordance with the policy on variable consideration.

Performance obligations are fulfilled over time with revenue recognised in the accounting period in which the electrical services are rendered based on the amount of the expected transaction price allocated to each performance obligation as the customer continues to control the asset as it is enhanced.

Customers are typically invoiced on a monthly basis for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Service revenue: labour hire and repairs

The consolidated entity performs repairs to machinery and provides labour to customers in the underground mining, tunnelling, civil construction and rail industries. Contracts include a schedule of rates that is aligned with the stand alone selling prices of the service provided. The performance obligation is fulfilled over time and as such revenue is recognised over time because the customer simultaneously receives and consumes the benefits provided by the entity's performance. Revenue is recognised on the measured output with reference to the services performed to date.

Customers are typically invoiced on a monthly basis for an amount that is calculated on a schedule of rates that is aligned with the stand alone selling prices for each performance obligation. Payment is received following invoice on normal commercial terms.

Sales of goods – plant, equipment, parts, road-base and aggregates

The consolidated entity sells plant, equipment, parts, road-base and aggregates. Sale of these goods usually contains only one performance obligation, with revenue recognised at the point in time when the material is transferred to the customer. The revenue is measured at the transaction price agreed under the contract. In most cases, the consideration is due when the goods have been transferred to the customer.

Land development and resale

The consolidated entity develops and sells residential properties in NSW. Property revenue is recognised when control over the property has been transferred to the customer. This is generally at the point when legal title has transferred to the customer as properties are not developed based on the specific needs of individual customers. The revenue is measured at the transaction price agreed under the contract.

Geotechnical services

The consolidated entity provides a range of Geotechnical consulting services to its clients including onsite earthworks testing, lab materials testing, geotechnical investigations & drilling, and concrete testing. Individual contracts are typically short-term in nature and relate to a discrete project or asset. Revenue is recognised in the accounting period in which the services are rendered, at a point-in-time when the results are provided to the client (the performance obligation). Payment is generally due within 30 days from completion of the services. Consulting services are generally short-term in nature with most contracts completed within 30 days.

Manufacturing sales

The consolidated entity recognises a contract asset over the period in which the performance obligation is fulfilled and recognises contract liabilities arise where payments are received prior to work being performed. Revenue is recognised at the point in time when the manufactured machine is transferred to the customer. Manufacturing sales are included in Sale of goods - plant, equipment, parts, road-base and aggregates revenue stream.

Variable consideration

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved, known as "constraint" requirements. The consolidated entity assesses the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in design or contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 5. Revenue (continued)

Contract assets and liabilities

AASB 15 uses the terms 'contract asset' and 'contract liability' to describe what is commonly known as 'accrued revenue' and 'deferred revenue'. Contract assets are balances due from customers under contracts as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the entity's right to consideration for the services transferred to date. Amounts are generally reclassified to receivables when these have been certified or invoiced to a customer. Contract liabilities arise where payment is received prior to work being performed.

Financing components

The consolidated entity does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the consolidated entity does not adjust any of the transaction prices for the time value of money.

Warranties and defect periods

Generally construction and services contracts include defect and warranty periods following completion of the project. These obligations are not deemed to be separate performance obligations and therefore estimated and included in the total costs of the contracts. Where required, amounts are recognised accordingly in line with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Loss making contracts

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the forecast costs are greater than the forecast revenue.

Dividends and interest

Dividend revenue is recognised when the right to receive a dividend has been established, and interest revenue is recognised using the effective interest method.

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Management fees

The consolidated entity manages and sells land held by MAAS Group Family Property entities (outside of the consolidated group) on their behalf and in return the consolidated entity receives a management fee. Management fees are fixed and based on a per lot sold basis and are recognised when a lot of land is sold. The arrangement concluded during the 2021 financial year.

Note 6. Other income

	CONSOLIDATED	
	2021	2020
	$	$
Net gain on disposal of property, plant and equipment	951,565	2,358,369
Net fair value gain on financial assets at fair value through profit or loss	10,150	231,430
Insurance recoveries	141,189	172,569
Net reimbursement of expenses	45,000	293,144
Gain on contingent and deferred consideration	-	1,040,524
Net gain on disposal of investment properties held for sale	79,562	-
Write back of provision for expected credit loss	396,271	-
Other income	**1,623,737**	**4,096,036**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 7. Expenses

	CONSOLIDATED	
	2021	2020
	$	$
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	5,136,686	6,194,136
Interest and finance charges paid/payable on lease liabilities and chattel mortgages	2,358,247	2,658,356
Finance costs expensed	7,494,933	8,852,492
Superannuation expense		
Defined contribution superannuation expense	3,425,233	2,979,980
Share-based payments expense		
Share-based payments expense - employee benefits	351,636	-

Note 8. Income tax expense

	CONSOLIDATED	
	2021	2020
	$	$
Income tax expense		
Current tax	4,723,655	7,737,570
Deferred tax - origination and reversal of temporary differences	8,757,839	2,260,124
Adjustment recognised for prior periods	(982,385)	(999,108)
Aggregate income tax expense	**12,499,109**	**8,998,586**
Deferred tax included in income tax expense comprises:		
Increase in deferred tax assets (note 19)	(547,100)	(1,075,918)
Increase in deferred tax liabilities (note 26)	9,304,939	3,336,042
Deferred tax - origination and reversal of temporary differences	8,757,839	2,260,124
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	47,240,551	29,941,060
Tax at the statutory tax rate of 30%	14,172,165	8,982,318
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Step down in inventory on consolidation	-	818,648
Non-deductible interest	-	635,942
Other non-deductible expenses	337,440	41,339
	14,509,605	10,478,247
Adjustment recognised for prior periods	(982,385)	(999,108)
Difference in overseas tax rates	(1,028,111)	(480,553)
Income tax expense	**12,499,109**	**8,998,586**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2021

Note 8. Income tax expense (continued)

	CONSOLIDATED	
	2021	2020
	$	$
Amounts credited directly to equity		
Aggregate current and deferred tax arising in the period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity		
Deferred tax in relation to share issue costs (note 19)	(616,279)	-

Note 9. Cash and cash equivalents

	CONSOLIDATED	
	2021	2020
	$	$
Current assets		
Cash on hand	-	1,491
Cash at bank	17,996,088	12,451,811
	17,996,088	**12,453,302**

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

Note 10. Trade and other receivables

	CONSOLIDATED	
	2021	2020
	$	$
Current assets		
Financial assets at amortised cost:		
Trade receivables	34,018,656	26,556,227
Less: Allowance for expected credit losses	-	(760,000)
	34,018,656	25,796,227
Other receivables	3,726,057	1,556,579
	37,744,713	**27,352,806**

Allowance for expected credit losses
Movements in the allowance for expected credit losses are as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Opening balance	760,000	-
Additional provisions recognised	-	760,000
Amounts received	(360,000)	-
Unused amounts reversed	(400,000)	-
Closing balance	**-**	**760,000**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 10. Trade and other receivables (continued)

Accounting policy for trade and other receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The consolidated entity holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

(a) Fair values of trade and other receivables

Due to the short term nature of the current receivables, the carrying amount is considered to be the same as their fair value.

(b) Other receivables at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the consolidated entity. Interest is charged at commercial rates where the repayment exceeds 12 months. Collateral is not normally obtained. The non-current receivables are due and payable within 2 years from the end of the reporting period.

(c) Impairment and risk exposure

Note 32 sets out information of financial assets and exposure to credit risk.

Loans due by director related entities and non-related entities are denominated in Australian dollars, as a result there is no exposure to foreign currency risk. Current trade and other receivables include balances denominated in Vietnamese Dong. Refer note 32 for the consolidated entity's exposure to foreign currency risk.

(i) Included in interest revenue is $nil (2020: $101,601) relating to loans due by non-related entities.

Note 11. Contract assets

	CONSOLIDATED	
	2021	**2020**
	$	**$**
Current assets		
Contract assets	**8,619,042**	**11,421,354**

The overall decrease in contract assets of $2,802,312 was driven by a reduction in work in progress within the Civil, Construction and Hire segment of $2,351,802 and a further decrease within the manufacturing segment of $1,178,650. This was offset by an increase in construction materials $728,140. The reductions mainly related to the timing of progress billing arrangements on a number of large projects within civil and construction and an increase in shipments leading up to the end of the financial year within manufacturing.

Accounting policy for contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 12. Inventories

	CONSOLIDATED	
	2021	2020
	$	$
Current assets		
Raw materials - at cost	7,668,134	6,189,427
Finished goods - at cost	6,756,653	6,567,964
Land held for development and resale	18,810,123	15,904,540
Machines held for resale - at cost	23,770,200	25,338,221
	57,005,110	54,000,152
Non-current assets		
Land held for development and resale	31,860,261	21,785,561
Total inventories	**88,865,371**	**75,785,713**

Amounts recognised in profit or loss

	CONSOLIDATED	
	2021	2020
	$	$
Inventories recognised as an expense during the year included in cost of sales and cost of providing services	127,306,702	89,195,024

The consolidated entity changed its presentation relating to the classification of inventories between raw materials and finished goods for items which can either be sold individually or used further in the manufacture and production of plant and machinery. This change was made for the year ended 30 June 2021 under AASB 101:Presentation of Financial Statements. Previously these items were classified as raw materials but are now classified as finished goods. Management are of the opinion that, after judgment and consideration of all relevant facts and circumstances, that the classification as finished goods is appropriate given the dual nature of the inventory items. This change is consistent with the re-classification made at 31 December 2020 which was reflected in the 31 December 2020 half-year financial statements. Comparative information for the year ended 30 June 2020 has also been restated in accordance with the new classification.

Accounting policy for inventories

Inventories are carried at the lower of cost and net realisable value and comprise of the following:

- Land held for development and resale

Cost includes the costs of acquisition, development and holding costs such as rates, taxes and finance costs. Holding costs on property developments not under active development are expensed as incurred. Land held for development and resale not expected to be realised within the next 12 months has been classified as non-current.

- Raw materials, finished goods and parts

Raw materials, finished goods and parts are stated at the lower of cost and net realisable value. Cost comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 13. Non-current assets classified as held for sale

	CONSOLIDATED	
	2021	2020
	$	$
Current assets		
Investment properties - at fair value	**4,280,000**	**6,963,615**

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening balance	6,963,615	-
Transfer from investment properties (note 16)	-	6,963,615
Properties sold	(2,683,615)	-
Closing balance	**4,280,000**	**6,963,615**

2021

The investment properties held for sale consist of:

(i) A commercial property with a fair value of $3,000,000, situated in Rutherford NSW

(ii) A commercial property with a fair value of $1,280,000, situated in Emerald QLD

All properties are expected to be sold within 12 months from the reporting date and sale negotiations are currently in progress. The properties are surplus to requirements. The assets are presented within total assets of the Real Estate segment in note 4.

2020

The investment properties held for sale consisted of:

(i) A residential property with a fair value of $190,015, situated in Emerald QLD.

(ii) Vacant land with a fair value of $145,000, situated in Muswellbrook NSW.

(iii) Two commercial properties with fair values of $540,000 and $3,000,000 respectively, situated in Rutherford NSW.

(iv) Two commercial properties with fair values of $1,280,000 and $408,600 respectively, situated in Emerald QLD.

(v) A commercial property with a fair value of $1,400,000, situated in Mackay QLD.

Accounting policy for non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. Investments properties held for sale are measured at fair value. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 14. Other

	CONSOLIDATED	
	2021	2020
	$	$
Current assets		
Prepaid expenses	1,991,992	2,061,135
Deposits	1,768,001	365,564
Other current assets	649,046	214,782
	4,409,039	2,641,481
Non-current assets		
Security deposits	130,305	139,749
Other non-current assets	7,205	-
	137,510	139,749
Total other assets	**4,546,549**	**2,781,230**

Note 15. Investments accounted for using the equity method

	CONSOLIDATED	
	2021	2020
	$	$
Non-current assets		
Investment in associate	**8,000,000**	**-**

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Opening carrying amount	-	-
Additions - investment in associate	8,000,000	-
Closing carrying amount	**8,000,000**	**-**

Interests in associates

In May 2021, the company acquired a 45.7% interest in the 1990 Elizabeth Property Unit Trust ("1990 Trust") which holds a development site in the Western Sydney Airport precinct at Badgery's Creek. The company is guaranteed two seats on the board of the trustee of the 1990 Trust and participates in significant and financial operating decisions. Although the company does not have control of the Trust, it does have significant influence.

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

		OWNERSHIP INTEREST	
		2021	2020
NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	%	%
1990 Elizabeth Property Unit Trust	Australia	45.71%	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 15. Investments accounted for using the equity method (continued)

Summarised financial information

The information disclosed reflects the amounts presented in the financial statements of the relevant associates and not MGH's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	2021
	$
Summarised statement of financial position	
Current assets	853,632
Non-current assets	16,646,380
Total assets	17,500,012
Net assets	**17,500,012**
Summarised statement of profit or loss and other comprehensive income	
Revenue	-
Expenses	(137,499)
Loss before income tax	(137,499)
Other comprehensive income	-
Total comprehensive income	**(137,499)**
Reconciliation of the consolidated entity's carrying amount	
Consolidated entity's share of net assets (45.71%)	8,000,000
Closing carrying amount	**8,000,000**

Accounting policy for associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 16. Investment properties

	CONSOLIDATED	
	2021	2020
	$	$
Non-current assets		
Investment properties - at fair value	25,644,984	13,345,016
Investment properties under construction - at cost	198,376	1,071,070
	25,843,360	**14,416,086**

Reconciliation

Reconciliation of the carrying amounts at the beginning and end of the current and previous financial year are set out below:

Balance at 1 July	14,416,086	2,010,010
Additions	2,142,808	12,383,713
Classified as held for sale	-	(6,963,615)
Disposals	-	(139,904)
Fair value gain	9,284,466	7,125,882
Balance at 30 June	**25,843,360**	**14,416,086**

Amounts recognised in profit or loss for investment properties

	CONSOLIDATED	
	2021	2020
	$	$
Rental income	482,207	898,010
Direct operating expenses from property that generated rental income	(353,500)	(450,973)
Direct operating expenses from property that did not generate rental income	(142,280)	-

Significant estimate - Valuations of investment properties

Refer to note 33 for further information on fair value measurement.

Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable monthly. Lease payments for some contracts include CPI increases, but there are no other variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the consolidated entity may obtain bank guarantees for the term of the lease.

Although the consolidated entity is exposed to changes in the residual value at the end of the current leases, the consolidated entity typically enters into new operating leases and therefore will not immediately realise any reduction in residual value at the end of these leases. Expectations about the future residual values are reflected in the fair value of the properties.

Minimum lease payments receivable on leases of investment properties are as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Within 1 year	485,186	430,896
Between 1 and 2 years	485,186	360,000
Between 2 and 3 years	485,186	360,000
Between 3 and 4 years	425,186	360,000
Between 4 and 5 years	73,025	360,000
	1,953,769	**1,870,896**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 16. Investment properties (continued)

Accounting policy for investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use.

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Note 17. Property, plant and equipment

	CONSOLIDATED	
	2021	2020
	$	$
Non-current assets		
Quarry land - at cost	28,729,803	18,588,700
Less: Accumulated amortisation	(492,039)	(226,768)
	28,237,764	18,361,932
Land and buildings - at cost	33,015,109	26,690,983
Less: Accumulated depreciation	(2,484,110)	(3,042,798)
	30,530,999	23,648,185
Hire machinery and equipment - at cost	111,152,503	97,156,440
Less: Accumulated depreciation	(17,173,997)	(18,690,876)
	93,978,506	78,465,564
Plant and equipment - at cost	68,999,192	35,349,417
Less: Accumulated depreciation	(10,300,809)	(10,866,732)
	58,698,383	24,482,685
Motor vehicles - at cost	20,292,639	14,551,649
Less: Accumulated depreciation	(6,032,203)	(3,961,370)
	14,260,436	10,590,279
Assets under construction - at cost	7,289,645	12,671,927
	232,995,733	**168,220,572**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 17. Property, plant and equipment (continued)

Reconciliations

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

CONSOLIDATED

	QUARRY LAND	LAND & BUILDINGS	HIRE EQUIPMENT & MACHINERY	PLANT & EQUIPMENT	MOTOR VEHICLES	ASSETS & CONSTRUCTION	TOTAL
	$	$	$	$	$	$	$
Balance at 1 July 2019	6,728,415	15,346,783	55,851,355	9,110,514	6,084,212	6,537,946	99,659,225
Additions	460,285	8,625,983	29,044,611	616,689	5,425,686	17,776,271	61,949,525
Additions through business combinations	11,400,000	2,562,664	3,475,000	23,597,093	1,187,000	-	42,221,757
Disposals	-	(1,649,456)	(11,131,202)	(486,198)	(524,490)	(202,477)	(13,993,823)
Transfers to inventory	-	-	(2,922,809)	(5,576,957)	(587,128)	(42,448)	(9,129,342)
Transfers in/(out)	-	-	11,397,365	-	-	(11,397,365)	-
Depreciation expense	(226,768)	(1,237,789)	(7,248,756)	(2,778,456)	(995,001)	-	(12,486,770)
Balance at 30 June 2020	18,361,932	23,648,185	78,465,564	24,482,685	10,590,279	12,671,927	168,220,572
Additions	5,350,823	5,479,305	20,552,027	15,456,797	3,819,776	11,355,050	62,013,778
Additions through business combinations (note 40)	4,200,000	3,785,256	-	16,737,603	1,992,082	-	26,714,941
Disposals	-	(2,204)	(4,506,666)	(3,368,476)	(761,265)	-	(8,638,611)
Transfers from/(to) inventory	-	-	(1,515,248)	1,945,243	(450,399)	(212,228)	(232,632)
Exchange differences	-	(338,813)	-	(574,924)	-	-	(913,737)
Transfers in/(out)	613,280	(525,494)	7,057,379	8,694,417	685,522	(16,525,104)	-
Depreciation expense	(288,271)	(1,515,236)	(6,074,550)	(4,674,962)	(1,615,559)	-	(14,168,578)
Balance at 30 June 2021	**28,237,764**	**30,530,999**	**93,978,506**	**58,698,383**	**14,260,436**	**7,289,645**	**232,995,733**

Right-of-use assets and assets secured by chattel mortgage included in property, plant & equipment is summarised below:

Right-of-use assets:

	LAND & BUILDINGS	HIRE EQUIPMENT & MACHINERY	PLANT & EQUIPMENT	MOTOR VEHICLES	TOTAL
	$	$	$	$	$
Balance at 1 July 2019	2,026,976	43,113,634	2,464,162	3,877,985	51,482,757
Additions	6,779,477	29,526,251	4,406,425	3,653,073	44,365,226
Additions through business combinations	812,664	-	-	-	812,664
Disposals	(1,621,896)	(5,555,764)	(221,783)	(121,807)	(7,521,250)
Transfers out	-	(819,061)	-	(41,797)	(860,858)
Depreciation expense	(1,019,732)	(6,273,699)	(445,832)	(422,111)	(8,161,374)
Balance at 30 June 2020	6,977,489	59,991,361	6,202,972	6,945,343	80,117,165
Reallocation of assets secured by chattel mortgage*	-	(25,809,977)	(1,370,735)	(3,533,692)	(30,714,404)
Additions	5,058,752	12,597,206	1,187,906	2,129,099	20,972,963
Additions through business combinations	1,194,642	-	-	-	1,194,642
Disposals	-	(1,359,048)	(373,587)	(39,950)	(1,772,585)
Transfers in/(out)	-	(2,528,419)	84,500	-	(2,443,919)
Depreciation expense	(1,166,209)	(2,899,851)	(442,866)	(372,017)	(4,880,943)
Balance at 30 June 2021	**12,064,674**	**39,991,272**	**5,288,190**	**5,128,783**	**62,472,919**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 17. Property, plant and equipment (continued)

Accounting policy for property, plant and equipment

All property, plant and equipment except for land and assets under construction, are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of property, plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised through profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

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

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

Depreciation:
The depreciable amount of all fixed assets including land improvements & buildings, but excluding freehold land, is depreciated on either the diminishing value method or units of production method over the asset's useful life to the consolidated entity commencing from the time the asset is held ready for use. Estimated useful lives for each class of depreciable asset are as follows:

Buildings	2-10 years
Leasehold improvements	20-25 years
Hire equipment and machinery	3-10 years
Plant and equipment	3-10 years
Motor vehicles	4-8 years

Quarry land is amortised based on the rate of depletion of reserves as compared to the estimate of the total economically recoverable reserves.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Buildings, plant and equipment, and motor vehicles under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter. If the consolidated entity is reasonably certain to exercise a purchase option, the right of use asset is depreciated over the underlying assets useful life.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in profit or loss in the period in which they arise.

Accounting policy for right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less (without extension option) and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 18. Intangibles

	CONSOLIDATED	
	2021	2020
	$	$
Non-current assets		
Goodwill - at cost	34,682,496	33,123,751
Brand names - at cost	9,192,126	2,492,126
Customer contracts/relationships - at cost	8,470,000	2,450,000
Less: Accumulated amortisation	(1,873,332)	(1,225,000)
	6,596,668	1,225,000
Extraction rights - at cost	4,478,783	3,250,000
Less: Accumulated amortisation	(889,029)	-
	3,589,754	3,250,000
Water licence - at cost	223,612	223,612
	54,284,656	**40,314,489**

Reconciliations

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

	CONSOLIDATED					
	GOODWILL	BRAND NAMES	CUSTOMER CONTRACTS/ RELATIONSHIPS	EXTRACTION RIGHTS	WATER LICENCE	TOTAL
	$	$	$	$	$	$
Balance at 1 July 2019	32,333,804	-	2,450,000	-	49,567	34,833,371
Additions	-	-	-	3,250,000	174,045	3,424,045
Additions through business combinations	789,947	2,492,126	-	-	-	3,282,073
Amortisation expense	-	-	(1,225,000)	-	-	(1,225,000)
Balance at 30 June 2020	33,123,751	2,492,126	1,225,000	3,250,000	223,612	40,314,489
Additions	-	-	-	28,783	-	28,783
Additions through business combinations (note 40)	1,558,745	6,700,000	6,020,000	1,200,000	-	15,478,745
Amortisation expense	-	-	(648,332)	(889,029)	-	(1,537,361)
Balance at 30 June 2021	**34,682,496**	**9,192,126**	**6,596,668**	**3,589,754**	**223,612**	**54,284,656**

Impairment testing for goodwill and intangibles with indefinite lives:

The calculations use cash flow projections based on cash flow forecasts covering a five-year period. The cash flows are based on past results adjusted for current market conditions and known contracts. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. These growth rates are consistent with forecasts included in industry reports specific to the industry in which each CGU operates.

During the 2021 financial year, management undertook an operational review of the former Tunnelling and Underground Services CGU which resulted in the consolidation of the Underground equipment hire operations into MAAS Plant Hire, resulting in a fully integrated hire and workshop operation. The remaining manufacturing and Jacon product sales were established as a stand-alone CGU (Manufacturing) with independent management reporting directly to the Group CEO.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 18. Intangibles (continued)

	2021		
	GOODWILL	INDEFINITE-LIVED INTANGIBLE ASSETS	TOTAL
	$	$	$
Construction Materials[(1)]	2,348,692	6,700,000	9,048,692
Large Industries[(4)]	1,265,868	-	1,265,868
MAAS Homes[(5)]	1,460,197	-	1,460,197
Machinery Sales[(4)]	4,609,384	-	4,609,384
Manufacturing[(2)]	8,399,057	2,492,126	10,891,183
Plant Hire[(4)]	16,599,298	-	16,599,298
Total goodwill and indefinite lived intangible assets	**34,682,496**	**9,192,126**	**43,874,622**

	2020		
	GOODWILL	INDEFINITE-LIVED INTANGIBLE ASSETS	TOTAL
	$	$	$
Construction Materials[(1)]	788,947	-	788,947
Large Industries[(4)]	1,265,868	-	1,265,868
MAAS Homes[(5)]	1,460,197	-	1,460,197
Machinery Sales[(4)]	4,609,384	-	4,609,384
Tunnelling and Underground Services[(3)]	24,998,355	2,492,126	27,490,481
Total goodwill and indefinite lived intangible assets	**33,122,751**	**2,492,126**	**35,614,877**

(1) Operating segment in 2021 and 2020

(2) Operating segment in 2021

(3) Operating segment in 2020

(4) CGU's included in Civil, Construction & Hire operating segment in 2021

(5) CGU in Real Estate operating segment in 2021 and 2020

The following tables sets out the key assumptions for the value in use:

	2021				
	SALES GROWTH RATE (a)	FIXED COSTS PER ANNUM (b)	ANNUAL CAPITAL EXPENDITURE (c)	LONG TERM GROWTH RATE (d)	PRE-TAX DISCOUNT RATE (e)
	%	$	$	%	%
Construction Materials	3%	3,000,000	5,000,000	1%	11.0%
Large Industries	3%	6,000,000	1,700,000	1%	11.5%
MAAS Homes	3%	1,400,000	-	1%	10.0%
Machinery Sales	3%	1,200,000	-	1%	11.5%
Manufacturing	3%	5,500,000	-	1%	13.5%
Plant Hire	3%	4,000,000	5,000,000	1%	11.5%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 18. Intangibles (continued)

					2020
	SALES GROWTH RATE (a)	FIXED COSTS PER ANNUM (b)	ANNUAL CAPITAL EXPENDITURE (c)	LONG TERM GROWTH RATE (d)	PRE-TAX DISCOUNT RATE (e)
	%	$	$	%	%
Construction Materials	2%	2,300,000	4,500,000	1%	18%
Large Industries	2%	5,900,000	900,000	1%	18%
MAAS Homes	2%	1,000,000	-	1%	18%
Machinery Sales	2%	1,300,000	-	1%	18%
Tunnelling and Underground Services	2%	8,400,000	4,300,000	1%	18%

(a) The annual sales growth rate is based on past performance and management's expectations of market development.

(b) Fixed costs of the CGU, which do not vary significantly with sales volumes or prices. Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost saving measures. The amounts disclosed are the average operating costs for the five-year forecast period.

(c) Expected capital cash costs based on the historical experience of management, and the planned refurbishment expenditure. No incremental revenue or cost savings are assumed in the value-in-use model as a result of this expenditure.

(d) This is the weighted average growth rate used to extrapolate cash flows beyond the budget period. The rates are consistent with forecasts included in industry reports.

(e) Reflects specific risks relating to the relevant segments and the countries in which they operate. In performing the value-in-use calculations for each CGU, the consolidated entity has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax rates are disclosed in the table.

Whilst there has been no material adverse impact on the financial performance of the consolidated entity from COVID-19, there is a risk that any future economic downturn could impact the consolidated entity's products and services offered, customers, supply chain, staffing and geographical regions in which the group operates. Accordingly judgement has been exercised in considering the impacts COVID-19 has had, or may have on the assets of the consolidated entity, in particular the inputs included in the value-in-use calculations supporting recoverability of goodwill and noncurrent assets.

Sensitivity

Management have made judgements and estimates in respect of impairment testing. Should judgements and estimates not occur, the carrying value of goodwill may vary. Any reasonable change in the key assumptions on which the estimates and/or discount rate are based would not cause the carrying amount of the CGU to exceed the recoverable amount.

Accounting policy for intangible assets

Intangible assets that are acquired are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Brand names

Brand names acquired in a business combination that qualify for separate recognition are recognised as intangible assets at their fair values. Brand names are not amortised on the basis that they have an indefinite life and are reviewed annually.

Customer contracts/relationships

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 3 years.

Extraction rights

Extraction rights are amortised as materials are extracted (volumes extracted during the period are compared with the estimated total volume of deposits to be extracted from the quarry over its useful life) in order to reflect the decline in value due to depletion.

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill 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. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. Goodwill acquired is allocated to each of the Cash Generating Units ("CGU") expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU to which the goodwill relates. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 19. Deferred tax asset

	CONSOLIDATED	
	2021	2020
	$	$
Non-current assets		
Deferred tax asset comprises temporary differences attributable to:		
Property, plant and equipment	772,546	467,213
Employee benefits	1,160,302	774,808
Provisions	205,485	681,407
Transaction/issuance costs	1,446,571	510,594
Other	776,418	24,554
Deferred tax asset	**4,361,322**	**2,458,576**
Movements:		
Opening balance	2,458,576	775,546
Credited to profit or loss (note 8)	547,100	1,075,918
Credited to equity (note 8)	616,279	-
Additions through business combinations (note 40)	739,367	607,112
Closing balance	**4,361,322**	**2,458,576**

Note 20. Trade and other payables

	CONSOLIDATED	
	2021	2020
	$	$
Current liabilities		
Financial liabilities at amortised cost:		
Trade payables	20,578,740	12,668,306
BAS payable	1,142,091	1,983,400
Other payables	16,531,626	12,589,274
	38,252,457	**27,240,980**

Refer to note 32 for further information on financial instruments.

Accounting policy for trade and other payables

Trade payables are amounts due to suppliers for goods purchased or services provided in the ordinary course of business. Trade payables are generally due for settlement within 30 days and therefore are all classified as current.

Other payables and accrued expenses generally arise from normal transactions within the usual operating activities of the consolidated entity and comprise items such as employee taxes, employee on costs, GST and other recurring items.

A liability is recorded for goods and services received prior to balance date, whether invoiced to the consolidated entity or not. Trade payables are normally settled within 30 days.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short term nature.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 21. Contract liabilities

	CONSOLIDATED	
	2021	2020
	$	$
Current liabilities		
Contract liabilities	1,522,226	823,272
Lease income in advance	5,515,541	6,279,772
	7,037,767	**7,103,044**

Under the terms of contract the consolidated entity is sometimes required to provide performance guarantees (refer note 34).

The decrease in Contract Liabilities was driven by a $569,231 reduction in the carrying value of large project progress claims in Electrical Group (Civil, Construction and Hire segment) at 30 June 2021 which was offset by an increase customer deposits of $202,892 in real estate and $301,062 across manufacturing segment as at 30 June 2021.

Unsatisfied performance obligations

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was $7,037,767 as at 30 June 2021 ($7,103,044 as at 30 June 2020) and is expected to be recognised as revenue in future periods as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Within 6 months	**7,037,767**	**7,103,044**

Accounting policy for contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 22. Borrowings and lease liabilities

	CONSOLIDATED	
	2021	2020
	$	$
Current liabilities		
Secured:		
Bank loans (a)	4,093,429	2,159,599
Multi-option facility (a)	-	13,500,000
Vendor financing (d)	11,720,245	13,393,476
Chattel mortgages (a)*	8,136,864	11,648,252
Lease liabilities - plant & equipment and motor vehicles (a) (e)*	7,714,202	28,130,978
Unsecured:		
Loans - other	1,035,427	1,249,817
Lease liabilities - land and buildings (e)	2,904,342	1,818,341
	35,604,509	71,900,463
Non-current liabilities		
Secured:		
Bank loans (a)	46,488,070	36,989,705
Vendor financing (d)	8,918,600	11,699,882
Chattel mortgages (a)*	28,668,183	16,342,654
Lease liabilities - plant & equipment and motor vehicles (a) (e)*	27,730,809	1,449,578
Unsecured:		
Convertible notes (b)	-	21,450,402
Loans due to shareholder related entities (c)	-	17,138,492
Loans due to director related entities (c)	-	24,275,433
Lease liabilities - land and buildings (e)	9,475,124	5,179,171
	121,280,786	134,525,317
Total borrowings and lease liabilities	**156,885,295**	**206,425,780**

* Plant & equipment and motor vehicles financed by chattel mortgage were previously included in current lease liabilities of $39,779,230 and in non-current lease liabilities of $17,792,232 in the 2020 financial year.

Refer to note 32 for further information on financial instruments.

(a) Bank loans and multi-option facility

In January 2021, the company received approval for the increase of its banking facility limits from $125m to $135m, consisting of a $10m increase to the equipment finance facility (including chattel mortgage and hire purchase liabilities). In May 2021 a further increase in the facility from $135m to $160m was approved with a $5m increase to the term loan, a $10m increase to the equipment finance facility and a $10m increase to the multi-option cash advance and bank guarantee facility. The increased facility will provide additional liquidity to the company under a common terms deed arrangement. $80m of the $160m facility related to an equipment finance facility whilst the balance of the facilities comprised a $45m term loan, and a $35m multi-option cash advance and bank guarantee facility. It is the company's intention that new asset finance agreements under the equipment finance facility will be drawn as chattel mortgages.

The multi-option facility is an interchangeable bank facility which allows the company to change between cash advances and contract performance guarantees. The balance of the contract performance guarantees as at 30 June 2021 amounted to $12,787,866 (refer note 34). The term loan has a 3-year term and is non-amortising. The multi-option facility also has a 3-year term with an annual requirement to fully repay the cash advance component for a period of 7 consecutive days. The repaid amount is then able to be redrawn after the 7-day period (Cash advance drawn at 30 June 2021: nil; at 30 June 2020: $13,500,000). The facilities are secured by a combination of General Security Agreements and mortgages over Australian group assets and property interests. Interest on the bank loans is calculated using the Bank Bill Swap (BBSY) Bid rate plus a relevant margin. Total transaction costs were $1,249,780 and unamortised transaction costs of $798,470 have been offset against the bank loans at 30 June 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 22. Borrowings and lease liabilities (continued)

Included in bank loans is a 142 billion VND facility in Vietnam which is secured by land use rights and related assets. The facility can be denominated in the currencies of VND or USD and attracts interest rates of between 6.4% to 7.0% for VND and 3.1% to 3.5% for USD. The loan is denominated in VND.

(b) Convertible notes

On 1 July 2019, unsecured convertible notes were issued for $20,000,000. A $1,000,000 interest payment due in May 2020 was converted into a further $1,000,000 in notes and the facility extended and subordinated to the bank debt. Interest was payable at 10% per annum. On 6 November 2020, all convertible notes were converted into ordinary shares in MAAS Group Holdings Limited at a 10% discount on the IPO price of $2 per share (refer note 27).

Movements:

	CONSOLIDATED	
	2021	2020
	$	$
Opening balance	21,450,402	-
Notes issued at inception	-	20,000,000
Derivative instrument - conversion feature (note 23)*	1,843,174	(1,843,174)
Notes issued in lieu of accrued interest	-	1,000,000
Accrued interest	-	2,293,576
Notes converted into ordinary shares (note 27)	(23,293,576)	-
Closing balance	**-**	**21,450,402**

*The derivative instrument was measured at fair value using inputs that are not based on observable market data.

(c) Loans due to shareholder and Director related entities

All loans due to shareholder and Director related entities were unsecured, non-interest bearing and were subordinated to the bank debt. Shareholder loans amounting to $14,834,316 were converted into ordinary shares in the company (note 27) and the balance of the loans were repaid. The loans due to director-related entities were all repaid during the year.

(d) Vendor Financing

The majority of the vendor financing loans relate to land held for resale and development except for Gilgandra which is a quarry and the Miller Metal Forbes loan that relates to a business acquisition completed during the 2020 financial year. The loans are secured against the respective assets. Vendor financing loans comprise the following:

	CONSOLIDATED	
	2021	2020
	$	$
Southlakes (i)	2,894,539	3,914,473
Westwinds (ii)	483,000	1,540,000
Millers Metal Forbes (iii)	7,404,500	19,638,885
Arcadia (iv)	6,074,248	-
Logan (v)	1,032,558	-
Gilgandra (vi)	2,750,000	-
	20,638,845	**25,093,358**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 22. Borrowings and lease liabilities (continued)

(i) Southlakes - Fixed interest rate of 9.99% and annual repayments (principal and interest) of $1,000,000 and a final payment of up to $2,000,000 on or before 6 August 2024.

(ii) Westwinds - Interest free. Paid $2,552,000 in the 2020 financial year and the value of land of $1,540,000 (inclusive of GST) to be transferred on or before 27 February 2022.

(iii) Millers Metal Forbes - Interest free loan with penalty interest of 12% charged only on late payments. The facility is secured by assets acquired and the loan is to be repaid in 2 instalments of $12,573,000 and $7,404,500 respectively which are due on the first and second anniversary of the transaction completion date: 7 August 2020 and 7 August 2021.

(iv) Arcadia - Interest free loan of $6,880,000 with penalty interest charged only on late payments per the fixed rate for judgement debts by the Uniform Civil Procedure Rules. The facility is secured by assets acquired and the loan is to be repaid in 9 instalments, 4 at $670,000 and 5 at $840,000. The first instalment of $670,000 is to be made on 1 March 2022 with the remaining 8 instalments due each anniversary of the transaction completion date with the final payment due on 1 March 2030.

(v) Logan - Interest free loan of $1,032,558 with penalty interest of 10% charged only on late payments. The facility is secured by assets acquired and the loan is to be repaid in 2 instalments of $516,279 due each anniversary of the transaction completion date: 26 August 2021 and 26 August 2022.

(vi) Gilgandra - loan of $2,750,000 with penalty interest charged at the bank bill swap rate plus 6% charged only on late payments. The facility is secured by assets acquired and the loan is to be repaid in 2 instalments of $1,375,000 due each anniversary of the transaction completion date: 17 August 2021 and 17 August 2022.

All loan repayments scheduled since the reporting period and up to the date to when the financial statements were authorised to issue have been paid.

(e) Lease liabilities

Plant & equipment and motor vehicles:
The consolidated entity leases various plant and equipment under finance lease and hire purchase. The leases are secured over the individual motor vehicles and equipment that the lease relates to.

Refer to note 17 for right-of-use assets disclosures relating to plant & equipment and motor vehicles under hire purchase.

Land and buildings:
The consolidated entity has leases for warehouses and offices. Rental contracts are typically made for a fixed period of 3 - 5 years with options to extend. With the exception of short-term leases and leases of low value underlying assets, each lease is reflected on the statement of financial position. The consolidated entity classifies its right-of-use assets in a consistent manner to its property, plant and equipment. Most extension options have been included in the lease liability.

Refer to note 17 for right-of-use assets disclosures relating to the land and buildings.

Fair value

The fair values of borrowings are not materially different from their carrying amounts, since the interest payable on borrowings is either close to current market rates or the borrowings are of a short term nature.

Compliance with loan covenants

The consolidated entity has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 reporting period, see note 27 for details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
30 JUNE 2021

Note 22. Borrowings and lease liabilities (continued)

Financing arrangements

The consolidated entity had access to the following undrawn borrowing facilities at the end of the reporting period:

	CONSOLIDATED	
	2021	2020
	$	$
Total facilities		
Bank loans*	53,141,058	48,187,500
Multi-option facility (including contract performance guarantees)**	35,000,000	25,000,000
Vendor financing	20,638,845	25,093,358
Loans due to shareholder related entities	-	17,138,492
Loans due to director related entities	-	24,275,433
Loans - other	1,035,427	1,249,817
Equipment finance facility	81,204,957	60,000,000
Convertible notes	-	21,450,402
	191,020,287	222,395,002
Used at the reporting date		
Bank loans*	51,379,968	39,810,984
Multi-option facility (including contract performance guarantees)**	12,787,866	21,586,480
Vendor financing	20,638,845	25,093,358
Loans due to shareholder related entities	-	17,138,492
Loans due to director related entities	-	24,275,433
Loans - other	1,035,427	1,249,817
Equipment finance facility	72,250,058	57,571,462
Convertible notes	-	21,450,402
	158,092,164	208,176,428
Unused at the reporting date		
Bank loans*	1,761,090	8,376,516
Multi-option facility (including contract performance guarantees)**	22,212,134	3,413,520
Vendor financing	-	-
Loans due to shareholder related entities	-	-
Loans due to director related entities	-	-
Loans - other	-	-
Equipment finance facility	8,954,899	2,428,538
Convertible notes	-	-
	32,928,123	14,218,574

* The used bank loan facility excludes borrowing costs capitalised.

** The used multi-option facility includes performance guarantees of $12,787,866 (2020: $8,086,480) - refer note 34.

Subsequent to 30 June 2021:

Following the increase in the company's banking facility limits by $25 million in May 2021, the company has received another credit approval to increase its banking facility limits to $200 million. The increased facility remains subject to final documentation.

The company has received approval from its banking consortium to secure up to an additional $100 million for future project finance funding. Commercial developments will be funded separately by project financiers under standalone project specific finance facilities with separate covenants and undertakings.

Accounting policy for borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Borrowing costs on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 22. Borrowings and lease liabilities (continued)

Borrowings are removed from the consolidated statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. 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 income or finance costs.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Convertible notes:
On the issue of the convertible notes, where the conversion is a fixed number of shares for a fixed value there is an equity component, otherwise the whole instrument is a financial liability.

When it is determined that the whole instrument is a financial liability and no equity instrument is identified, the conversion option is separated from the host debt and classified as a derivative liability. The carrying value of the host contract, at initial recognition is determined as the difference between the consideration received and the fair value of the embedded derivative. The host contract is subsequently measured at amortised cost using the effective interest rate method. The embedded derivative is subsequently measured at fair value at the end of each reporting period through the consolidated statement of profit or loss and other comprehensive income.

When it is determined that the instrument contains an equity component based on the terms of the contract, on issue of the convertible notes, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in equity. The carrying amount of the conversion option is not re-measured in subsequent years.

Accounting policy for lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Note 23. Derivative financial instruments

	CONSOLIDATED	
	2021	2020
	$	$
Non-current liabilities		
Conversion feature - convertible notes	-	**1,843,174**

Refer to note 32 for further information on financial instruments.

Refer to note 33 for further information on fair value measurement.

The conversion option amount represents the additional value provided to convertible note holders (refer note 22) compared to the same corporate bond that would have no feature to convert the notes into shares in MAAS Group Holdings Limited at the end or during the term of the notes. For accounting purposes such a conversion feature is accounted for separately from the convertible notes as a derivative financial instrument and is carried at fair value. On 6 November 2020, all convertible notes were converted into ordinary shares in MAAS Group Holdings Limited.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 24. Employee benefits

	CONSOLIDATED	
	2021	2020
	$	$
Current liabilities		
Annual leave	3,395,546	2,270,231
Long service leave	712,783	91,884
	4,108,329	2,362,115
Non-current liabilities		
Long service leave	390,873	-
	4,499,202	**2,362,115**

Accounting policy for employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is presented as provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other long-term employee benefits

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

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Other long-term employee benefits

The liabilities for long service leave and annual leave which is not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The consolidated entity's obligations for long-term employee benefits are presented as non-current provision for employee benefits the consolidated statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as a current provision for employee benefits.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 25. Provisions

	CONSOLIDATED	
	2021	2020
	$	$
Current liabilities		
Onerous customer contracts	-	27,502
Warranties	88,555	300,000
Contingent consideration	1,000,000	484,194
Other provisions	39,619	-
	1,128,174	811,696
Non-current liabilities		
Contingent consideration	1,000,000	-
	2,128,174	**811,696**

Onerous contracts

The onerous customer contract provision is discounted using a pre-tax rate that reflects current markets assessments of the time value of money and the risks specific to the liability.

Contingent consideration

The contingent consideration at 30 June 2021 relates to the acquisition of the Amcor business by Regional Group Australia Pty Ltd and MAAS Group Pty Ltd (refer note 40). The contingent consideration at 30 June 2020 related to the acquisition of the Westelect and Jacon businesses by EMS Group Pty Ltd which was paid during the 30 June 2021 financial year.

Warranties

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Consolidated - 2021			
	ONEROUS CONTRACTS	WARRANTIES	CONTINGENT CONSIDERATION	OTHER
	$	$	$	$
Carrying amount at the start of the year	27,502	300,000	484,194	-
Additional provisions recognised	-	49,081	2,000,000	39,619
Fair value adjustment - Jacon	-	-	25,806	-
Amounts used	(27,502)	(260,526)	-	-
Payments	-	-	(510,000)	-
Carrying amount at the end of the year	-	**88,555**	**2,000,000**	**39,619**

Accounting policy for provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Refer to note 40 for accounting policy on contingent consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 26. Deferred tax liability

	CONSOLIDATED	
	2021	2020
	$	$
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Property, plant and equipment	23,961,210	13,721,105
Customer contracts/relationships	1,355,000	367,500
Other	21,819	-
Deferred tax liability	**25,338,029**	**14,088,605**
Movements:		
Opening balance	14,088,605	10,534,865
Charged to profit or loss (note 8)	9,304,939	3,336,042
Additions through business combinations (note 40)	1,944,485	217,698
Closing balance	**25,338,029**	**14,088,605**

Note 27. Issued capital

			CONSOLIDATED	
	2021	2020	2021	2020
	SHARES	SHARES	$	$
Ordinary shares - fully paid	**266,839,092**	**204,857,704**	**279,635,572**	**153,643,287**

Movements in ordinary share capital

DETAILS	DATE	SHARES	ISSUE PRICE	$
Balance	1 July 2019	204,857,704		153,643,287
Balance	30 June 2020	204,857,704		153,643,287
Conversion of convertible notes (note 22)	6 November 2020	11,665,810	$2.00	23,293,576
Conversion of shareholder loans (note 22)	3 December 2020	7,422,234	$2.00	14,834,316
Initial Public Offering	3 December 2020	41,000,000	$2.00	82,000,000
Dividend reinvestment plan issued	30 April 2021	1,185,797	$3.33	3,948,704
Shares issued to vendor of Amcor (note 40)	30 June 2021	707,547	$4.74	3,353,773
Transaction costs arising on share issues, net of tax		-	$0.00	(1,438,084)
Balance	30 June 2021	**266,839,092**		**279,635,572**

Ordinary shares

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

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

Initial Public Offering

On 3 December 2020, MAAS Group Holdings Limited (MGH) was admitted to the Official List of ASX Limited and official quotation of MGH's ordinary fully paid shares commenced on 4 December 2020. 41.0 million new shares were issued by the company at $2 per share pursuant to the offer under the prospectus dated 6 November 2020. Transaction costs of $2,054,363 and related deferred tax of $616,279 were recognised directly in equity which represents the portion of transaction costs attributable to the issuance of new shares. Transaction costs of $1,752,510 attributable to the listing were recognised in the consolidated statement of profit or loss and other comprehensive income in the current reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 27. Issued capital (continued)

Dividend reinvestment plan

On 25 February 2021, MAAS Group Holdings Limited (MGH) announced a fully franked interim dividend of 2 cents per share together with its Dividend Reinvestment Plan (DRP).

The interim dividend was paid on 30 April 2021 and was subject to the DRP, offering shareholders the choice to participate in the DRP at $3.33 per ordinary share. This issue price represented a five percent discount on the VWAP of MGH shares for the five trading days immediately after the record date of 31 March 2021.

On 30 April 2021 1,185,797 ordinary shares were issued pursuant to the DRP. The remaining 405,383 unsubscribed shares were fully underwritten by companies associated with the CEO, Wesley Maas. The acquisition of the 405,383 shares are subject to shareholder approval.

See also note 31 Dividends.

Capital risk management

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

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

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

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. The consolidated entity monitors capital to ensure it maintains compliance with its various financial covenants. Refer (i) below for a summary of existing financial covenants for the Australian senior debt facilities.

(i) Loan covenants

Under the terms of the major borrowing facilities, the consolidated entity is required to comply with the following financial covenants:

(a) A leverage ratio at each reporting date that will be less than or equal to 2.5 times.

(b) A debt service coverage ratio of more than or equal to 1.25 times.

(c) A tangible assets coverage ratio of 2 times from 30 June 2021 onwards.

(d) Shareholders' funds at each reporting date is not less than the greater of $125,000,000 or 80% of shareholders' funds for the immediately preceding financial year. Shareholders' funds means, at any time, the aggregate of the amounts paid up or credited as paid up on the issued ordinary share capital of the company and the amount standing to the credit of the reserves of the company, including subordinated debt and retained earnings.

The consolidated entity has complied with these covenants throughout the reporting period from the date of commencement of the new financing facilities.

Accounting policy for issued capital

Ordinary shares are classified as equity.

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

Note 28. Other equity

	CONSOLIDATED	
	2021	2020
	$	$
Deferred consideration	3,353,774	-

The deferred consideration represents the value of the shares to be issued to the vendor of Amcor on the second anniversary of the acquisition (refer note 40).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 29. Reserves

	CONSOLIDATED	
	2021	2020
	$	$
Foreign currency reserve	(640,652)	341,344
Share-based payments reserve	351,636	-
Business combinations under common control	(109,000,146)	(109,000,146)
Transactions with non-controlling interests	103,469	-
	(109,185,693)	**(108,658,802)**

Foreign currency reserve

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve

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

Business combinations under common control

Any difference between the cost of the acquisition and the amounts at which the acquired assets and liabilities are recorded for business combinations under common control have been recognised in the Business combinations under common control reserve.

Transactions with non-controlling interests

Transactions with non-controlling interests are accounted for as equity transactions.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	CONSOLIDATED				
	FOREIGN CURRENCY RESERVE	SHARE-BASED PAYMENTS RESERVE	BUSINESS COMBINATIONS UNDER COMMON CONTROL	TRANSACTIONS WITH NON-CONTROLLING INTERESTS	TOTAL
	$	$	$	$	$
Balance at 1 July 2019	-	-	(109,000,146)	-	(109,000,146)
Foreign currency translation	341,344	-	-	-	341,344
Balance at 30 June 2020	341,344	-	(109,000,146)	-	(108,658,802)
Foreign currency translation	(981,996)	-	-	-	(981,996)
Share-based payment expenses	-	351,636	-	-	351,636
Gain from equity transaction with non-controlling interests	-	-	-	103,469	103,469
Balance at 30 June 2021	**(640,652)**	**351,636**	**(109,000,146)**	**103,469**	**(109,185,693)**

Note 30. Retained profits

	CONSOLIDATED	
	2021	2020
	$	$
Retained profits at the beginning of the financial year	51,326,145	30,632,572
Profit after income tax expense for the year	34,569,427	20,693,573
Dividends paid (note 31)	(5,298,915)	-
Retained profits at the end of the financial year	**80,596,657**	**51,326,145**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 31. Dividends

Dividends

Dividends paid during the financial year were as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Interim dividend for the year ended 30 June 2021 of 2 cents per ordinary share	5,298,915	

Franking credits

	CONSOLIDATED	
	2021	2020
	$	$
Franking credits available for subsequent financial years based on a tax rate of 30%	24,175,783	20,355,167

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date

Dividend reinvestment plan

On 25 February 2021, MAAS Group Holdings Limited (MGH) announced a fully franked interim dividend of 2 cents per share together with its Dividend Reinvestment Plan (DRP).

The interim dividend was paid on 30 April 2021 and was subject to the DRP, offering shareholders the choice to participate in the DRP at $3.33 per ordinary share.

See note 27 for more information on MGH's issued capital.

A final dividend of 3 cents per ordinary share was declared subsequent to year end.

Accounting policy for dividends

Dividends are recognised when declared during the financial year.

Note 32. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk.

The Board has overall responsibility for the determination of the consolidated entity's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for day to day management of these risks to the Chief Finance Officer. The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

Market risk

Market risk arises from the use of interest bearing, tradeable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 32. Financial instruments (continued)

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date, shown

in Australian Dollars, were as follows:

	CONSOLIDATED	
	2021	2020
	$	$
Financial assets		
Cash and cash equivalents (USD)	2,914,675	-
Cash and cash equivalents (VND)	83,201	-
Cash and cash equivalents (IDR)	204,379	-
Trade and other receivables (VND)	9,220	3,011,041
Trade and other receivables (USD)	813,920	1,556,727
Trade and other receivables (EUR)	293,766	104,866
Trade and other receivables (SGD)	60,230	-
Trade and other receivables (IDR)	293,719	-
	4,673,110	4,672,634
Financial liabilities		
Bank Loans (VND)	(5,126,081)	(218,721)
Bank Loans (USD)	(1,253,888)	(9,459)
Bank Loans (EUR)	-	(6,373)
Intercompany Loan (VND)	-	(2,350,000)
Trade and other payables (VND)	(580,323)	(1,016,977)
Trade and other payables (USD)	-	(689,474)
Trade and other payables (EUR)	(574,660)	-
Trade and other payables (USD)	(151,311)	-
	(7,686,263)	(4,291,004)
Net (liabilities)/assets denominated in foreign currencies	**(3,013,153)**	**381,630**

The consolidated entity had net liabilities denominated in foreign currencies of $3,013,153 as at 30 June 2021 (2020: net assets of $381,630). Based on this exposure, had the Australian dollar weakened/strengthened by 10% (2020: weakened/ strengthened by 10%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been $301,315 lower/higher (2020: $38,163 higher/lower) and equity would have been $301,315 lower/ higher (2020: $38,163 higher/lower). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 12 months each year and the spot rate at each reporting date.

Price risk

The consolidated entity is not exposed to any significant price risk.

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value interest rate risk.

As at the reporting date, the consolidated entity had the following variable rate borrowings:

	CONSOLIDATED	
	2021	2020
	$	$
Bank loans and multi-option facility (excluding borrowing costs)	**51,379,968**	**53,310,983**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 32. Financial instruments (continued)

	CONSOLIDATED	
	2021	2020
	$	$
Impact on profit and equity		
+1.00%	513,800	533,110
-1.00%	(513,800)	(533,110)

An analysis by remaining contractual maturities is shown in 'liquidity' below.

The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity assess on a forward-looking basis in estimating expected credit losses to trade receivables and contract assets. The simplified approach to measuring expected credit losses has been applied. To measure the risk of expected credit losses, trade receivables have been grouped based on days past due and reviewed by management at the business unit level. Where any issues are highlighted that indicate that the consolidated entity may be exposed to expected credit losses, the issues are reported to executive management for consideration and the establishment of an action plan. Should expected credit losses not materialise in the future, the provision may be reversed based dependent on the existence of expected credit losses. The provision at year-end is considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates, and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

Liquidity risk

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

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 32. Financial instruments (continued)

	CONSOLIDATED - 2021			
	1 YEAR OR LESS	BETWEEN 1 & 5 YEARS	OVER 5 YEARS	REMAINING CONTRACTUAL MATURITIES
	$	$	$	$
Non-derivatives				
Non-interest bearing				
Trade payables	20,578,740	-	-	20,578,740
BAS payable	1,142,091	-	-	1,142,091
Other payables	16,531,626	-	-	16,531,626
Vendor financing	10,448,779	4,741,279	3,360,000	18,550,058
Deferred consideration	333,333	333,333	-	666,666
Contingent consideration	1,000,000	1,000,000	-	2,000,000
Interest-bearing				
Bank loans	5,722,695	49,031,984	-	54,754,679
Vendor financing	1,000,000	4,000,000	-	5,000,000
Other loans	1,059,615	-	-	1,059,615
Equipment finance (chattel mortgages and lease liabilities)	18,315,813	66,754,615	5,846,179	90,916,607
Total non-derivatives	76,132,692	125,861,211	9,206,179	211,200,082

	CONSOLIDATED - 2020			
	1 YEAR OR LESS	BETWEEN 1 & 5 YEARS	OVER 5 YEARS	REMAINING CONTRACTUAL MATURITIES
	$	$	$	$
Non-derivatives				
Non-interest bearing				
Trade payables	12,668,306	-	-	12,668,306
BAS payable	1,983,400	-	-	1,983,400
Other payables	12,589,274	-	-	12,589,274
Vendor financing	-	1,540,000	-	1,540,000
Deferred consideration	333,333	666,667	-	1,000,000
Contingent consideration	484,194	-	-	484,194
Interest-bearing				
Bank loans	5,722,695	49,031,984	-	54,754,679
Multi-option facility	13,789,966	-	-	13,789,966
Vendor financing	14,117,137	10,921,183	-	25,038,320
Loans due to shareholder related entities	-	17,138,492	-	17,138,492
Loans due to director related entities	-	24,275,433	-	24,275,433
Other loans	1,249,817	-	-	1,249,817
Equipment finance (chattel mortgages and lease liabilities)	43,634,638	23,530,757	-	67,165,395
Convertible notes	2,100,000	26,040,000	-	28,140,000
Total non-derivatives	108,672,760	153,144,516	-	261,817,276
Derivatives				
Conversion feature of convertible notes	-	1,843,174	-	1,843,174
Total derivatives	-	1,843,174	-	1,843,174

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 32. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments approximate their fair values.

Note 33. Fair value measurement

Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

	CONSOLIDATED - 2021			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	$	$	$	$
Assets				
Investment properties	-	3,000,000	26,924,984	29,924,984
Total assets	-	3,000,000	26,924,984	29,924,984
Liabilities				
Contingent consideration	-	-	2,000,000	2,000,000
Total liabilities	-	-	2,000,000	2,000,000

	CONSOLIDATED - 2020			
	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
	$	$	$	$
Assets				
Investment properties	-	1,998,631	18,310,000	20,308,631
Total assets	-	1,998,631	18,310,000	20,308,631
Liabilities				
Derivative instruments - conversion feature of convertible notes	-	-	1,843,174	1,843,174
Contingent consideration	-	-	484,194	484,194
Total liabilities	-	-	2,327,368	2,327,368

Valuation techniques for fair value measurements categorised within level 1

The fair values of listed equity securities are based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the consolidated entity is the bid price.

Valuation techniques for fair value measurements categorised within level 2 and level 3

- Investment properties

Investment properties are revalued annually based on independent assessments by a member of the Australian Property Institute having recent experience in the location and category of investment property being valued. The valuers have considered valuation techniques including direct comparison method, capitalisation approach and/or discounted cash flow analysis in arriving at the fair values as at the reporting date.

The direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties. The capitalisation approach captures an income stream into a present value using revenue multipliers or single-year capitalisation rates. The discounted cash flow method involves the estimation and projection of an income stream over a period and discounting the income stream with an expected rate of return.

All resulting fair value estimates for properties are included in level 3. Investment properties that are held for sale at the reporting date and which were valued at their selling price, have been included in level 2.

- Contingent consideration

The fair value of the contingent consideration has been estimated using present value techniques, by discounting the probability-weighted estimated future cash outflows.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 33. Fair value measurement (continued)

- Derivative instruments - conversion feature of convertible notes
The fair value of the conversion feature of the convertible notes is estimated using present value techniques, by discounting the probability-weighted estimated future cash outflows.

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

				CONSOLIDATED
	INVESTMENT PROPERTIES	CONTINGENT CONSIDERATION	DERIVATIVE INSTRUMENTS	TOTAL
	$	$	$	$
Balance at 1 July 2019	2,010,010	(660,000)	-	1,350,010
Transfers out level 3	(1,998,631)	-	-	(1,998,631)
Gains recognised in profit or loss	7,125,882	1,040,524	-	8,166,406
Additions	11,172,739	(2,300,000)	(1,843,174)	7,029,565
Disposals/settlements	-	280,282	-	280,282
Transferred to trade payables	-	1,155,000	-	1,155,000
Balance at 30 June 2020	18,310,000	(484,194)	(1,843,174)	15,982,632
Transfers into level 3	1,280,000	-	-	1,280,000
Transfers out level 3	(4,280,000)	-	-	(4,280,000)
Gains/(losses) recognised in profit or loss	9,284,466	(25,806)	-	9,258,660
Additions	3,015,534	(2,000,000)	-	1,015,534
Disposals/settlements	(685,016)	510,000	-	(175,016)
Converted into ordinary shares	-	-	1,843,174	1,843,174
Balance at 30 June 2021	**26,924,984**	**(2,000,000)**	**-**	**24,924,984**
Total gains for the previous year included in profit or loss that relate to level 3 assets held at the end of the previous year	**7,125,882**	**1,040,524**	**-**	**8,166,406**
Total gains/(losses) for the current year included in profit or loss that relate to level 3 assets held at the end of the current year	**9,284,466**	**(25,806)**	**-**	**9,258,660**

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

DESCRIPTION	UNOBSERVABLE INPUTS	RANGE (WEIGHTED AVERAGE)	SENSITIVITY
Investment properties (including investment properties held for sale)	Capitalisation rate	5.77%	The estimated fair value would increase/(decrease) if capitalisation rate was lower/(higher)
	Land rate (per sqm)	$4.96-$799 ($358)	The estimated fair value would increase/(decrease) if land rate was higher/(lower)

For the contingent consideration and derivative instruments, changing one or more of the unobservable inputs to reflect reasonably possible alternative assumptions would not change fair value significantly.

Accounting policy for fair value measurement

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

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 33. Fair value measurement (continued)

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 34. Contingent liabilities

	CONSOLIDATED	
	2021	2020
	$	$
Contract performance guarantees	**12,787,866**	**8,086,480**

These contract performance guarantees are amounts that can be called on by customers or third parties to rectify works carried out that have not been performed to the satisfaction of the customer or third party. Guarantees are issued to third parties to complete the required infrastructure projects required for its land development activities.

Note 35. Commitments

On 25 June 2021, the consolidated entity entered into a share purchase agreement to acquire all the issued shares of Stanaway Pty Ltd (trading as David Payne Construction) (refer note 42). Consideration is a combination of scrip and cash with 1.8 million MGH shares to be issued at completion with an additional 1.2 million MGH shares contingent upon certain targets being reached over three years following completion. A potential of up to $1.4 million is payable in cash following the finalisation of the FY2024 financial result if certain earnings targets are met. The acquisition is expected to complete in August 2021.

On 27 June 2021, the consolidated entity entered into share purchase agreements to acquire the issued shares of Maas Construction Group comprising Maas Constructions (Dubbo) Pty Ltd, Maas Building Pty Ltd and Regional Demolition Pty Ltd (Maas Construction), and Maas Plumbing Pty Ltd (Maas Plumbing) (refer note 42). The combined purchase price consists of 2.73 million MGH shares to be issued at completion with an additional 0.97million MGH shares contingent upon certain targets being reached over three years following completion. A potential of up to $2.2million is payable in cash following the finalisation of the FY2024 financial result if certain earnings targets are met.

On 27 June 2021, the consolidated entity entered into purchase agreements to acquire the shares, interests and land of a storage business (the "Spacey Self Storage" business) (refer note 42). The purchase price is made up of 3.379 million MGH shares to be issued at completion and cash of $1.4 million payable at completion. There is no deferred or contingent consideration.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 36. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by BDO Audit Pty Limited, the auditor of the company, and its network firms:

	CONSOLIDATED	
	2021	2020
	$	$
Audit services		
Audit or review of the financial statements	447,500	444,923
Other services		
Due diligence services - independent accountants report	118,000	693,021
Due diligence services - business acquisitions and other transactions	121,004	228,242
Tax consulting services - advice and ACA calculations	29,156	23,064
	268,160	944,327
Total remuneration of BDO - Australia	**715,660**	**1,389,250**
Audit services - network firms of BDO		
Audit or review of the financial statements	8,650	8,571
Other services - network firms		
Other services - Due diligence services	-	11,240
	8,650	**19,811**

Note 37. Key management personnel disclosures

Directors

The following persons were directors of MAAS Group Holdings Limited during the financial year:

Stephen G Bizzell
Wesley J Maas
Stewart A Butel
Neal M O'Connor
Michael J Medway
Craig Bellamy (resigned 21 October 2020)
Damien J Porter (resigned 21 October 2020)

Other key management personnel

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

Craig G Bellamy (Chief Financial Officer and Company Secretary)

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	CONSOLIDATED	
	2021	2020
	$	$
Short-term employee benefits	991,107	553,778
Post-employment benefits	86,299	47,134
Long-term benefits	44,326	-
	1,121,732	**600,912**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 38. Related party transactions

Subsidiaries

Interests in subsidiaries are set out in note 41.

Associates

Interests in associates are set out in note 15.

Key management personnel

Disclosures relating to key management personnel are set out in note 37 and the remuneration report included in the directors' report.

Transactions with related parties

The following transactions occurred with related parties:

	CONSOLIDATED	
	2021	2020
	$	$
Sale of goods and services:		
Construction services	1,973,016	-
Payment for goods and services:		
Advisory services – IPO & acquisitions	367,688	-
Consulting fee	67,500	270,000
Rent	343,084	19,100
Other transactions:		
Acquisition of minority interest in subsidiary	106,030	-
Amounts recognised directly in equity:		
Advisory services – capital raising	152,612	-

Related party transactions – Wesley Maas:

- Wesley Maas is a director of Property Maintenance Australia Pty Ltd (PMA). The consolidated entity engaged PMA to provide property consulting services to the value of $67,500 during the 2020 financial year until September 2020 when the engagement ended. The contract was based on normal commercial terms and conditions.
- The consolidated entity leased premises from Emma Maas, the wife of Wesley Maas, on a short-term and ad-hoc basis. The rental charged during the year of $29,150 was based on market rates.
- The consolidated entity leased premises from Yarrandale Pty Ltd, an entity controlled and/or associated with Wesley Maas. The rental charged during the year of $305,254 was based on market rates.
- In May 2021, the consolidated entity leased premises from Maas Homebush Pty Ltd, an entity controlled and/or associated with Wesley Maas.
- The rental charged was based on market rates and will commence after a three-month rent-free period, which ended in July 2021.
- During the year the ended 30 June 2021, W & E Maas Holdings Pty Limited (an entity controlled and/or associated with Wesley Maas) sold the remaining shares in related entity MAAS Group Properties Logan Pty Ltd to the consolidated entity for $106,030.

Related party transactions – Stephen Bizzell:

- There is a commercial tenancy agreement for office space and a carpark in Brisbane between the consolidated entity and Mallee Bull Investments Pty Ltd as trustee for the Mallee Bull Property Trust (Mallee Bull Property Trust) for a term of two years from July 2020 at a rental of $900 per month. During the year, $8,681 was paid to Mallee Bull Investments Pty Ltd and at the end of the financial year, $900 was payable. The spouse of Mr Stephen Bizzell, the Company's Chairman, is a director of Mallee Bull Investments Pty Ltd and an ultimate beneficiary of the Mallee Bull Property Trust. The tenancy agreement is on commercial arm's length terms and was entered into prior to Mr Bizzell's appointment as Chairman.
- The consolidated entity provides mining and ancillary services (construction services) by way of a service agreement with Laneway Resources Limited. Stephen Bizzell is a Chairman of the board and substantial shareholder of Laneway Resources Limited. The agreement is on arm's length, commercial terms and MGH recognised $1,973,016 of construction services revenue during the year.
- On 8 October 2018, the consolidated entity engaged Bizzell Capital Partners Pty Ltd (BCP) to advise on the Company's ASX listing, capital raising processes and acquisitions. Stephen Bizzell is the chairman and owner of BCP. The engagement of BCP was negotiated on arms' length commercial terms prior to Stephen's appointment as a director and Chairman of MGH. The parties mutually agreed to terminate the engagement on 5 November 2020 pursuant to a mutual deed of termination. Under the termination deed, MGH paid $473,000 (exclusive of GST) in respect of advisory fees up to 5 November 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 38. Related party transactions (continued)

Related party transactions – Damien Porter:

- During the 2020 financial year, the consolidated entity leased premises from Damien Porter on a short-term and ad-hoc basis. The rental charged was based on market rates and no amounts were paid or payable to Damien Porter in the year ended 30 June 2021.

Related party transactions – Michael Medway:

- During the year Michael Medway provided consultancy services to the consolidated entity under usual commercial terms. Services included due diligence services with respect to acquisitions of businesses and or assets. The value of the services provided is $9,000 which have yet to be invoiced to the company or accrued by the company at the reporting date.

Receivable from and payable to related parties

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

	CONSOLIDATED	
	2021	2020
	$	$
Current receivables:		
Trade receivables from entities controlled by key management personnel*	1,809,289	-
Current payables:		
Trade payables to entities controlled by key management personnel	56,962	-

*Subsequent to reporting date amounts have been paid.

Loans to/from related parties

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

RELATED PARTY ENTITY	KMP RELATED TO	BALANCE AT BEGINNING OF THE YEAR	LOAN BALANCE AT DATE OF APPOINTMENT AS A DIRECTOR	LOANS RECEIVABLE OFFSET AGAINST LOANS PAYABLE	TRANSFER TO SHAREHOLDER LOANS	CONVERTED INTO SHARES	NET LOAN PAYMENT	BALANCE AT THE END OF THE YEAR
								2021
		$	$	$	$	$	$	$
Related party loan liabilities:								
Choice Investments Dubbo Pty Ltd	Wesley J Maas	24,021,530	-	-	-	-	(24,021,530)	-
Old Man Investments Pty Ltd	Damien Porter	253,903	-	-	-	(253,903)	-	-
		24,275,433	-	-	-	(253,903)	(24,021,530)	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 38. Related party transactions (continued)

								2020
RELATED PARTY ENTITY	KMP RELATED TO	BALANCE AT BEGINNING OF THE YEAR	LOAN BALANCE AT DATE OF APPOINTMENT AS A DIRECTOR	LOANS RECEIVABLE OFFSET AGAINST LOANS PAYABLE	TRANSFER TO SHAREHOLDER LOANS	PURCHASE OF MOTOR VEHICLE	NET LOAN PAYMENT	BALANCE AT THE END OF THE YEAR
		$	$	$	$	$	$	$
Related party loan liabilities:								
Choice Investments Dubbo Pty Ltd	Wesley J Maas	38,331,031	-	(9,622,201)	(4,000,000)	(56,516)	(630,784)	24,021,530
Old Man Investments Pty Ltd	Damien Porter	-	254,000	-	-	-	(97)	253,903
		38,331,031	254,000	(9,622,201)	(4,000,000)	(56,516)	(630,881)	24,275,433
Related party loan receivables:								
Regional Hardrock Forbes Unit Trust	Wesley J Maas	15,990	-	-	-	-	(15,990)	-
Regional Hardrock West Wyalong	Wesley J Maas	34,470	-	-	-	-	(34,470)	-
		50,460	-	-	-	-	(50,460)	-

All of the above loans were unsecured and non-interest bearing.

Note 39. Parent entity information

Set out below is the supplementary information about the legal parent entity (MAAS Group Holdings Limited).

Statement of profit or loss and other comprehensive income

	PARENT	
	2021	2020
	$	$
Profit/(loss) after income tax	(4,291,092)	19,727,265
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income	(4,291,092)	19,727,265

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 39. Parent entity information (continued)

Statement of financial position

	PARENT	
	2021	2020
	$	$
Total current assets	177,102,387	134,183,285
Total non-current assets	154,341,685	151,754,548
Total assets	331,444,072	285,937,833
Total current liabilities	3,303,003	15,056,948
Total non-current liabilities	34,662,730	97,510,333
Total liabilities	37,965,733	112,567,281
Net assets	**293,478,339**	**173,370,552**
Equity		
Issued capital	279,635,672	153,643,287
Other equity	3,353,774	-
Share-based payments reserve	351,636	-
Retained profits	10,137,257	19,727,265
Total equity	**293,478,339**	**173,370,552**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity has provided guarantees in respect of banking facilities provided to the group (refer note 22).

Contingent liabilities

The parent entity had no other contingent liabilities as at 30 June 2021 and 30 June 2020 that have not been disclosed in note 34.

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021 and 30 June 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 40. Business combinations

Acquisition of Macquarie Geotechnical Pty Ltd

On 21 December 2020, the consolidated entity acquired 100% of the issued share capital of Macquarie Geotechnical Pty Limited, a leading diversified service provider in the construction materials and civil construction sectors. This acquisition complements the Group's growth strategy in growing its Construction Materials business. The total consideration consisted of a cash settlement of $6,284,538 and Consideration Shares to the value of $2,693,373 at the Initial Public Offer pricing of $2. The Consideration Shares vest between 3 and 5 years and are conditional on the existing shareholders remaining employed by Macquarie Geotechnical Pty Limited. It has been determined that the Consideration Shares are a Shared Based Payment and accordingly the value of the shares will be recognised as an expense over the vesting period. The business operates in the Construction Materials segment.

Acquisition of Willow Tree

On 28 May 2021, the consolidated entity acquired the businesses operated by Willow Tree Gravels Pty Ltd and Willow Tree Crushing Pty Ltd. Furthermore, as part of the transaction, special purpose entity Regional Hardrock (Willow Tree) Pty Limited acquired a parcel of land as trustee for the Regional Hardrock Willow Tree Unit Trust. The acquisitions have been combined and treated as one business combination due to the interdependence of the transaction. The total consideration consisted of a cash settlement of $10,227,273. The business operates in the Construction Materials segment and complements the Group's growth strategy in growing its Construction Materials business.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

Acquisition of Amcor

On 3 June 2021, the consolidated entity acquired 100% of the issued share capital of Amcor Excavations Pty Ltd and Amcor Quarries & Concrete Pty Ltd. Pursuant to the sale agreement, the consolidated entity then exercised its right and purchased a parcel of land and concrete batching plant on 7 June 2021. The consideration consisted of initial cash of $15,339,675 and shares to the value of $6,707,547. Half of the shares were issued upon completion, while the other half are held in escrow until the second anniversary of the acquisition. An additional $2,000,000 which is contingent upon certain hurdles being met, may be paid to the vendors during the period up to the second anniversary of the acquisition. The business operates in the Construction Materials and Civil, Construction and Hire segments.

In accordance with accounting standards, the acquisition has been completed on a provisional basis and finalisation of the assessment of fair values of the identifiable assets and liabilities acquired may result in adjustments to the amounts disclosed in the table below.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 40. Business combinations (continued)

Details of the acquisitions are as follows:

	MACQUARIE GEOTECH FAIR VALUE	WILLOW TREE FAIR VALUE	AMCOR FAIR VALUE	TOTAL
	$	$	$	$
Cash and cash equivalents	488,801	-	1,697,827	2,186,628
Trade and other receivables	2,002,957	-	4,678,410	6,681,367
Income tax refund due	-	-	166,803	166,803
Inventories	-	329,273	450,992	780,265
Prepayments	220,532	-	21,421	241,953
Other current assets	43,735	-	1,084,962	1,128,697
Extraction rights	-	-	1,200,000	1,200,000
Land	-	4,200,000	-	4,200,000
Land and buildings	1,194,642	-	2,590,614	3,785,256
Plant and equipment	1,044,206	1,998,000	13,695,397	16,737,603
Motor vehicles	1,019,816	-	972,266	1,992,082
Intangibles - Brand name	2,400,000	1,700,000	2,600,000	6,700,000
Intangibles - Customer relationships	1,440,000	1,730,000	2,850,000	6,020,000
Deferred tax asset	570,313	-	169,054	739,367
Trade and other payables	(1,431,260)	-	(3,927,263)	(5,358,523)
Current tax liability	(136,035)	-	-	(136,035)
Deferred tax liability	(570,485)	(519,000)	(855,000)	(1,944,485)
Employee benefits	(639,076)	-	(1,021,432)	(1,660,508)
Borrowings	(183,418)	-	-	(183,418)
Lease liabilities	(1,180,190)	-	(26,229)	(1,206,419)
Other liabilities	-	-	(3,070,345)	(3,070,345)
Net assets acquired	6,284,538	9,438,273	23,277,477	39,000,288
Goodwill	-	789,000	769,745	1,558,745
Net assets acquired	**6,284,538**	**10,227,273**	**24,047,222**	**40,559,033**
Representing:				
Cash paid or payable to vendor	6,284,538	10,227,273	15,339,675	31,851,486
MAAS Group Holdings Limited shares issued to vendor	-	-	6,707,547	6,707,547
Contingent consideration	-	-	2,000,000	2,000,000
	6,284,538	**10,227,273**	**24,047,222**	**40,559,033**
Cash used to acquire business, net of cash acquired:				
Acquisition-date fair value of the total consideration transferred	6,284,538	10,227,273	24,047,222	40,559,033
Less: cash and cash equivalents	(488,801)	-	(1,697,827)	(2,186,628)
Less: contingent consideration	-	-	(2,000,000)	(2,000,000)
Less: shares issued by company as part of consideration	-	-	(3,353,773)	(3,353,773)
Less: shares to be issued on second anniversary of the acquisition	-	-	(3,353,774)	(3,353,774)
Net cash used	**5,795,737**	**10,227,273**	**13,641,848**	**29,664,858**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 40. Business combinations (continued)

Revenue and profit contribution

If the acquisitions had occurred on 1 July 2020, the consolidated results for the year ended 30 June 2021 would have been as follows:

	MACQUARIE GEOTECH	WILLOW TREE	AMCOR	OTHER CONTROLLED ENTITIES	TOTAL
	$	$	$	$	$
Revenue	17,400,000	11,000,000	39,600,000	264,447,966	332,447,966
Net profit/(loss) for the period after tax	65,000	1,000,000	2,100,000	34,116,442	37,281,442

The amounts in the above table have been calculated using the results of each subsidiary and adjusting them for:

- differences in the accounting policies between the consolidated entity and the subsidiary, and
- the additional depreciation and amortisation that would have been charged assuming the fair value adjustments to property, plant and equipment and intangible assets had applied from 1 July 2020, together with the consequential tax effects.

The acquired businesses contributed the following revenues and net profit to the consolidated entity from the dates to their respective acquisitions to 30 June 2021:

	MACQUARIE GEOTECH	WILLOW TREE	AMCOR	TOTAL
	$	$	$	$
Revenue	8,500,000	614,000	4,000,000	13,114,000
Net profit/(loss) for the period after tax	36,000	189,000	400,000	625,000

Acquired receivables

	MACQUARIE GEOTECH	AMCOR	TOTAL
	$	$	$
Fair value of acquired receivables	2,002,957	4,678,410	6,681,367
Gross contractual amount due	(2,002,957)	(4,678,410)	(6,681,367)
Loss allowance recognised on acquisition	-	-	-

Acquisition-related costs

Acquisition-related costs totalling $1,080,462 that were not directly attributable to the issue of shares are included in legal, accounting and consultants expense in the statement of profit or loss and other comprehensive income.

Accounting policy for business combinations

The acquisition method of accounting is used to account for business combinations, unless it is a combination involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 40. Business combinations (continued)

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

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Note 41. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
MAAS Group Pty Ltd	Australia	100%	100%
Machinery Sales Pty Ltd	Australia	100%	100%
EMS Plant & Equipment Pty Ltd	Australia	100%	100%
Large Industries Pty Ltd	Australia	100%	100%
Hamcon Civil Pty Ltd	Australia	100%	100%
Miller Metals Forbes Pty Ltd	Australia	100%	100%
MAAS Plant Hire Pty Ltd	Australia	100%	100%
MAAS Civil Pty Ltd	Australia	100%	100%
MAAS Administration Pty Ltd	Australia	100%	100%
Macquarie Geotechnical Pty Ltd	Australia	100%	-
Amcor Excavations Pty Ltd	Australia	100%	-
EMS Group Pty Ltd	Australia	100%	100%
EMS Sales Pty Ltd	Australia	100%	100%
EMS Labour Hire Pty Ltd	Australia	100%	100%
EMS Repairs Pty Ltd	Australia	100%	100%
EMS Equipment Hire Pty Ltd	Australia	100%	100%
EMS Admin Pty Ltd	Australia	100%	100%
Dubbo Parts Pty Ltd	Australia	100%	100%
PT JTECH Jasa Pertambangan	Indonesia	100%	100%
JLE Group Holdings Pty Ltd	Australia	100%	100%
JLE Electrical Projects Pty Ltd	Australia	100%	100%
JLE Manufacturing Pty Ltd	Australia	100%	100%
JLE Engineering Pty Ltd	Australia	100%	100%
JLE Admin Pty Ltd	Australia	100%	100%
JLE Hire Pty Ltd	Australia	100%	100%
JLE Utilities Services Pty Ltd	Australia	100%	100%
JLE Mining & Tunnelling Pty Ltd	Australia	100%	100%
Regional Group Australia Pty Ltd	Australia	100%	100%
Regional Hardrock Pty Ltd	Australia	100%	100%
Regional Hardrock Unit Trust	Australia	100%	100%
Regional Hardrock (Dubbo) Pty Ltd	Australia	100%	100%
Regional Quarries Australia Pty Ltd	Australia	100%	100%
Regional Hardrock (Willow Tree) Pty Ltd	Australia	100%	-
Regional Hardrock Willow Tree Unit Trust	Australia	100%	-
Regional Hardrock (Orange) Pty Ltd	Australia	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 41. Interests in subsidiaries (continued)

NAME	PRINCIPAL PLACE OF BUSINESS / COUNTRY OF INCORPORATION	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
Regional Hardrock (Inverell) Pty Ltd	Australia	100%	-
Regional Hardrock Inverell Unit Trust	Australia	100%	-
Regional Hardrock (Forbes) Pty Ltd	Australia	100%	100%
Regional Hardrock (Forbes) Unit Trust	Australia	100%	100%
Regional Hardrock (West Wyalong) Pty Ltd	Australia	100%	100%
Regional Hardrock (West Wyalong) Unit Trust	Australia	100%	100%
Regional Hardrock (Gilgandra) Pty Ltd	Australia	100%	100%
Regional Hardrock (Gilgandra) Unit Trust	Australia	100%	100%
Regional Sands (Dubbo) Pty Ltd	Australia	100%	100%
Regional Sands Dubbo Unit Trust	Australia	100%	100%
Sand Quarries Australia Pty Ltd	Australia	100%	100%
Regional Crushing & Screening Pty Ltd	Australia	100%	100%
Regional Concrete Australia Pty Ltd	Australia	100%	100%
Regional Precast Australia Pty Ltd	Australia	100%	100%
Regional Group Resources Pty Ltd	Australia	100%	100%
Amcor Quarries & Concrete Pty Ltd	Australia	100%	-
Gracemere Property Pty Ltd	Australia	100%	-
Gracemere Property Unit Trust	Australia	100%	-
Regional Concrete (Tamworth) Pty Ltd	Australia	100%	-
Regional Concrete Tamworth Unit Trust	Australia	100%	-
MAAS Group Developments Pty Ltd	Australia	100%	100%
MAAS Group Westwinds Pty Ltd	Australia	100%	100%
MAAS Group Properties Durham Park Pty Ltd	Australia	100%	100%
MAAS Group Properties Bombira Pty Ltd	Australia	100%	100%
MAAS Group Properties Southlakes Pty Ltd	Australia	100%	100%
MAAS Group Properties Highlands Pty Ltd	Australia	100%	100%
MAAS Group Properties Magnolia Pty Ltd	Australia	100%	100%
MAAS Group Properties Arcadia Pty Ltd	Australia	100%	100%
MAAS Group Properties Logan Pty Ltd	Australia	100%	-
MAAS Group Properties Eagle View Pty Ltd	Australia	100%	-
MAAS Group Properties Browns Lane Pty Ltd	Australia	100%	-
Eykan Holdings Pty Ltd	Australia	100%	100%
Bizitay Pty Ltd	Australia	100%	100%
Southlakes Child Care Centre No 1 Pty Ltd	Australia	100%	100%
Southlakes Child Care Centre No 1 Unit Trust	Australia	100%	100%
MAAS Homes Pty Ltd	Australia	100%	100%
MAAS Group Properties Ulan Pty Ltd	Australia	100%	100%
Gunnedah Land Holdings Pty Ltd	Australia	100%	-
Gunnedah Property Unit Trust	Australia	100%	-
MAAS Commercial Developments Pty Ltd	Australia	100%	-
MAAS Self Storage (Western) Pty Ltd	Australia	100%	-
MAAS Self Storage (Southern) Pty Ltd	Australia	100%	-
MAAS Self Storage Southern Unit Trust	Australia	100%	-
MAAS Residential Developments Pty Ltd	Australia	100%	-
MAAS Group Construction Pty Ltd	Australia	100%	-
MAAS Group Properties Bunglegumbie Pty Ltd	Australia	100%	-
MAAS Group Properties Liberal Pty Ltd	Australia	100%	-
MAAS Group Properties Liberal Unit Trust	Australia	100%	-
EMS International Pty Ltd	Australia	100%	100%
VMS Engineering Company Ltd	Vietnam	100%	75%
EMS Power Solutions UK Ltd	United Kingdom	100%	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 41. Interests in subsidiaries (continued)

Unless otherwise stated, the subsidiaries have share capital consisting solely of ordinary shares that are held directly by the consolidated entity, and the proportion of ownership interests held equals the voting rights held by the consolidated entity.

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	VMS ENGINEERING COMPANY LTD
	2020
	$
Summarised statement of financial position	
Current assets	8,812,822
Non-current assets	11,155,253
Total assets	19,968,075
Current liabilities	6,208,967
Non-current liabilities	3,951,384
Total liabilities	10,160,351
Net assets	**9,807,724**
Other financial information	
Accumulated non-controlling interests at the end of reporting period	2,451,929

Transactions with non-controlling interests

On 18 November 2020 the 25% minority interest held in VMS Engineering Company Limited (VMS) was acquired by MAAS Group Holdings Limited (MGH) for a cash consideration of $2,520,475. Immediately prior to the acquisition, the carrying amount of the existing 25% non-controlling interest in VMS was $2,623,944. The group recognised a decrease in non-controlling interests of $2,520,475. The effect on the equity attributable to the owners of MGH during the year is summarised as follows:

	CONSOLIDATED
	2021
	$
Carrying amount of non-controlling interests acquired	2,623,944
Consideration paid to non-controlling interests	(2,520,475)
Gain from equity transaction with non-controlling interests transferred to Non-controlling interests reserve within equity (note 29)	**103,469**

Note 42. Events after the reporting period

(a) Share placement

On 1 July 2021, the company announced its intention to undertake a capital raising comprising an Institutional Placement, a Conditional Placement and a share purchase plan (SPP). On 8 July 2021, the company issued 8,915,909 fully paid ordinary shares at an issue price of $5.50 per share raising approximately $49 million pursuant to the institutional placement component of the raising. The company has also received binding commitments to raise a further $30 million via the conditional placement of 5,454,543 ordinary shares at $5.50 per share which includes participation by Directors and employees, which is subject to shareholder approval at a forthcoming shareholder meeting. The company also announced a shareholder purchase plan to raise up to $15m to allow retail shareholders in Australia and New Zealand the opportunity to participate in the capital raising. The closing date of the SPP is 16 September 2021.

(b) Share purchase plan (SPP)

On 12 August 2021, the company announced the extension to the closing date of the SPP to 16 September 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 42. Events after the reporting period (continued)

(c) Banking facilities and project finance funding

Following the increase in the company's banking facility limits by $25 million in May 2021, the company has received another credit approval to increase its banking facility limits to $200 million. The increased facility remains subject to final documentation.

The company has received approval from its banking consortium to secure up to an additional $100 million for future project finance funding. Commercial developments will be funded separately by project financiers under standalone project specific finance facilities with separate covenants and undertakings.

(d) Dividend

The Directors declared a fully franked final dividend of 3 cents per share on 25 August 2021. The dividend is subject to a dividend reinvestment plan ("DRP") and the reinvestment price for those shareholders who elect to participate in the DRP will be a 5% discount to the five-day VWAP for the five trading days immediately after the dividend record date.

(e) Acquisitions

Redimix

On 23 July 2021, the consolidated entity entered into an agreement to purchase the aggregate and concrete business BJB Concrete Pty Ltd, trading as Redimix Concrete for an agreed cash consideration of $2.5 million and 91,098 MGH shares and an associated parcel of land for a purchase price of $3.0 million cash. Under the terms of the acquisition, the cash payments were due at settlement with the share issuance to occur by 3 September 2021. The acquisition completed on 20 August 2021. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from completion. The Redimix business operations will be reported in the Construction Materials segment.

Inverell

On 25 June 2021, the consolidated entity entered into an agreement to acquire the business and land owned and operated by Inverell Aggregate Supplies Pty Ltd ("Inverell"). The acquisitions of the business and land were completed on 22 July 2021 with $1.8m of the total consideration of $3.9m payable at completion. The remaining consideration of $2.1m is a combination of deferred and contingent consideration and will be released progressively over the four years following completion. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from 22 July 2021. The Inverell business operations will be reported in the Construction Materials segment.

A1 Earthworx

On 16 August 2021, the consolidated entity entered into an agreement to purchase the earthmoving and civil construction machinery business A1 Earthworx Mining & Civil Pty Ltd. The acquisition was completed on 16 August 2021 with $8.575 million in cash paid and 444,444 MGH shares issued at completion. A potential of up to $1.8million is payable in cash following the finalisation of the FY24 financial result if certain earnings targets are met. The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired business will be consolidated from 16 August 2021. A1 Earthworx will be reported in the Civil, Construction and Hire segment increasing the segment's civil capability for both internal and external projects.

The provisionally determined fair values of the assets and liabilities of acquisitions completed as at the date of this Report are as follows:

	REDMIX FAIR VALUE	INVERELL FAIR VALUE	A1 EARTHWORX FAIR VALUE
	$	$	$
Inventories	120,000	-	1,000,000
Land	1,000,000	1,900,000	-
Plant and equipment	3,048,000	2,000,000	7,000,000
Net assets acquired	4,168,000	3,900,000	8,000,000
Goodwill and other identifiable intangible assets	1,772,000	-	4,508,331
Acquisition-date fair value of the total consideration transferred	**5,940,000**	**3,900,000**	**12,508,331**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 42. Events after the reporting period (continued)

	REDMIX FAIR VALUE	INVERELL FAIR VALUE	A1 EARTHWORX FAIR VALUE
	$	$	$
Representing:			
Cash paid or payable to vendor	5,500,000	1,787,500	8,575,000
MAAS Group Holdings Limited shares issued to vendor	440,000	-	2,133,331
Contingent consideration	-	1,195,000	1,800,000
Deferred consideration	-	917,500	-
	5,940,000	3,900,000	12,508,331
Cash used to acquire business, net of cash acquired:			
Acquisition-date fair value of the total consideration transferred	5,940,000	3,900,000	12,508,331
Less: shares issued by company as part of consideration	(440,000)	-	(2,133,331)
Net cash used	5,500,000	3,900,000	10,375,000

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the above acquisitions. In particular, the fair values of the contingent consideration payable, assets and liabilities disclosed above have only been determined provisionally due to the timing of the acquisitions and as the preparation of completion accounts have not been finalised.

No other matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 43. Cash flow information

Reconciliation of profit after income tax to net cash from operating activities

	CONSOLIDATED	
	2021	2020
	$	$
Profit after income tax expense for the year	34,741,442	20,942,474
Adjustments for:		
Depreciation and amortisation	15,705,939	13,711,770
Net gain on disposal of non-current assets	(85,385)	-
Net gain on disposal of property, plant and equipment	(1,031,127)	(2,358,369)
Net fair value gain on financial assets	-	(241,580)
Net fair value gain on investment properties	(9,284,466)	(7,125,882)
Share-based payments	351,636	-
Fair value adjustments to contingent consideration	25,806	(1,040,524)
Interest income - non-cash	-	(78,347)
Gain on bargain purchase	-	(1,194,898)
Unwinding of interest on vendor financing	317,260	593,234
Interest on convertible notes	-	3,293,576
Expenses settled by the issue of convertible notes	-	400,000
Allowance for expected credit losses	(400,000)	760,000
Amortisation of borrowing costs	413,572	44,655
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,301,096)	(6,926,729)
Decrease/(increase) in contract assets	2,802,312	(8,365,669)
Decrease/(increase) in inventories	(4,289,955)	3,599,156
Increase in income tax refund due	(4,170,088)	-
Increase in deferred tax assets	(547,201)	(1,075,918)
Decrease/(increase) in prepayments	311,096	(1,041,875)
Decrease in other operating assets	687,228	25,003
Increase in trade and other payables	2,514,350	9,158,800
Increase/(decrease) in contract liabilities	(65,277)	3,678,631
Decrease in provision for income tax	-	(2,555,823)
Increase in deferred tax liabilities	9,304,939	3,553,740
Increase in employee benefits	476,579	573,409
Decrease in other provisions	(199,327)	(952,680)
Net cash from operating activities	**44,278,237**	**27,376,154**

Non-cash investing and financing activities - not previously disclosed

	CONSOLIDATED	
	2021	2020
	$	$
Shares issues in connection with the Amcor acquisition	6,707,547	-
Dividend reinvestment plan share issues	3,948,704	-
Share based payments	351,636	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 43. Cash flow information (continued)

Changes in liabilities arising from financing activities

								CONSOLIDATED
	BANK LOANS & MULTI-OPTION FACILITY	VENDOR FINANCING & DEFERRED CONSIDERATION	LEASES	CHATTEL MORTGAGES	OTHER LOANS	CONVERTIBLE NOTES INCLUDING DERIVATIVE	LOANS DUE TO SHARE-HOLDER & DIRECTOR RELATED ENTITIES	TOTAL
	$	$	$	$	$	$	$	$
Balance at 1 July 2019	13,731,114	10,291,128	44,535,340	-	1,563,925	-	55,670,584	125,792,091
Net cash from/(used in) financing activities	38,873,535	(4,836,655)	(25,144,256)	-	(314,108)	13,600,000	1,365,542	23,544,058
Loans receivable offset against loans payable	-	-	-	-	-	-	(9,622,201)	(9,622,201)
Interest capitalised	-	-	-	-	-	3,293,576	-	3,293,576
Convertible notes – issued in lieu of services and loan conversion	-	-	-	-	-	6,400,000	(6,000,000)	400,000
Acquisition plant & equipment by means of finance lease	-	-	37,585,749	-	-	-	-	37,585,749
Changes through business combinations	-	20,045,651	812,664	-	-	-	-	20,858,315
Lease contracts on property entered into	-	-	6,779,477	-	-	-	-	6,779,477
Amortisation and present value unwinding	44,655	593,234	-	-	-	-	-	637,889
Balance at 30 June 2020	52,649,304	26,093,358	64,568,974	-	1,249,817	23,293,576	41,413,925	209,268,954
Net cash from/(used in) financing activities	(2,481,378)	(15,631,913)	(8,209,475)	6,090,643	(397,808)	-	(26,579,609)	(47,209,540)
Transfer to chattel mortgages	-	-	(30,714,404)	30,714,404	-	-	-	-
Shareholder and director loans converted into shares	-	-	-	-	-	-	(14,834,316)	(14,834,316)
Convertible notes converted into shares	-	-	-	-	-	(23,293,576)	-	(23,293,576)
Acquisition plant & equipment by means of finance lease	-	-	20,972,963	-	-	-	-	20,972,963
Changes through business combinations (note 40)	-	-	1,206,419	-	183,418	-	-	1,389,837
Acquisition of land held for resale	-	7,776,806	-	-	-	-	-	7,776,806
Acquisition of quarry land	-	2,750,000	-	-	-	-	-	2,750,000
Amortisation and present value unwinding	413,572	317,260	-	-	-	-	-	730,832
Balance at 30 June 2021	50,581,498	21,305,511	47,824,477	36,805,047	1,035,427	-	-	157,551,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 44. Earnings per share

	CONSOLIDATED	
	2021	2020
	$	$
Profit after income tax	34,741,442	20,942,474
Non-controlling interest	(172,015)	(248,901)
Profit after income tax attributable to the owners of MAAS Group Holdings Limited	**34,569,427**	**20,693,573**

	NUMBER	NUMBER
Weighted average number of ordinary shares used in calculating basic earnings per share	240,495,220	204,857,704
Adjustments for calculation of diluted earnings per share:		
Share rights (note 45) and deferred consideration (note 28)	714,022	-
Weighted average number of ordinary shares used in calculating diluted earnings per share	**241,209,242**	**204,857,704**

	CENTS	CENTS
Basic earnings per share	14.37	10.10
Diluted earnings per share	14.33	10.10

Subsequent to the end of the financial year, the company announced that it had received binding commitments for a conditional placement of 5,454,543 ordinary shares, subject to shareholder approval at a forthcoming shareholder meeting estimated to be held in September 2021; and issued 8,915,909 fully paid ordinary shares in the company pursuant to an institutional placement (refer note 42). These share issues would have changed significantly the number of ordinary shares outstanding at 30 June 2021 if these transactions had occurred before the end of the reporting period. The issue of shares has not been retrospectively adjusted in the calculation of earnings per share.

Accounting policy for earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Note 45. Share-based payments

Share rights granted

On 21 December 2020, MAAS Group Holdings Limited (MGH) agreed to an issue of 1,346,687 ordinary shares in MGH to the employees of Macquarie Geotechnical Pty Ltd (refer Business combinations note 40). The shares will be issued in three equal tranches on the third, fourth, and fifth anniversaries of the completion date (21 December 2020) of the Macquarie Geotechnical Pty Ltd acquisition. The total value of the rights granted is $2,693,737 based on $2 per share and will be expensed over the vesting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 JUNE 2021

Note 45. Share-based payments (continued)

Set out below are summaries of share rights granted to the employees of Macquarie Geotechnical Pty Ltd:

GRANT DATE	VESTING DATE	EXERCISE PRICE	BALANCE AT THE START OF THE YEAR	GRANTED	EXERCISED	EXPIRED/ FORTIFIED/ OTHER	BALANCE AT THE END OF THE YEAR
20/12/2020	20/12/2023	$0.00	-	448,896	-	-	448,896
20/12/2020	20/12/2024	$0.00	-	448,896	-	-	448,896
20/12/2020	20/12/2025	$0.00	-	448,895	-	-	448,895
			-	1,346,687	-	-	1,346,687

Accounting policy for share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

DIRECTORS' DECLARATION

30 JUNE 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

Stephen G Bizzell	Wesley J Maas
Chairman	Managing Director and Chief Executive Officer
26 August 2021	
Dubbo	

INDEPENDENT AUDITOR'S REPORT

Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD
4001 Australia

INDEPENDENT AUDITOR'S REPORT

To the members of MAAS Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of MAAS Group Holdings Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

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

(i) Giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for opinion

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

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

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

Key audit matters

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

INDEPENDENT AUDITOR'S REPORT

Revenue Recognition

Key audit matter	How the matter was addressed in our audit
The assessment of revenue recognition was significant to our audit because revenue is a material balance in the financial statements for the year ended 30 June 2021 and the Group derives revenue from a significant number of streams. The assessment of revenue recognition and measurement required significant auditor effort.	Our procedures included, amongst others: ▸ Assessing the revenue recognition policy for compliance with AASB 15 *Revenue from Contracts with Customers* and AASB 16 *Leases* ▸ Documenting the processes and assessing the internal controls relating to revenue processing and recognition ▸ Tracing a sample of revenue transactions to supporting documentation ▸ Assessing the adequacy of the Group's disclosures within the financial statements

Impairment assessment of Goodwill & Indefinite Lived Intangible Assets

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to intangible assets, including the impairment assessments of goodwill and other intangible assets are included in Note 18. The carrying value of intangible assets represent a significant asset of the Group. The Group is required to annually test the amount of goodwill and indefinite useful life intangible assets for impairment and assess other intangible assets for impairment indicators. This annual impairment test was significant to our audit because the goodwill and intangible assets balance is material to the financial statements and because management's assessment process is complex, highly judgmental and includes estimates and assumptions relating to expected future market or economic conditions.	Our procedures included, amongst others: ▸ Evaluating management's determination of the Group's Cash Generating Units ("CGU's") to ensure they are appropriate, including being at a level no higher than the operating segments of the entity ▸ Evaluating management's process regarding the valuation of the Group's goodwill and other intangible assets ▸ Assessing the Group's assumptions and estimates relating to forecast revenue, costs, capital expenditure, discount rates and growth rates ▸ Involving our internal specialists to assess the discount rates against comparable market information ▸ Assessing the disclosures related to the impairment assessment by comparing these disclosures to our understanding of the matter and the applicable accounting standards ▸ Challenging key assumptions by performing sensitivity analysis on the growth rates and discount rate assumptions used

INDEPENDENT AUDITOR'S REPORT

Business Combinations

Key audit matter	How the matter was addressed in our audit
The Group's disclosures in respect to business combinations are included in note 40. The audit of the accounting for the business combinations is a key audit matter due to the significant judgment and complexity involved in assessing the determination of the fair value of identifiable intangible assets and the consideration paid. The assessment of business combinations required significant auditor effort.	Our procedures included, amongst others: ▸ Obtaining an understanding of the transactions including an assessment of the accounting acquirer and whether the transaction constituted a business or an asset acquisition ▸ Comparing the assets and liabilities recognised on acquisition against the historical financial information ▸ Evaluating management's assessment of the fair value of the consideration paid/payable ▸ Evaluating management's assessment of the identifiable assets and liabilities acquired ▸ Engaging with internal experts on the appropriateness of the calculation of identifiable intangible assets ▸ Assessing the adequacy of the Group's disclosures of the acquisitions

Settlement of Initial Public Offer (IPO) funds

Key audit matter	How the matter was addressed in our audit
The Group was admitted to the Official List of ASX Limited on 3rd December 2020 and the ordinary shares commenced trading on Friday 4th December 2020. The accounting for the capital raise pursuant to the offer included new shares issued by the company, settlement of related party loans and conversion of convertible notes to equity. This transaction was considered a significant transaction for the Group and required significant auditor attention.	Our audit procedures amongst others: ▸ Confirming the equity issued during the IPO process to the prospectus issued and vouched funds receipted to bank ▸ Reviewing accounting treatment of transaction costs in relation to the IPO and capital raising and related income tax impact ▸ Reviewing the treatment of transaction costs in the cash flow statement; ▸ Evaluating the conversion of Convertible Notes to equity which was triggered as a result of lodgement of the prospectus ▸ Reviewing the payout of the loans which was triggered the day before listing ▸ Vouching all related party loans that were converted into shares to supporting documentation ▸ Ensuring all related party loans were correctly accounted for

INDEPENDENT AUDITOR'S REPORT

Other information

The directors are responsible for the other information. The other information comprises the information in the directors' report for the year ended 30 June 2021, but does not include the financial report and the auditor's report thereon, which we obtained prior to the date of this auditor's report, and the annual report, which is expected to be made available to us after that date.

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

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and will request that it is corrected. If it is not corrected, we will seek to have the matter appropriately brought to the attention of users for whom our report is prepared.

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

INDEPENDENT AUDITOR'S REPORT

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 32 to 38 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of MAAS Group Holdings Limited, for the year 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

BDO Audit Pty Ltd

BDO

K L Colyer

K L Colyer

Director

Brisbane, 26 August 2021

SHAREHOLDER INFORMATION

The shareholder information set out below is current as at 21 September 2021.

Distribution of equitable securities

Analysis of number of equitable security holders by size of holding:

			ORDINARY SHARES
	NUMBER OF HOLDERS	NUMBER OF FULLY PAID SHARES	% OF TOTAL SHARES ISSUED
		$	$
1 to 1,000	877	402,707	0.15
1,001 to 5,000	984	2,676,982	0.97
5,001 to 10,000	313	2,456,795	0.89
10,001 to 100,000	342	9,868,367	3.57
100,001 and over	70	260,885,692	94.42
	2,586	**276,290,543**	**100**
Holding less than a marketable parcel	-	-	-

Equity security holders

Twenty largest quoted equity security holders

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

NAMES	NUMBER HELD	% OF TOTAL SHARES ISSUED
W & E Maas Holdings Pty Ltd	76,434,779	27.66
Mrs. Emma Margaret Maas	41,597,610	15.06
Mr. Wesley Jon Maas	15,501,611	5.61
Citicorp Nominees Pty Limited	15,485,998	5.60
EMS Invest Pty Ltd	14,343,334	5.19
HSBC Custody Nominees (Australia) Limited	12,422,703	4.50
Mr. Thomas Paul Cavanagh	11,042,285	4.00
National Nominees Limited	7,486,940	2.71
DJ Porter Holdings Pty Ltd	6,446,103	2.33
J P Morgan Nominees Australia Pty Limited	6,009,106	2.17
Rookharp Investment Pty Ltd	5,804,995	2.10
Mrs. Leesa Rooke	4,749,153	1.72
BNP Paribas Nominees Pty Ltd	4,334,995	1.57
Rookharp Capital Pty Limited	4,107,858	1.49
Wilslay Pty Ltd	3,890,387	1.41
Netwealth Investments Limited	3,721,107	1.35
Mr. David Michael Rooke	3,135,282	1.13
BNP Piabas Noms. Pty Ltd	2,772,913	1.00
Mrs. Kimberly Gai Large	2,184,164	0.79
N & N Bourke Holdings Pty Ltd	1,573,529	0.57
Total	**243,044,852**	**87.97**

Substantial holders

Substantial holders in the company are set out below:

ORDINARY SHARES	NUMBER HELD	% OF TOTAL SHARES ISSUED
W & E Maas	149,401,642	54.07
D & L Rooke	19,344,011	7.00

SHAREHOLDER INFORMATION

Voluntary Escrow

Shares subject to voluntary Escrow are set out below:

ORDINARY SHARES	NUMBER OF SHARES	DATE ESCROW PERIOD ENDS
	148,148	16 August 2022
	61,779,841	31 August 2022
	707,547	3 June 2023
	148,148	16 August 2023
	61,779,841	31 August 2024
	148,148	16 August 2024
	61,779,840	31 August 2024
	644,375	31 August 2025
	187,155,888	

Voting rights

The voting rights attached to ordinary shares are set out below:

Ordinary shares

All issued shares carry one vote per share and carry the rights to dividends.

There are no other classes of equity securities.

CORPORATE DIRECTORY

Directors	Stephen G Bizzell - Non-executive Chairman Wesley J Maas - Managing Director and Chief Executive Officer Stewart A Butel - Non-executive Director Neal M O'Connor - Non-executive Director Michael J Medway - Non-executive Director
Company secretary Registered office and Principal place of business	Craig G Bellamy 20 L Sheraton Road Dubbo NSW 2830
Auditor	BDO Audit Pty Ltd Level 10, 12 Creek Street Brisbane QLD 4000
Solicitors	Jones Day (IPO) Level 31 Riverside Centre 123 Eagle Street Brisbane QLD 4000
	Duffy Elliott 148 Brisbane Street Dubbo NSW 2830
	Maddocks Angel Place Level 27 123 Pitt Street Sydney NSW 2000
Bankers	Commonwealth Bank of Australia Limited Level 9 201 Sussex Street Sydney NSW 2000
	Westpac Banking Corporation Level 3 275 Kent Street Sydney NSW 2000
Stock exchange listing	MAAS Group Holdings Limited shares are listed on the Australian Securities Exchange (ASX code: MGH)
Share Register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000
Website	www.maasgroup.com.au


D8T
025

MAAS
GROUP HOLDINGS