Appendix 4E
Final Report

Secos Group Limited
ABN 89 064 755 237

Details of the reporting period and the previous corresponding period

Reporting Period:	**30 June 2022**
Previous Corresponding Period:	30 June 2021

Results for announcement to the market

Key information	2022 $'000	2021 $'000	% Change
Revenues from ordinary activities	31,043	30,081	3.2%
Profit/(Loss) from ordinary activities after tax attributable to members	(3,085)	2,590	(219.1%)

Dividends Paid and Proposed	Amount per security	Franked amount per security
Final dividend	Nil	Nil
Interim dividend	Nil	Nil
Previous corresponding period	Nil	Nil

Record date for determining entitlements to the dividend.	No dividend has been declared or paid
Dividend re-investment plan.	No dividend re-investment plan in operation

Net Tangible Assets Backing	2022	2021
Net tangible asset backing per ordinary security	4.3 cents	4.8 cents

Control gained or lost over entities in the year

There were no entities where control was gained or lost during the period.

Commentary on the Results for the period

Refer to the commentary on the results for the period contained in the "Review of Operations" included within the Directors' report.

Status of Audit

The 30 June 2022 financial report and accompanying notes for Secos Group Limited have been audited and are not subject to any disputes or qualifications. Refer to the 30 June 2022 Annual Report for a copy of the auditor's report.

ANNUAL REPORT
For the year ended 30 June 2022

Changing the world of packaging

SECOS GROUP LIMITED (ASX:SES)

ACN 064 755 237

Sustainable and eco-friendly biopolymer producer

SECOS GROUP

CONTENTS

CORPORATE DIRECTORY

DIRECTORS	**Mr. Richard Tegoni** (Executive Chairman) **Mr. Stephen Walters** (Executive Director) **Mr. Donald Haller Jr**. (Non-Executive Director) **Mr. Jim Walsh** (Non-Executive Director)
COMPANY SECRETARY	**Mr. Colin Lai**
REGISTERED OFFICE	Unit 1, 247 Ferntree Gully Road Mount Waverley, VIC 3149 Telephone: +61 3 8566 6800 Email: info@secosgroup.com.au
SHARE REGISTRY	**Advanced Share Registry Limited** 110 Stirling Highway, NEDLANDS, W.A. 6009 Telephone: +61 8 9389 8033 Email: admin@advancedshare.com.au
BANKERS	**Bank of Melbourne** Level 8, 530 Collins Street, MELBOURNE, VIC 3000
AUDITORS	**William Buck** Level 20, 181 William Street, MELBOURNE, VIC 3000 Telephone: +61 3 9824 8555
LAWYERS	**CBW Partners** Level 1, 159 Dorcas Street, South Melbourne, VIC 3205
SECURITIES EXCHANGE	**Australian Securities Exchange** Level 45 South Tower, Rialto 525 Collins Street MELBOURNE, VIC 3000
ASX CODE	**SES**
WEBSITE	Corporate: www.secosgroup.com.au E-commerce www.cardiabioproducts.com www.myecobag.com.au www.myecoworld.com.au www.myecopet.com.au www.myecopet.com
CORPORATE GOVERNANCE STATEMENT	The Corporate Governance statement can be found on the Investors page at www.secosgroup.com.au

CHAIRMAN'S REPORT

Dear fellow Shareholders,

On behalf of the Board of SECOS Group Ltd (ASX: SES), I am pleased to present our Annual Report for the year ending 30 June 2022.

This will be a year measured by outcomes achieved. The successful outcomes delivered by the SECOS team leave no question that this is a business much stronger and better placed today to deliver shareholder value than when it began the financial year.

The expansion of Woolworths from 237 to 970 stores followed Woolworths scan data, which showed SECOS MyEcoBag compostable products delivered the greatest year-on-year percentage sales growth within the entire Woolworths garbage bag category. We also saw the engagement of new distributors including Pacchini's in NSW, Charmlaw in Queensland, Downes in Victoria, and Auslink in WA, which provided access to an additional 300 independent stores and enabled MyEco™ products to be potentially available through a national independent store network. Other achievements include the successful launch of MyEco™ products into the USA market with up to 300 stores scheduled to be supplying MyEco™ products by late 2022, the appointment by EzyDog® of SECOS to manufacture its Login® pet waste bag range and subsequent expansion into 235 Pet Barn stores, and the relaunch of Jewett Cameron's, Lucky Dog® pet waste bags in the USA after the loss of these sales during most of the year due to new relabeling requirements. Supporting this growth will be the new capacity provided via the launch of the new biopolymer manufacturing plant in Malaysia with the capacity to deliver $25m of incremental sales revenue per annum and to support the expansion of the group's sales trajectory. Furthermore, the new global research and development centre has already commenced trials to develop new products and will support future sales growth. These milestones together with other successes have reshaped SECOS and set a new runway for the business to grow.

SECOS has become even more relevant as the world continues to drive to achieve sustainable packaging solutions and to remove plastic from our environment. Every day, more and more companies are seeking to find solutions that make the way they produce their products more sustainable and SECOS is seeing its pipeline of opportunities continue to improve.

Although it was the Company's intent to achieve these excellent milestones during the year, it did not plan to do so under the extraordinary trading conditions resulting from the global supply chain and Covid-19 disruptions that plagued most companies around the world during this period. A year with such significant expansion was also expected to require a commensurate investment and the board remain confident that this investment was well directed given the outcomes achieved throughout the year. The further unplanned investment was required to manage the disruption impacts which caused cost pressures across a range of areas with most becoming resolved as we now see trading conditions begin to normalise. Collectively, investing in the Company's expansion plans while managing complex supply chain and Covid-19 disruptions created a very challenging task for the SECOS team and one that when seen in this context highlights the extraordinary performance of managing the business through this period.

The financial performance results for FY22 finished with NPAT loss of $3.09m (FY21: $2.59m profit), sales of FY22 $31.0m (FY21: $30.1m) and a gross margin of 13.1% (FY21: 19.0%). The Company continues to operate with no debt and finished with a cash balance of $4.1m as of 30 June 2022.

A total of $7.2m in cash was utilized during the year, with $2.4m invested on capex mostly relating to the setup of the Company's new Malaysian plant and general capacity expansion across the Group's manufacturing plants. Inventory increased by $2.5m to facilitate the extended supply chain cycle during the year and the most significant investments included entering and developing the USA market with the MyEco™ product range and developing an expanded local team to support future growth in this market. Costs associated with lost margin due to supply chain and inflationary impacts were greatest in the Group's traditional plastic hygiene business due to rising oil prices and the balance of cash spent was on general business growth initiatives supporting the many successful outcomes outlined above.

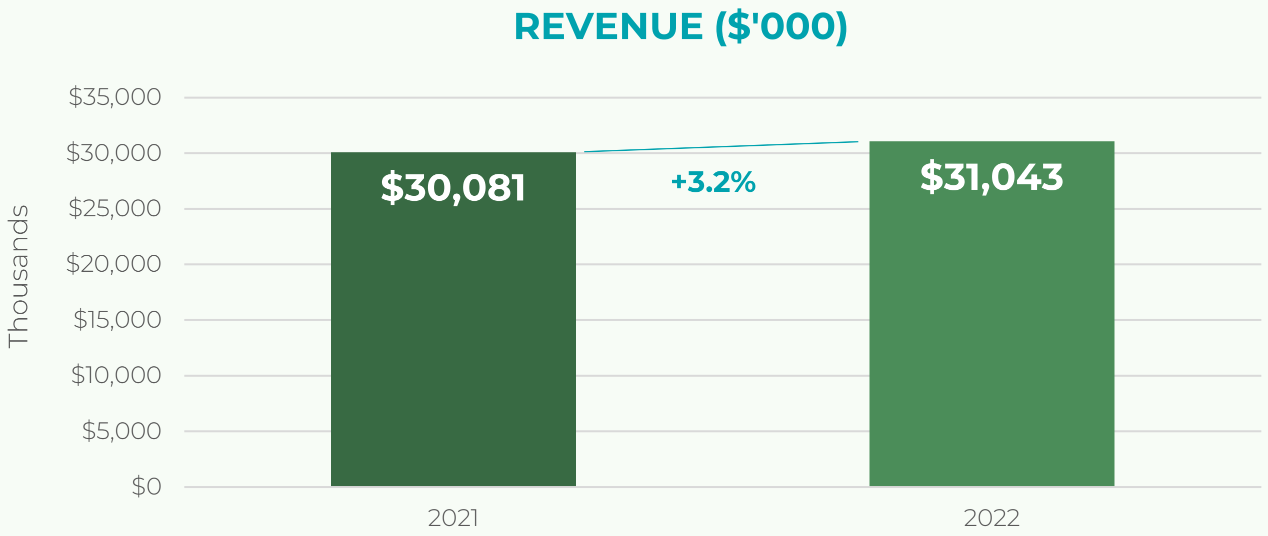
The Board is pleased with the investment and outcomes delivered during the period while supply chain and inflationary costs that were out of the Company's control were mitigated and contained professionally by management.

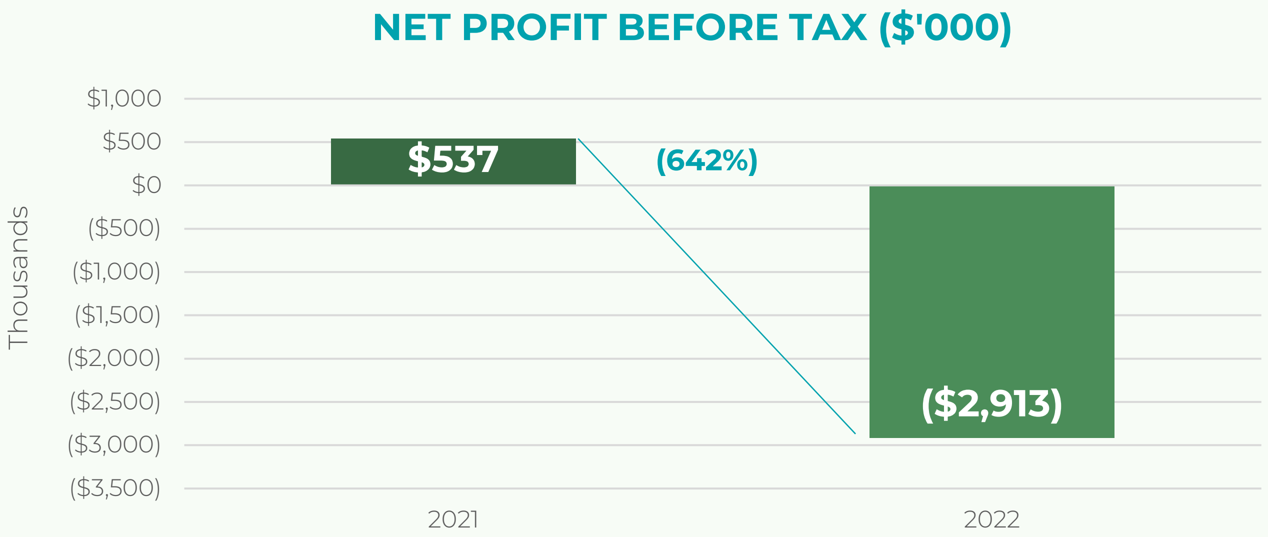
The task of growing the business while managing so many external impacts during the year has proved the resilience and expertise of the SECOS group. SECOS has ended the year much stronger and better positioned to take advantage of the global trend to remove plastic from the environment.

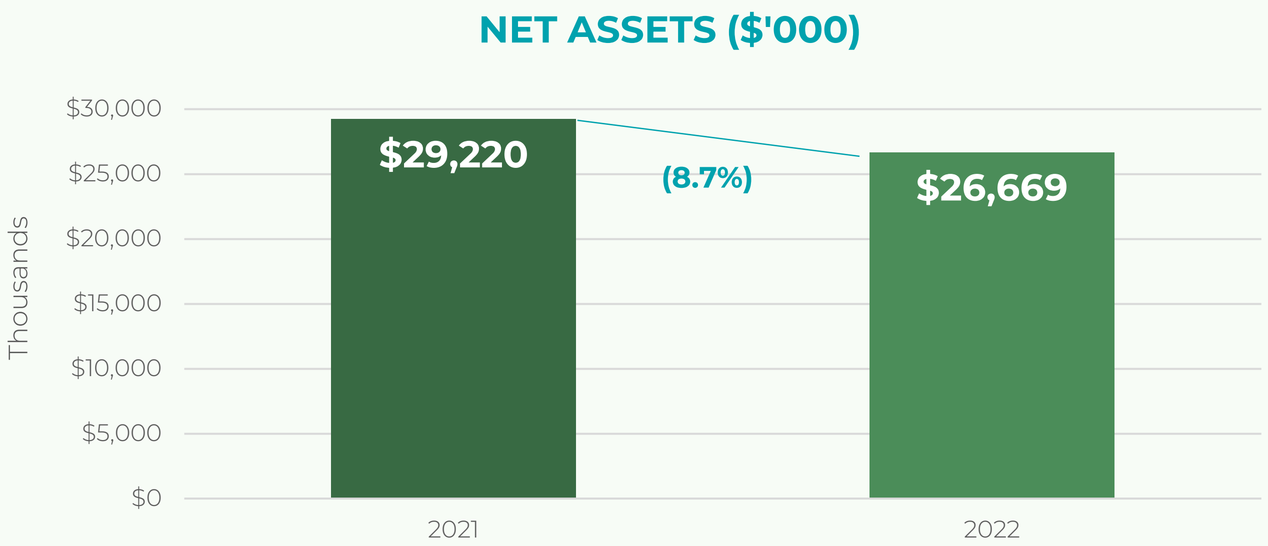
On behalf of the board, I would like to congratulate everyone in the SECOS team responsible for achieving these excellent outcomes under very difficult conditions. I would like to thank and welcome the many new customers that have made the choice to support a better future for our world, and for the strong support from shareholders and our key stakeholders who continue with us on our journey to change the world of packaging.

Richard Tegoni
Executive Chairman
SECOS Group Limited

KEY FINANCIAL INDICATORS







DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of SECOS Group Limited ("SECOS" or the "Company") and the entities it controlled ("the Group") at the end of, or during, the year ended 30 June 2022.

DIRECTORS

The following persons were Directors of SECOS during the financial year and up to the date of this report, unless otherwise stated:

- Richard Tegoni (Executive Chairman)
- Stephen Walters (Executive Director)
- Donald Haller Jr. (Non-Executive Director)
- David Wake (Non-Executive Director) – Resigned 30 June 2022
- Jim Walsh (Non-Executive Director)

COMPANY SECRETARY

The Company Secretary is Colin Lai who is also the Chief Financial Officer of SECOS. He was appointed on 14 June 2022. Edmond Tern was previously the Company Secretary and Chief Financial Officer of SECOS up to the date Colin joined SECOS.

PRINCIPAL ACTIVITIES

SECOS Group Limited (ASX: SES) is a leading developer and manufacturer of sustainable packaging materials. Headquartered in Melbourne, Australia, SECOS supplies its proprietary biodegradable and compostable resins, packaging products and high-quality cast films to a blue-chip global customer base. SECOS Group is integrated from resin production, into film (cast and blown) production and can develop bespoke compostable solutions for a large range of applications.

SECOS holds a strong patent portfolio and the global trend toward sustainable packaging is fueling the Company's growth.

The Company's headquarters and Global Application Development Centre are based in Melbourne, Australia. SECOS has a Product Development Centre and manufacturing plant for resins and finished products in China and Malaysia. The Company also has manufacturing plants for high quality cast films in Malaysia as well as manufacturing partners for film, bag making, and other applications in Malaysia, Mexico, and the USA.

SECOS has sales offices in Australia, Malaysia, China, Mexico and the USA, with a network of leading distributors across the Americas, Europe, Asia, the Middle East, Africa, and India.

OPERATING RESULTS

The consolidated profit / (loss) for the year attributable to the members of the Group:

	2022 $'000	2021 $'000
Profit / (Loss) for the year before income tax	(2,913)	537
Profit / (Loss) for the year after income tax	(3,085)	2,590
Net Profit / (Loss) attributable to members of the Company	**(3,085)**	**2,590**

DIVIDENDS

The Directors do not recommend the payment of a dividend and no dividends have been paid or declared since the end of the last financial year.

REVIEW OF OPERATIONS

SECOS finished FY22 with 3% growth in year on year (YOY) sales; a YOY decrease in Gross Margin and a net loss after tax of $ 3.1 million. Gross margins were impacted by raw material input cost increases, freight and logistic cost increases, expenses associated with the multiple Covid-19 disruptions, and flooding at the Company's Malaysian port. The Company also made significant investments in branding and marketing its own branded pet and bin liner products and getting distributors and sales channels in place to expand sales in Australia and the USA. These investments have already started to pay off with significant and increasing sales to Woolworths and UNFI, among other new sales to distributors and customers. There have also been significant investments in research and development with the view that the new resin formulations and food packaging development will place SECOS at the forefront of the market shift to compostable and sustainable food packaging. Furthermore, the net profit achieved last year included a $2.1million benefit from the recognition of a deferred tax asset.

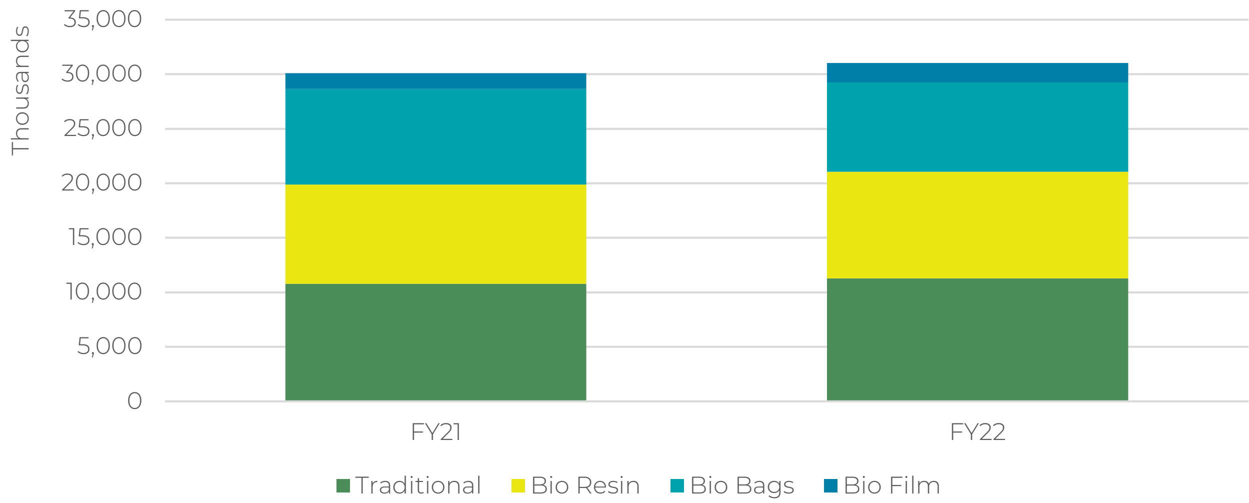
At the close of FY22, SECOS has a cash position of $4.1m in cash and no debt.

SECOS saw overall Group sales growth and continued expansion of its biopolymer business YOY even with the adverse Covid-19 impact on logistics, consequent shipping delays and impacts on stock in the supply chain. Despite these challenges, SECOS finished the year in a solid cash position and with no debt. The main priority for the year operationally has been to install additional biopolymer compound, film and resin capacity in order to supply future growth opportunities. The now completed expansion in Malaysia capacity means that SECOS has increased its production capacity by so that it could supply an additional $25.0 million in sales. The other main priority was to significantly expand SECOS's MyEco™ branded business and its private label pet bag business. SECOS has been able to significantly expand the MyEco™ sales by expanding the range of retailers, distributors, and stores carrying SECOS products in both Australia and the United States. These branded sales served to significantly offset the loss $3-4 million in bag sales to Jewett Cameron Corporation (JCC) due to packaging issues that developed with the State of California. These issues have now been remedied and JCC has placed significant orders to begin its relaunch of compostable products in the US.

Despite the challenges discussed above, sales in our Compostable Biopolymer range was up 2.3% year on year. SECOS' traditional film business grew by 4.7% when compared to the Covid-19 induced production slowdown and line shut-down for unforeseen maintenance in FY21.

Sustainable product sales of compostable Resins, Films and Bags remain the largest product segment occupying 63.6% of total group sales. Within the sustainable products, both compostable resin and film grew YOY by 7.1%-and 24.4% respectively. Sales of compostable bags were affected by delays in orders for JCC dog waste bags with orders recommencing in June 2022. Excluding JCC, the underlying Biopolymer sales grew by 23.7%. Delays in JCC reordering have been largely offset by strengthening demand from Councils to supply their food organics and garden organics programs and demand from waste companies which require food-diversion bags and improving MyEco™ branded sales through Woolworths and other retailers. Expanding Dog-Waste Bag & Council Bags sales will continue to support the bottom line.

Figure: Annual sales by product group ($'000)



REVIEW OF OPERATIONS (CONTINUED)

FINANCIAL HIGHLIGHTS

($'000)	2022	2021	% CHANGE
Revenue	31,043	30,081	3.2%
Traditional	11,285	10,774	4.7%
Bio	19,758	19,306	2.3%
Gross Margin %	13.1%	19.0%	(5.9%)
Net Profit before tax	(2,913)	537	(642.4%)
Net Profit after tax	(3,085)	2,590	(219.1%)
Current assets	20,697	23,313	(11.2%)
Current liabilities	4,918	2,945	67.0%
Current ratio	4.2	7.9	(46.9%)
Debt	-	-	-
Equity	26,669	29,220	(8.7%)
Total assets	32,221	33,772	(1.6%)
Debt/equity	-	-	-
Debt/assets	-	-	-

Biopolymer sales increased 2.3% despite the impact of well-documented global events including Covid-19 related logistics and shipping delays. The Company also faced into the challenge of ramping up sales to support the expanded capacity in Malaysia. Traditional sales recorded 4.7% growth but faced significantly higher raw material input costs due to increase in oil prices throughout the financial year.

OPERATIONAL HIGHLIGHTS

During the financial year SECOS:

- Increased from 237 to 970 Woolworths stores that stock our compostable bin-liners for food diversion into green bin organic waste streams.
- SECOS appointed four new distributors to supply MyEco™ products including Charmlaw in Queensland, Downes in Victoria, Pacchini's Sales and Distribution in NSW, and Auslink Foods in WA.
- Established and launched its new Malaysian Biopolymer plant with manufacturing capacity expansion which can add incremental capacity for annual sales potential of $25 million. The new Malaysian plant delivered initial MyEcoPet™ pet waste bag orders to the USA market and a news line were commissioned to support Australian Council FOGO bag business.
- Secured EzyDog® to supply their Login® pet waste bags. EzyDog® has now been approved to go into 235 Pet Barn stores with rollout expected in the September 2022 quarter. SECOS will also supply the EzyDog® launch of a new range of compostable and biohybrid-based dog waste bags.
- The investment in an Australian Research and Development centre and associated staff has continued according to plan as well as the launch of SECOS branded products will support growth in new higher-end product sales in Australia and USA.
- New R & D- compounding and co-extrusion lines successfully completed an initial run of certified compostable material. SECOS has mapped out a series of projects where the R & D lines will be employed to develop new applications for single-layer or multi-layer compostable structures for use in food and other packaging requirements.

REVIEW OF OPERATIONS (continued)

SALES ACTIVITIES

In April 2022, the Company announced a significant expansion in the number of Woolworths stores for which it will supply product. In total SECOS will now sell into 970 stores (previously it was 237 stores). The sales impact associated with the expansion of stores will begin to impact SECOS financial results in the September 2022 quarter.

Council business continues to expand with total Council business increasing by 1.0% on FY21 as the number of Australian city councils adopting Food Organics & Garden Organics (FOGO) waste programs grows despite delays in FOGO expansion due to Covid-19 disruptions. In Q4, SECOS secured $0.7million in new tender business for Kitchen Caddy & Dog Waste bags for Councils, for delivery in the new year.

SECOS appointed four new distributors to supply MyEco™ products including Charmlaw in Queensland, Downes in Victoria, Pacchini's Sales and Distribution in NSW, and Auslink Foods in WA. This has accelerated the Company's progress in its national rollout to independent retailers which account for a significant share of Australian retail storefronts. The new distributors can supply approximately 300 incremental independent stores. As such, MyEco™ brands will now become available to independent stores nationally.

The MyEcoPet™ range is now stocked in over 100 USA stores and is expected to reach over 200-300 stores by late 2022. The initial store rollout has established SECOS successfully within the US market with the potential to reach a significantly greater number of stores nationally. During the year the Company heavily invested in establishing the US market and the recent success has indicated this investment will be well rewarded in the coming years.

SECOS remains committed to the Australian Council initiatives to divert food waste from landfill to organic waste stations. SECOS promotes Compostable Kitchen Tidy Bags to Councils which are used to facilitate Council food waste diversion programs. These programs have the benefits of redirecting food waste from land fill to organic waste treatment which creates fertile mulch, which in turn mitigates greenhouse gas emissions as well as Council land fill costs.

SECOS is working on extending its range of sustainable products to include different precursors such as starch-based compostable resin, film and bags, plant-derived ethanol films. These options can be included in either Biohybrid-based film or bag offerings.

OUTLOOK

Further strong growth in biopolymer sales is expected predominantly in the second half of FY23 and the company is focused on delivering on its exciting growth prospects. Retail Store acquisition as evidenced by Woolworths expansion and new distributors to independent retailers have added over 1000 stores to which MyEco™ branded stock will be supplied beginning the September 22 quarter. The global supply chain crisis has effectively pushed SECOS' growth pipeline into FY23.

Other highlights throughout the year included the establishment of a new manufacturing plant, R&D centre, expansion of MyEco™ branded products nationally within Australia and the initial launch into the extremely large and challenging USA market. These achievements establish a strong foundation for growth into FY23 and although the delays and disruption experienced during the year were frustrating, the Company remains confident in its ability to sell out the group's manufacturing assets over the coming few years which currently allow for sales of between $50m to $60m per annum when fully utilized.

COVID-19

The impact of the Coronavirus (Covid-19) pandemic is ongoing. While the financial impact on the Group up to 30 June 2022 was manageable, it is not practicable to estimate the potential impact after the reporting date. The situation is dependent on measures imposed by governments in various jurisdictions in which the Group operates.

REVIEW OF OPERATIONS (continued)

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the Group occurred during the year.

- On 7-Jul-2021, the Company announced the establishment of a Global Research Centre for Bioproducts.
- On 10-Sep-2021, the Company announced it had issued 786,425 Performance Rights to key management personnel of the Company.
- On 8-Nov-2021, the Company announced that the US Veteran Canteen Services' retail chain selected SECOS to supply MyEcoPet™ compostable bag range.
- On 16-Nov-2021, the Company announced that Officeworks selected SECOS to supply Compostable Courier Bags.
- On 24-Jan-2022, the Company announced launches of MyEcoBag and MyEcoPet™ through Pacchini sales and distribution.
- On 2-Mar-2022, the Company announced United Natural Food Inc selects SECOS MyEcoPet™ in USA.
- On 14-Apr-2022, the Company announced the resignation of Mr Edmond Tern as Chief Financial Officer & Company Secretary.
- On 20-Apr-2022, the Company announced the expansion of SECOS product in Woolworths to 970 stores.
- On 2-May-2022, the Company announced a strategic supply agreement with EzyDog Pty Ltd for the manufacture of a new range of compostable and Biohybrid pet waste bags in the Australian market.
- On 16-May-2022, the Company announced the appointment of Mr Colin Lai as Chief Financial Officer & Company Secretary.
- On 17-Jun-2022, the Company announced Mr Dave Wake retired as Non-Executive Director on 30 June 2022.

EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2022 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 DEVELOPMENT AND EXPECTED RESULTS OF OPERATIONS

SECOS will continue to focus on its principal business activities with its sustainable packaging strategy and waste management solutions. The Group does not expect any major developments or variation to results if the Group continues to operate as normal.

ENVIRONMENTAL REGULATIONS

The Group's operations are not subject to any significant environmental regulations under the law of the Commonwealth or the States.

INFORMATION ON DIRECTORS

RICHARD TEGONI, EXECUTIVE CHAIRMAN

EXPERIENCE AND QUALIFICATIONS	Joined the Board as a Non-Executive Director on 21 December 2012. Richard was nominated as Non-Executive Chairman on 18 October 2013 before being appointed as Executive Chairman effective 16 September 2014. Richard has held executive positions with various large private and public companies with a strong background in Finance and Banking, Sales and Marketing. Richard has an MBA (AGSM) and Diploma in Financial Markets (SIA).
SPECIAL RESPONSIBILITIES	Chairman of the Board of directors Corporate Strategy and Capital Raisings
INTEREST IN SHARES AND OPTIONS	14,606,231 Ordinary Shares
DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES	Has not held a directorship in any other listed entity over the last 3 years

STEPHEN WALTERS, EXECUTIVE DIRECTOR

EXPERIENCE AND QUALIFICATIONS	Joined the Board on 21 April 2015. Steve is a veteran in the flexible packaging industry having held senior management positions with Orica Limited (formerly ICI Australia) and Stellar Films Group. Steve was instrumental in the integration of the Stellar and Cardia businesses. Steve has a B. Bus (Marketing).
SPECIAL RESPONSIBILITIES	Responsible for the sales management of the Group.
INTEREST IN SHARES AND OPTIONS	29,044,639 Ordinary Shares
DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES	Has not held a directorship in any other listed entity over the last 3 years

DONALD HALLER JR., NON-EXECUTIVE DIRECTOR

EXPERIENCE AND QUALIFICATIONS	Appointed 1 September 2016. Don was a former accounting partner with Ernst & Young and a former management consulting partner with PriceWaterhouseCoopers. He is also a Director and major shareholder of VS Biosciences Ltd, a private company specialising in microbial solutions to combat a variety of viral based diseases.
SPECIAL RESPONSIBILITIES	Non-Executive Director
INTEREST IN SHARES AND OPTIONS	45,748,826 Ordinary Shares
DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES	Has not held a directorship in any other listed entity over the last 3 years.

INFORMATION ON DIRECTORS (continued)

JIM WALSH, NON-EXECUTIVE DIRECTOR

EXPERIENCE AND QUALIFICATIONS	Appointed 16 November 2018. Previous executive roles include Finance Director at carpet manufacturer Godfrey Hirst Australia Pty Ltd for 10 years, and most recently five years in a similar role at specialist mechanical services company A.G. Coombs Group Pty Ltd. Jim is a Fellow of Chartered Accountants Australia and New Zealand with B.Com, MBA, FCA, FAICD. He is a chairman and non-executive director of several unlisted organisations including: Non- Executive Board Advisor of A.G. Coombs Group Pty Ltd Non-Executive Chairman of KM Property Funds Ltd
SPECIAL RESPONSIBILITIES	Chair of Remuneration and Risk and Audit Committees
INTEREST IN SHARES AND OPTIONS	3,761,189 Ordinary Shares
DIRECTORSHIPS HELD IN OTHER LISTED ENTITIES	Has not held a directorship in any other listed entity over the last 3 years.

COMPANY SECRETARY

Colin Lai has held the role of Company Secretary since 14 June 2022. Colin is an experienced finance and accounting executive who has held finance leadership roles at BWX Limited and National Australia Bank. Edmond Tern previously held the role of Company Secretary since March 2017.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and Board Committees held during the year ended 30 June 2022 and the number of meetings attended by each Director.

	BOARD MEETINGS		AUDIT COMMITTEE		REMUNERATION COMMITTEE	
DIRECTOR	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED	NUMBER ELIGIBLE TO ATTEND	NUMBER ATTENDED
R TEGONI	12	12	2	2	N/A	N/A
S WALTERS	12	12	2	1	N/A	N/A
D HALLER JR	12	12	2	2	4	4
D WAKE	12	11	2	2	4	4
J WALSH	12	12	2	2	4	4

REMUNERATION REPORT (Audited)

REMUNERATION POLICY

The Board is responsible for the Group's remuneration policies and practices. The role of the Remuneration Committee is to assist the Board to ensure the appropriate and effective remuneration packages and policies are implemented to attract and retain and motivate high quality personnel to create value for shareholders. The Committee also monitors compliance with Board approved remuneration practices.

The Group's policy for determining the nature and amount of remuneration of board members and senior executives of the Group is as follows:

- The remuneration structure for executive officers, including executive directors, is based on a number of factors, including length of service and particular experience of the individual concerned.
- All key management personnel receive a base salary and superannuation and/or equivalent.
- Remuneration consultants have not been used in assessing and calculating Director and Key Management personnel remuneration in the year.

Upon retirement, key management personnel are paid employee benefit entitlements accrued to the date of retirement. Termination payments are generally not payable on resignation or dismissal for serious misconduct. Termination payments cannot exceed more than 1 year's base salary as required by Corporations Act 2001.

All remuneration paid to key management personnel is valued at the cost to the Company and expensed.

The Board's policy is to remunerate non-executive directors at market rates for time, commitment and responsibilities. The Board collectively determines payments to the non-executive directors and reviews their remuneration annually, based on market practice, and duties and accountability.

ASX listing rules require the aggregate non-executive directors' remuneration be determined periodically by a general meeting. The most recent determination was at the General Meeting held on 22 November 2019, where the shareholders approved an aggregate remuneration of $300,000.

The resolution to adopt the remuneration report for the year ended 30 June 2021 was passed at the 2021 Annual General Meeting ("AGM"), which occurred on 30 November 2021. The Company did not receive any specific feedback at the AGM regarding its remuneration practices.

RELATIONSHIP BETWEEN SHARE PRICE AND COMPANY PERFORMANCE

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives.

The following table shows the gross revenue and profits for the last 5 years for the listed entity, as well as the share prices at the end of the respective financial years.

	2022	2021	2020	2019	2018
Revenue (S'000)	31,043	30,081	21,039	20,852	23,638
Net Profit/(loss) ($'000)	(3,085)	2,590	(1,186)	(4,170)	(3,108)
Share price at year-end (cents)	10.0	26.6	6.0	4.2	8.1

USE OF REMUNERATION CONSULTANTS

During the financial year ended 30 June 2022, the Group did not engage remuneration consultants, to review its existing remuneration policies and provide recommendations.

REMUNERATION REPORT (continued)

The key management personnel of the Group consisted of the following persons:

GROUP KEY MANAGEMENT PERSONNEL	POSITION HELD AS AT 30 JUNE 2022 AND ANY CHANGE DURING THE YEAR	CONTRACT DETAILS (DURATION AND TERMINATION)	PROPORTIONS OF REMUNERATION PACKAGE NOT RELATED TO PERFORMANCE AT 30 JUNE 2022	PROPORTIONS OF REMUNERATION PACKAGE NOT RELATED TO PERFORMANCE AT 30 JUNE 2021
EXECUTIVE DIRECTORS				
RICHARD TEGONI	Executive Chairman	Letter of appointment	100%	100%
STEPHEN WALTERS	Executive Director	Executive Service Agreement One month's termination notice period	100%	100%
NON-EXECUTIVE DIRECTORS				
DONALD HALLER JR	Non-Executive Director	Letter of appointment	100%	100%
JIM WALSH	Non-Executive Director	Letter of appointment	100%	100%
EXECUTIVE MANAGEMENT				
IAN STACEY	Chief Executive Officer	Executive Service Agreement Three months' termination notice period	91%	100%
COLIN LAI[1]	Chief Financial Officer and Company Secretary	Executive Service Agreement Three months' termination notice period	100%	100%
FORMER NON-EXECUTIVE DIRECTORS AND EXECUTIVE MANAGEMENT				
DAVID WAKE[2]	Non-Executive Director	Letter of appointment	100%	100%
EDMOND TERN[3]	Chief Financial Officer and Company Secretary	Executive Service Agreement Three months' termination notice period	100%	100%

1 *Commenced employment on 14 June 2022*

2 *Resigned on 30 June 2022*

3 *Resigned on 14 June 2022*

Terms of employment require that the relevant group entity provide the contracted person with a minimum period of notice (one to three months) prior to termination of contract. Similarly, a contracted person has to provide minimum period notice (one to three months) prior to the termination of their contract. In the instance of serious misconduct, the Company can terminate employment at any time.

REMUNERATION REPORT (continued)

		SHORT TERM BENEFITS	POST-EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE-BASED PAYMENTS		
		SALARY, FEES AND LEAVE	PENSION AND SUPER-ANNUATION	LONG SERVICE LEAVE	SHARES ISSUE	TERMINATION BENEFITS	TOTAL
NAME	FIN YEAR	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS							
D HALLER JR	**2022**	**55,000**	**-**	**-**	**-**	**-**	**55,000**
	2021	50,000	-	-	-	-	50,000
D WAKE	**2022**	**50,000**	**-**	**-**	**-**	**-**	**50,000**
	2021	40,000	-	-	-	-	40,000
J WALSH	**2022**	**50,000**	**-**	**-**	**-**	**-**	**50,000**
	2021	40,000	-	-	-	-	40,000
EXECUTIVE DIRECTORS							
R TEGONI	**2022**	**145,000**	**-**	**-**	**-**	**-**	**145,000**
	2021	120,000	-	-	-	-	120,000
S WALTERS	**2022**	**196,067**	**19,045**	**3,862**	**-**	**-**	**218,974**
	2021	146,785	14,160	2,920	-	-	163,865
OTHER KEY MANAGEMENT PERSONNEL							
I STACEY	**2022**	**208,265**	**20,250**	**4,798**	**22,529**	**-**	**255,842**
	2021	220,156	18,249	2,558	-	-	240,963
C LAI[1]	**2022**	**15,139**	**1,400**	**31**	**-**	**-**	**16,570**
	2021	-	-	-	-	-	-
E TERN[2]	**2022**	**202,031**	**19,850**	**4,134**	**-**	**-**	**226,015**
	2021	205,141	18,857	3,791	-	-	227,789
TOTAL REMUNERATION							
TOTAL	**2022**	**921,502**	**60,545**	**12,825**	**22,529**	**-**	**1,017,401**
	2021	822,082	51,266	9,269	-	-	882,617

1 *Commenced employment on 14 June 2022*

2 *Resigned on 14 June 2022. On resigning, all entitlements to shared-based payments were forfeited. He was paid accrued annual leave on resignation.*

REMUNERATION REPORT (continued)

CASH BONUSES, PERFORMANCE-RELATED BONUSES

There was no performance related remuneration paid during the year.

OPTIONS ISSUED AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2022

No options were issued as part of remuneration during the year.

PERFORMANCE RIGHTS

In September 2021, the Company issued 786,425 Performance Rights under the Employee Share Incentive Plan. Of the 786,425 there was 535,455 issued to key management personnel of the Company. Each right can be converted to a fully paid ordinary share on satisfying service, and performance vesting conditions. The service vesting condition requires the employee to remain an employee of the Company until the time of vesting .

The performance rights vest in three tranches:

- Tranche 1 vesting date is 30 September 2022,
- Tranche 2 vesting date is 30 September 2023,
- Tranche 3 vesting date is 30 September 2024.

There are multiple non-market performance vesting conditions allocated to each tranche of rights and are individualised to the employee who has the performance rights. The overarching performance hurdle is in line with internal management targets and goals for future years.

	OPENING BALANCE 1 JULY 2021	RECEIVED AS COMPENSATION	VESTED AND EXERCISED	CHANGE AS A RESULT OF RESIGNATION	CLOSING BALANCE 30 JUNE 2022
I STACEY	-	410,886	-	-	**410,886**
E TERN	-	124,569	-	(124,569)	-
C LAI	-	-	-	-	-
TOTAL	-	**535,455**	-	**(124,569)**	**410,886**

GRANT DATE	EXPIRY DATE	VESTING DATE	FAIR VALUE PER RIGHT	EXERCISE PRICE	PROBABILITY OF NON-MARKET CONDITIONS
09-Sep-2021	01-Nov-2022	30-Sep-2022	33.5 cents	-	75%
09-Sep-2021	01-Nov-2023	30-Sep-2023	33.5 cents	-	75%
09-Sep-2021	01-Nov-2024	30-Sep-2024	33.5 cents	-	75%

REMUNERATION REPORT (continued)

A. OPTION HOLDINGS

Number of Options Held by Key Management Personnel (Direct and Indirect Interest)

No options are held by KMP as at 30 June 2022.

B. SHARE HOLDINGS (DIRECT AND INDIRECT)

	OPENING BALANCE 1 JULY 2021	RECEIVED AS COMPENSATION	ON MARKET TRANSACTION	CHANGE AS A RESULT OF RESIGNATION	CLOSING BALANCE 30 JUNE 2022
R TEGONI	14,606,231	-	-	-	14,606,231
S WALTERS	29,044,639	-	-	-	29,044,639
D HALLER JR	45,748,826	-	-	-	45,748,826
D WAKE	5,157,109	-	-	(5,157,109)	-
J WALSH	3,761,189	-	-	-	3,761,189
I STACEY	3,392,054	-	-	-	3,392,054
E TERN	2,131,945	-	-	(2,131,945)	-
C LAI	-	-	-	-	-

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION

The Group has no unlisted Options as at the date of this report.

SHARES UNDER PERFORMANCE RIGHTS

Unissued ordinary shares of the Group as at the date of this report are as follows:

GRANT DATE	EXPIRY DATE	NUMBER UNDER RIGHTS
09-Sep-2021	01-Nov-2022	220,618
09-Sep-2021	01-Nov-2023	220,618
09-Sep-2021	01-Nov-2024	220,618
TOTAL		**661.856**

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no shares issued were issued during the year ended 30 June 2022 and up to the date of this report on the exercise of options granted.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The Company agrees to meet the full amount of any such liabilities, including costs and expenses.

The Company has paid an annual premium to insure the Directors and Officers against liabilities incurred in their respective capacities. Under the policy, details of the premium are confidential.

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 for leave of court 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

No non-audit services were undertaken by the auditors during the period.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2022 is attached to the Directors' Report.

ROUNDING OF AMOUNTS

The Company is a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to "rounding-off." Amounts in this report have been rounded off in accordance with the Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

This report of the Directors incorporating the Remuneration Report is signed in accordance with a Resolution of the Board of Directors.

Richard Tegoni
Executive Chairman

26 August 2022
Melbourne, Australia

William Buck
ACCOUNTANTS & ADVISORS

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SECOS GROUP LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2022 there have been:

— no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

Alan Finnis

A. A. Finnis
Director
Melbourne, 26th August 2022

Level 20, 181 William Street, Melbourne VIC 3000 +61 3 9824 8555 vic.info@williambuck.com williambuck.com.au

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 $'000	2021 $'000
Sales	3	31,043	30,081
Cost of sales		(26,977)	(24,371)
Gross profit		**4,066**	**5,710**
Other Income	3	128	226
Employment related expense		(3,133)	(2,604)
Marketing and distribution expenses		(1,541)	(905)
Administration expense		(347)	(322)
Legal and compliance		(512)	(477)
Occupancy costs		(76)	(73)
Depreciation and amortisation expense		(1,304)	(882)
Finance costs		(194)	(136)
Profit / (Loss) before income tax		**(2,913)**	**537**
Income tax (expense)/benefit	5	(172)	2,053
Profit / (Loss) for the year after tax		**(3,085)**	**2,590**
Other comprehensive income			
Item that may be reclassified to the profit or loss in subsequent periods (net of tax)			
Foreign currency translation differences for foreign operations		498	(410)
Total comprehensive profit / (loss) for the year		**(2,587)**	**2,180**
Profit / (Loss) per share			
Basic / diluted profit / (loss) per share		(0.6 cents)	0.5 cents

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2022

	NOTES	2022 $'000	2021 $'000
Current Assets			
Cash at bank		4,122	11,287
Trade and other receivables	9	7,955	5,975
Inventories	10	7,841	5,308
Prepayments		745	743
Other assets		34	-
Total Current Assets		**20,697**	**23,313**
Non-Current Assets			
Other assets		15	15
Deferred tax assets	5	1,918	2,071
Plant and equipment	11	4,703	2,650
Right-of-use asset	12	2,266	2,105
Intangible assets	14	3,622	3,618
Total Non-Current Assets		**12,524**	**10,459**
Total Assets		**33,221**	**33,772**
Current Liabilities			
Trade and other payables	15	3,244	1,499
Employee benefits		373	340
Accrued expenses		483	531
Lease liability	13	818	575
Total Current Liabilities		**4,918**	**2,945**
Non-Current Liabilities			
Employee benefits		62	42
Lease liability	13	1,572	1,565
Total Non-Current Liabilities		**1,634**	**1,607**
Total Liabilities		**6,552**	**4,552**
Net Assets		**26,669**	**29,220**
Equity			
Issued capital	16	44,730	44,730
Reserves	17	(248)	(782)
Accumulated losses		(17,813)	(14,728)
Total Equity		**26,669**	**29,220**

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	SHARE BASED PAYMENT RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
Balance at 01 July 2021	**44,730**	**(14,728)**	**-**	**(782)**	**29,220**
Profit for the Year	-	(3,085)	-	-	(3.085)
Other Comprehensive income for the year	-	-	-	498	498
Total comprehensive loss for the year		**(3,085)**	**-**	**498**	**(2,587)**
Vesting of share based payments	-	-	36	-	36
Balance at 30 June 2022	**44,730**	**(17,813)**	**36**	**(284)**	**26,669**

	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	SHARE BASED PAYMENT RESERVE $'000	OTHER RESERVES $'000	TOTAL EQUITY $'000
Balance at 01 July 2020	**29,065**	**(17,318)**	**-**	**(372)**	**11,375**
Profit for the Year	-	2,590	-	-	2,590
Other Comprehensive income for the year	-	-	-	(410)	(410)
Total comprehensive income / (loss) for the year		**2,590**	**-**	**(410)**	**2,180**
Shares issued during the year net of costs	15,665	-	-	-	15,665
Balance at 30 June 2021	**44,730**	**(14,728)**	**-**	**(782)**	**29,220**

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	2022 $'000	2021 $'000
Cash Flows from Operating Activities			
Receipts from customers		31,572	30,097
Payments to suppliers and employees		(35,438)	(34,665)
Finance costs		(194)	(136)
Net Cash Outflow from Operating Activities	**22**	**(4,060)**	**(4,704)**
Cash Flows from Investing Activities			
Purchase of plant and equipment		(2,442)	(1,150)
Net Cash Outflow from Investing Activities		**(2,442)**	**(1,150)**
Cash Flows from Financing Activities			
Proceeds from issues of ordinary shares (net of costs)		-	15,132
Lease payments		(747)	(542)
Repayments of unsecured loan		-	(200)
Net Cash Inflow/(Outflow) from Financing Activities		**(747)**	**14,390**
Net (decrease)/increase in Cash and Cash Equivalents Held		**(7,249)**	**8,536**
Increase/(decrease) in cash due to changes in foreign exchange rate		84	(128)
Cash and cash equivalents at the beginning of the financial year		11,287	2,879
Cash and Cash Equivalents at the end of the financial year		**4,122**	**11,287**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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').

The amounts contained in this financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of SECOS Group Limited ('Company' or 'parent entity') as at 30 June 2022 and the results of all subsidiaries for the year then ended. SECOS Group Limited and its subsidiaries together are referred to in these financial statements as the ''Group'.

SECOS Group Limited is a listed public company, incorporated and domiciled in Australia. The Company is a for-profit entity for accounting purposes.

The Financial statements were authorised for issue on **26 August 2022** by the Board of Directors.

REPORTING BASIS AND CONVENTIONS

These financial statements have been prepared on an accruals basis and are based on historical costs. Except for new accounting standards as stated below, the financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2021.

At this time the Directors are of the opinion that no asset is likely to be realised for an amount less than the amount at which it is recorded in the Financial Report.

A. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED IN THE PERIOD

The group 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 impact of these standards did not have a material impact on the group.

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

B. PRINCIPLES OF CONSOLIDATION

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. PRINCIPLES OF CONSOLIDATION (CONTINUED)

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 Group. Losses incurred by the Group are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. A list of controlled entities is contained in Note 19 to the financial statements.

C. 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 is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of. Changes in the ownership interests in a subsidiary that do not result in a change in control are accounted for as equity transactions and do not affect the carrying values of goodwill.

D. INCOME TAX

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted at the end of the reporting period.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the Group will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

E. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

F. PLANT AND EQUIPMENT

Plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. PLANT AND EQUIPMENT (CONTINUED)

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

CLASS OF FIXED ASSET	DEPRECIATION RATE
PLANT AND MACHINERY	10% to 33%
OFFICE EQUIPMENT AND MOTOR VEHICLES	7.5% to 40%
LEASEHOLD IMPROVEMENTS	2.5%

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

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

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 included in the statement profit or loss and other comprehensive income.

G. 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 principle 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 interest. 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.

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

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

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

H. FINANCIAL INSTRUMENTS

Investments and other financial liabilities are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for the financial assets at fair value through the profit and loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification.

Financial assets or liabilities are derecognised when the right to receive cash flows have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset the carrying value is written off.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the Group's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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 based on the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate.

J. IMPAIRMENTS OF NON-FINANCIAL ASSETS

At the end of each reporting period, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the statement of profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

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

K. FOREIGN CURRENCY TRANSACTIONS AND BALANCES

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Exchange differences arising on the translation of non-monetary items are recognised directly in other comprehensive income to the extent that the gain or loss is directly recognised in other comprehensive income; otherwise the exchange difference is recognised in the statement of profit or loss and other comprehensive income.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FOREIGN CURRENCY TRANSACTIONS AND BALANCES (CONTINUED)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of reporting period.
- Income and expenses are translated at average exchange rates for the period. The average rate is only used where the rate approximates the rate at the date of transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income in the period in which the operation is disposed.

L. CURRENT AND NON-CURRENT CLASSIFICATION

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

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

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

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

M. BORROWINGS

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

N. FINANCE COSTS

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

O. EMPLOYEE BENEFITS

Short-term employee benefits

Liabilities for wages and salaries, including, annual leave and long service leave expected to be wholly settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be wholly settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

P. PROVISIONS

Provisions are recognised when the Group has a legal or constructive obligation as a result of past events for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured.

Provisions are measurable using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Q. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include 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. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position.

R. 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.

S. REVENUE

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group identifies the contract with a customer; identifies the performance obligations in the contract; determine the transaction price, which takes into account estimates of variable consideration and the time value of money; allocates the transaction price on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognise revenue when each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration with the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential adds-ons or bonuses from the customer and any other contingent events. Such estimates are determined using either the “expected value” or “most likely amount” method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate liability.

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally the time of delivery.

Other revenue

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

T. TRADE AND OTHER RECEIVABLES

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U. 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.

V. 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 and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

W. 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 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.

X. PROFIT OR LOSS PER SHARE

Basic profit or loss per share

Basic profit or loss per share is calculated by dividing the profit or loss attributable to the owners of SECOS Group 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 profit or loss per share

Diluted profit or loss per share adjusts the figures used in the determination of basic profit or loss 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 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Y. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED NOT YET MANDATORY OR EARLY ADOPTED

The below are Accounting Standards and Interpretations issued by the AASB that are not yet mandatorily applicable to the Group, with an assessment of the potential impact of such pronouncements on the Group when adopted in future periods:

ACCOUNTING STANDARDS AND INTERPRETATIONS	APPLICABLE TO ANNUAL REPORTING PERIODS BEGINNING ON OR AFTER
AASB 2020-1 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current	1 Jan 2023
AASB 2020 -3 Amendments to AASs - Annual Improvements 2018-2020 and Other Amendments	1 Jan 2022
AASB 2020-6 Amendments to AASs - Classification of Liabilities as Current or Non-current liabilities as Current or Non-current – Deferral of Effective Date	1 Jan 2022
AASB 2021-2 Amendments to AASs - Disclosure of Accounting Policies and Definition of Accounting Estimates	1 Jan 2023
AASB 2021-5 Amendments to AASs - Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 Jan 2023
AASB 2014-10 Sale or contribution of Assets between an Investor and its Associate or Joint Venture	1 Jan 2025

Z. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS 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. 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.

Expected credit loss for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of expected credit loss is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence. No provision for impairment has been recorded during the year.

Estimation of useful lives of assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Z. CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS AND ASSUMPTIONS (CONTINUED)

Goodwill and other indefinite life intangible assets

The Group tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1(j).

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal. The fair value less costs of disposal calculation is based on available fund, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group. The key assumptions used to determine the recoverable amount for the different CGUs, including a sensitivity analysis, are disclosed and further explained in Note 14.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and/or tax losses only if the Group considers it is probable that future taxable amounts will be available to utilise those losses carried forward. A deferred tax asset of $1.918 million was recognised as at 30 June 2022. The Directors and management of the Group have made a significant judgment in respect of forecasting the future profitability of the Group to determine the carrying value of the deferred tax asset.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value of the performance rights issued during the year was determined to be the share price on the date that the rights were issued as there is no exercise price. There are multiple non-market performance vesting conditions allocated to each tranche of rights and are individualised to the employee who has the performance rights.

An estimate is made of the number of equity instruments for which the service and non-market performance conditions are expected to be satisfied. This estimate is deemed to be significant. Refer to Note 18 for further information.

NOTE 2 PARENT ENTITY

The following information has been extracted from the books and records of the parent ("SECOS Group Limited") and has been prepared in accordance with Australian Accounting Standards.

	2022 $'000	2021 $'000
Statement of Financial Position		
Assets		
Current assets	2,772	7,766
Non-current assets	40,773	37,714
Total Assets	**43,545**	**45,480**
Liabilities		
Current liabilities	475	438
Non-current liabilities	31	18
Total Liabilities	**506**	**456**
Equity		
Issued capital	93,799	93,799
Accumulated losses	(50,760)	(48,775)
Total Equity	**43,039**	**45,024**
Statement Of Comprehensive Income		
Loss for the year after tax	(2,021)	(1,706)
Total comprehensive income	**(2,021)**	**(1,706)**

GUARANTEES

SECOS Group Limited has from time to time provided guarantees to third parties in relation to the performance and obligations of controlled entities in respect to finance facilities. The guarantees are for the terms of the facilities. No amount outstanding as at 30 June 2022 (2021: NIL).

CONTINGENT LIABILITIES

SECOS Group Limited had no contingent liabilities as at 30 June 2022. (2021: NIL).

CONTRACTUAL COMMITMENTS

At 30 June 2022, SECOS Group Limited had not entered into any contractual commitments for the acquisition of property, plant and equipment (2021: NIL).

SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in Note 1, except for investments in subsidiaries that are accounted for at cost, less any impairment, in the parent entity.

NOTE 3 REVENUE

	NOTE	2022 $'000	2021 $'000
Revenue			
Sales of goods at a point in time	21	31,043	30,081
Total sales revenue		**31,043**	**30,081**
Other Income			
Sundry income and subsidies		87	226
Total other income		**87**	**226**

NOTE 4 EXPENSES FOR THE YEAR

	2022 $'000	2021 $'000
The Profit/(loss) before income tax includes the following items of expenses:		
Research, development, and patent costs	170	182
Superannuation expense	152	113
Amortisation of right-of-use assets	802	542
Finance cost for leases	194	136

NOTE 5 INCOME TAX EXPENSE

INCOME TAX EXPENSE

	2022 $'000	2021 $'000
Current tax in respect of current year	(153)	-
Withholding tax	(19)	(18)
Recognition of previously unrecognised tax losses	-	2,071
Income tax benefit/(expense)	**(172)**	**2,053**

DEFERRED TAX ASSETS

	2022 $'000	2021 $'000
Deferred tax asset comprises temporary differences attributable to:	**1,918**	**2,071**
Amounts recognised in profit or loss:		
Employee benefits	-	-
Leases	-	-
Recognition of tax losses carried forward	-	2,071
Accrued expenses	-	-
Deferred tax asset	**1,918**	**2,071**
Movements:		
Opening balance	2,071	-
Credited/(expensed) to profit or loss	(153)	2,071
Closing balance	**1,918**	**2,071**

	2022 $'000	2021 $'000
Tax losses carried forward	**9,441**	**7,586**

The Group has carried forward tax losses that can be offset against taxable profit at each tax jurisdiction (China, Australia and Malaysia). This is subject to probable future taxable profit and in accordance with the laws of each tax jurisdiction. The financial report includes a deferred tax asset in respect of Cardia Bioplastics (Australia) for a total of $1.9m. Tax losses for other jurisdictions have not been brought to account in this financial report.

NOTE 6 KEY MANAGEMENT PERSONNEL COMPENSATION

Names and positions held of Group and parent entity key management personnel in office at any time during the financial year are included in the "Remuneration Report".

Key management personnel remuneration details have been included in the Remuneration Report section of the Directors Report.

	2022 $'000	2021 $'000
Short-term employee benefits	922	822
Post-employment benefits	60	51
Long-term employee benefits	13	9
Share based payments	22	-
Total	**1,017**	**883**

NOTE 7 REMUNERATION OF AUDITORS

	2022 $'000	2021 $'000
Remuneration of the auditor of the parent entity (William Buck) for		
• auditing or reviewing the financial statements	84	77
Remuneration of other auditors of subsidiaries for:		
• auditing or reviewing the financial statements of subsidiaries	10	11
Total	**94**	**88**

NOTE 8 PROFIT / (LOSS) PER SHARE

	2022 $'000	2021 $'000
Gain/(Loss) used to calculate basic/diluted EPS	**(3,085)**	**2,590**

	NUMBER	NUMBER
Weighted average number of ordinary shares used in the calculation of basic and diluted profit/(loss) per share	**535,901,862**	**509,259,297**
Profit/(Loss) per share	**(0.6 cents)**	**0.5 cents**

NOTE 9 TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Current		
Trade Receivables	7,870	5,862
Less: Allowance for expected credit losses	-	-
	7,870	**5,862**
Other receivables	85	113
Trade and other receivables	**7,955**	**5,975**

ALLOWANCE FOR EXPECTED CREDIT LOSSES

The ageing of the receivables and allowance for expected credit losses provided for above are as follows:

	TRADE RECEIVABLES	IMPAIRED	<30	31-60	61-90	>90
2022	**7,869**	**-**	**2,739**	**1,401**	**660**	**3,069**
2021	5,862	-	2,404	1,838	1,023	597

Current trade receivables are non-interest bearing and are generally on 30-to-60-day terms. The receivables in the 61-90 and over 90 days ageing category are generally on longer credit terms.

Based on the above, the Directors have deemed that no impairment on trade receivables is required in 2022 (2021: NIL) at the reporting date.

Movement in the expected credit loss for receivables is as follows:

EXPECTED CREDIT LOSS	OPENING BALANCE $'000	CHARGE FOR THE YEAR $'000	AMOUNTS WRITE OFF/BACK $'000	CLOSING BALANCE $'000
2022	**-**	**-**	**-**	**-**
2021	48	-	(48)	-

Neither the Group nor parent entity holds any financial assets with terms that have been renegotiated, but which would otherwise be past due or impaired.

COLLATERAL PLEDGED

No security over trade receivables has been provided as at 30 June 2022. (2021: Nil).

NOTE 10 INVENTORIES

	2022 $'000	2021 $'000
Current		
Raw materials including work in progress	3,591	3,256
Finished goods	4,250	2,052
Total	**7,841**	**5,308**

Inventories are held at the lower of cost or net realisable value. The increase in inventories held reflects increased sales activity.

NOTE 11 PLANT AND EQUIPMENT

MOVEMENT IN CARRYING AMOUNTS

Reconciliations of the carrying amounts of plant and equipment at the beginning and end of the current and previous financial year are set out below.

2022	PLANT, MACHINERY AND EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	CONSTRUCTION IN PROGRESS $'000	TOTAL $'000
Opening Balance	**2,617**	**33**	**-**	**2,650**
Additions	1,864	-	578	2,442
Depreciation expenses	(829)	(1)	-	(830)
Exchange rate variations	441	-	-	441
Closing Balance	**4,093**	**32**	**578**	**4,703**
As at 30 June 2022				
Cost	16,207	109	578	16,894
Accumulated depreciation	(12.114)	(77)	-	(12,191)
Closing Balance	**4,093**	**32**	**578**	**4,703**

2021	PLANT, MACHINERY AND EQUIPMENT $'000	LEASEHOLD IMPROVEMENTS $'000	CONSTRUCTION IN PROGRESS $'000	TOTAL $'000
Opening Balance	**1,796**	**34**	**-**	**1,830**
Additions	1,150	-	-	1,150
Depreciation expenses	(339)	(1)	-	(340)
Exchange rate variations	10	-	-	10
Closing Balance	**2.617**	**33**	**-**	**2,650**
As at 30 June 2021				
Cost	13,250	109	-	13,359
Accumulated depreciation	(10,633)	(76)	-	(10,709)
Closing Balance	**2,617**	**33**	**-**	**2,650**

NOTE 12 NON-CURRENT ASSETS - RIGHT-OF-USE ASSETS

	2022 $'000	2021 $'000
Opening Balance	**2,105**	**1,188**
Additions	316	1,228
Depreciation	(155)	(311)
Closing Balance	**2,266**	**2,105**
Cost	4,175	3,164
Accumulated Depreciation	(1,909)	(1,059)
Closing Balance	**2,266**	**2,105**

The Group leases land and buildings for its offices, factories and warehouses under agreements of between three to five years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

During the year the Group signed a new lease for a facility in Australia.

Additions to the right-of-use assets during the year were $316.452.

NOTE 13 LEASE LIABILITY

	2022 $'000	2021 $'000
Lease liability – current	818	575
Lease liability – non-current	1,572	1,565
Lease liability	**2,390**	**2,140**

NOTE 14 INTANGIBLE ASSETS

2022	GOODWILL $'000	PRODUCT DEVELOPMENT $'000	TOTAL $'000
Opening Balance	**3,532**	**86**	**3.618**
Additions	-	37	37
Amortisation expenses	-	(33)	(33)
Closing Balance	**3,532**	**90**	**3,622**
As at 30 June 2022			
Cost	3,532	167	3,699
Accumulated amortisation	-	(77)	(77)
Closing Balance	**3,532**	**90**	**3,622**

2021	GOODWILL $'000	PRODUCT DEVELOPMENT $'000	TOTAL $'000
Opening Balance	**3,532**	**73**	**3,605**
Additions	-	39	39
Amortisation expenses	-	(26)	(26)
Closing Balance	**3,532**	**86**	**3,618**
As at 30 June 2021			
Cost	3,532	130	3,662
Accumulated amortisation	-	(44)	(44)
Closing Balance	**3,532**	**86**	**3,618**

IMPAIRMENT DISCLOSURES

The Group first recognised Goodwill on its balance sheet following the acquisition of Stellar Film Group in April 2015.

Per AASB 138, $89,570 relates to product development costs incurred prior to commercialisation of new products which are captured in the Statement of Financial Position as intangible assets.

Since then and as required by AASB 136 regulatory guidelines, the Group has undertaken annual impairment tests for its single cash-generating unit ("CGU") being the manufacture and distribution of polyethylene films and the renewable resource-based resins and finished products.

NOTE 14 INTANGIBLE ASSETS (CONTINUED)

The Group has determined the recoverable amount of the Group's goodwill by a Value-in-Use calculation using a discounted cash flow ("DCF") model. Value-in-use is calculated based on the present value of cash flow projections for the next five years. The cash flows are discounted using an estimated discount rate based on Capital Asset Pricing Model. Management has based the value-in-use calculations on five-year budget forecasts of the group. Revenue has been projected on the below mentioned assumptions. Costs are calculated taking into account historical gross margins as well as estimated weighted inflation rates over the period which is consistent with inflation rates applicable to the locations in which the unit operates. Discount rates are pre-tax and reflect risks associated with the distribution division.

The following assumptions were used in the value-in-use-calculations:

a. Revenue is premised on a "zero based budget" approach whereby each customer, or potential customer, has been specifically assessed having regard to current indications of demand, customer contacts or as assessed by the relevant sales managers. Terminal growth post year 5 of the forecast period has been estimated at 2.5% (2021: 2.5%). The average weighted average growth rate over the 5-year forecast period was 16.2% (2021: 39.5%)

   Long term contracts typically include expenditure "rise and fall" clauses. Accordingly, Revenue is forecast to alter in line with relevant changes to the Company's direct manufacturing costs.

b. Projected cash flows have been discounted using discount rate of 12.3% (2021: 12.3%).

Based on the above assumptions, the recoverable amount of the cash generating unit has been determined to exceed its carrying amount as at 30 June 2022 and; accordingly, no impairment loss has been recognised.

No reasonably possible change in any of the aforesaid assumptions materially impacting the above analysis would result in an impairment charge.

NOTE 15 TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current		
Trade payables	2,742	1,177
Sundry payables	502	322
Total	**3,244**	**1,499**

NOTE 16 ISSUED CAPITAL

A) SHARE CAPITAL

	2022 $'000	2021 $'000
Ordinary - fully paid shares	**44,730**	**44,730**

There were no movements in ordinary share capital for the year ending 30 June 2022. There were no unlisted Options outstanding as at 30 June 2022.

B) ORDINARY SHARES

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary Shares have no par value, and the Company does not have a limited amount of authorised share capital.

C) CAPITAL MANAGEMENT

Management controls the capital of the Group in order to maintain sufficient liquidity to cover the Group's working capital requirements, to meet any new investment opportunities as they arise and to safeguard the Group's ability to continue as a going concern.

The Group's debt and capital include ordinary share capital and financial liabilities supported by financial assets.

Management effectively manages the Group's capital by regularly monitoring its current and expected liquidity requirements and by assessing the Group's financial risks, rather than using debt/equity ratio analyses. The Group's capital structure is adjusted in response to the changes in liquidity requirements and financial risks. These responses include the management of debt levels and share issues.

There are no externally imposed capital requirements other than Australian Stock Exchange (ASX) listing rule 7.1 and 7.1A placement capacity. As at 30 June 2022, available placement capacity were circa 134 million new shares.

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTE 17 RESERVES

Nature and purpose of Reserves is foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(k) and a share based payment reserve.

NOTE 18 SHARE BASED PAYMENTS

The Company has an Employee Share Incentive Plan which have been established to encourage employees of the consolidated entity and its subsidiaries, including directors, to share in the ownership of the consolidated entity and its subsidiaries, in order to promote their long-term success. The Plans offer selected employees of the consolidated entity and its subsidiaries, including directors, an opportunity to share in the growth and profits of the consolidated entity and its subsidiaries alongside the consolidated entity's shareholders.

During the financial year ending 30 June 2022, there were 786,425 Performance Rights ("rights") issued to the employees (no directors included) of the Company (June 2021: NIL). There were an additional 411,105 rights issued, but these fail to meet the definition of cash-settled share-based payment transaction outlined in AASB 2 *Share-based payments*.

Performance rights vest in three tranches:

- Tranche 1 vesting date is 30 September 2022,
- Tranche 2 vesting date is 30 September 2023,
- Tranche 3 vesting date is 30 September 2024.

There are multiple non-market performance vesting conditions allocated to each tranche of rights and are individualised to the employee who has the performance rights. The overarching performance hurdle is in line with internal management targets and goals for future years.

The probability of non-market performance conditions occurring has been assessed to be 75%.

For the rights granted during the current financial period, the fair value of the rights equates to the share price on the date that the rights were issued being 33.5 cents as there is no exercise price.

The following tables illustrate the movements in performance rights, during the current financial year ending 30 June 2022 and comparative financial year ending 30 June 2021.

	NUMBER OF RIGHTS 2022	NUMBER OF RIGHTS 2021
Outstanding at the beginning of the financial year	-	-
Granted	786,425	-
Exercised / Forfeited	(124,569)	-
Outstanding at the end of the financial year	**661,856**	**-**

GRANT DATE	EXPIRY DATE	EXERCISE PRICE	BALANCE AT THE START OF THE PERIOD	GRANTED	EXERCISED	EXPIRED/ FORFEITED/ OTHER	BALANCE AT THE END OF THE PERIOD
09-Sep-2021	01-Nov-2022	-	-	262,141	-	(41,523)	220,618
09-Sep-2021	01-Nov-2023	-	-	262,141	-	(41,523)	220,618
09-Sep-2021	01-Nov-2024	-	-	262,143	-	(41,523)	220,620
			-	**786,425**	**-**	**(124,569)**	**661,856**

NOTE 19 CONTROLLED ENTITIES

CONTROLLED ENTITIES CONSOLIDATED

NAME	COUNTRY OF INCORPORATION	PRINCIPAL ACTIVITIES	EQUITY HOLDING (%)	
			2022	2021
Stellar Films (Malaysia) Sdn Bhd	Malaysia	Manufacturing	100%	100%
CO2 Starch Pty Ltd	Australia	Research	100%	100%
Secos Americas LLC	USA	Sales and marketing	100%	100%
Cardia Bioplastics (Australia) Pty Ltd	Australia	Sales and marketing	100%	100%
Cardia Bioplastics (Malaysia) Sdn Bhd 100% owned by Cardia Bioplastics (Australia) Pty Ltd	Malaysia	Manufacturing	100%	100%
Tristano Pty Ltd 100% owned by Cardia Bioplastics (Australia) Pty Ltd	Australia	Research	100%	100%
Biograde (Hong Kong) Pty Ltd 100% owned by Cardia Bioplastics (Australia) Pty Ltd	Hong Kong	Holding company	100%	100%
Biograde (Nanjing) Pty Ltd 100% owned by Biograde (Hong Kong) Pty Ltd	China	Manufacturing	100%	100%
Cardia Bioplastics, S.A de C.V	Mexico	Sales and marketing	100%	-

NOTE 20 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Estimates of the potential financial effect of contingent liabilities that may become payable:

	2022 $'000	2021 $'000
Bank Guarantees	34	-

There were no contingent assets as at 30 June 2022 (2021: NIL).

NOTE 21 OPERATING SEGMENTS

IDENTIFICATION OF REPORTABLE OPERATING SEGMENT

The management view the business as a single operating segment being the manufacture and distribution of polyethylene films, and the renewable resource-based resins and finished products.

Operationally, Chief Executive Officer and Chief Financial Officer oversee the previously separate Cardia and Stellar business. The Group now share common R&D resources actively promoting the films and renewable recourses part of the business. There is now one warehouse location in each region housing films, resins and biodegradable finished goods.

The management team prepares internal reports with multi-dimensional view with emphasis on group consolidated results that are viewed and used by the Board of Directors in assessing the performance and in determining the allocation of resources. The information is reported monthly.

SALES REVENUE BY GEOGRAPHICAL REGION (EXTERNAL CUSTOMERS)	2022 $'000	2021 $'000
Oceanic	6,512	5,060
Asia	15,617	13,930
Americas	6,337	8,975
Europe	1,426	1,402
Africa	1,151	714
Total Revenue	**31,043**	**30,081**

MAJOR CUSTOMERS

The Group has a number of customers to whom it provides products. The Group has supplied a single external customer in the manufacturing segment who accounted for 13.5% (2020: 13.2%) of external revenue.

PLANT AND EQUIPMENT BY GEOGRAPHICAL REGION	2022 $'000	2021 $'000
The location of segment assets (plant and equipment) by geographical location is disclosed below:		
Australia	783	49
Asia	3,920	2,601
Total Assets	**4,703**	**2,650**

NOTE 22 CASH FLOW INFORMATION

RECONCILIATION OF CASH FLOW FROM OPERATIONS WITH PROFIT AFTER INCOME TAX

	2022 $'000	2021 $'000
Profit/(Loss) for the year after tax	**(3,085)**	**2,590**
Non-Cash Items		
Deferred tax assets	153	(2,071)
Depreciation and amortisation	1,304	882
Share Based Payments Expense	36	-
Issue of shares in lieu of cash	-	83
Unrealised foreign currency differences	429	(410)
Movements in assets and liabilities		
Decrease/(increase) in inventories	(2,532)	(2,859)
Decrease/(increase) in receivables and other assets	(2,016)	(2,939)
(Decrease)/increase in payables	1,689	33
R&D capitalised	(38)	(13)
Net cash outflow from operating activities	**(4,060)**	**(4,704)**

NOTE 23 EVENTS AFTER THE REPORTING DATE

No matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

NOTE 24 RELATED PARTIES

PARENT ENTITY

SECOS Group Limited is the parent entity.

SUBSIDIARIES

Interests in subsidiaries are set out in Note 19.

KEY MANAGEMENT PERSONNEL

Disclosures relating to key management personnel are set out in Note 6 and the remuneration report in the directors' report.

NOTE 25 FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT OBJECTIVES

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

SPECIFIC FINANCIAL RISK EXPOSURES AND MANAGEMENT

The main risks the Group is exposed to through its financial instruments are credit risk, liquidity risk and market risk consisting of interest rate risk and foreign currency risk.

CREDIT RISK

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the Group.

Credit risk is managed through the negotiation of payment terms with customers such as advance payment on order or payments through letter of credits, title retention clauses over goods, ensuring to the extent possible, that customers and counterparties to transactions are of sound credit worthiness and monitoring the financial stability of significant customers and counterparties. Such monitoring is used in assessing receivables for impairment.

The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period is equivalent to the carrying amount of those financial assets (net of any provisions) as presented in the statement of financial position.

The Group has no significant concentration of credit risk with any single counterparty or group of counterparties. Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregate of such amounts are as detailed in Note 9.

Credit risk arising on cash balances is not material.

LIQUIDITY RISK

Liquidity risk arises from the possibility that the Group might encounter difficulty in settling its debts or meeting its obligations related to financial liabilities. The Group manages liquidity risk by maintaining a reputable credit profile, managing credit risk related to financial assets, monitoring forecasted cash flows and ensuring that new funding facilities are in place either in the form of the issuing of new securities or establishing borrowing facilities.

NOTE 25 FINANCIAL INSTRUMENTS (CONTINUED)

A summary of the entity's financial assets and liabilities is shown in the table below;

YEAR ENDED 30 JUNE 2022	<6 MONTHS $'000	6-12 MONTHS $'000	1-5 YEARS $'000	TOTAL $'000
Financial assets				
Cash and cash equivalents	4,122	-	-	4,122
Trade and other receivables	7,955	-	-	7,955
	12,077	**-**	**-**	**12,077**
Financial liabilities				
Trade and other payables	3,244	-	-	3,244
Lease liability	399	419	1,572	2,390
	3,643	**419**	**1,572**	**5,634**
Net maturity	**8,434**	**(419)**	**(1,572)**	**6,443**

YEAR ENDED 30 JUNE 2021	<6 MONTHS $'000	6-12 MONTHS $'000	1-5 YEARS $'000	TOTAL $'000
Financial assets				
Cash and cash equivalents	11,287	-	-	11,287
Trade and other receivables	5,975	-	-	5,975
	17,262	**-**	**-**	**17,262**
Financial liabilities				
Trade and other payables	1,499	-	-	1,499
Lease liability	343	233	1,565	2,141
	1,842	**233**	**1,565**	**3,640**
Net maturity	**15,420**	**(233)**	**(1,565)**	**13,622**

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

MARKET RISKS

There is no material exposure for the Group.

INTEREST RATE RISK

There is no material exposure for the Group.

INTEREST RATE RISK SENSITIVITY ANALYSIS

An official increase/decrease in interest rates of 2% has no adverse/favorable effect on profit before tax of $0 (2021: $0) per annum. The Group had no borrowings as at 30 June 2022 (2021: NIL).

NOTE 25 FINANCIAL INSTRUMENTS (CONTINUED)

FOREIGN CURRENCY RISK

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

As the Group's significant purchase and sales transactions are in US Dollars, any fluctuations in US Dollars may impact on the Group's financial assets. The risk is measured using sensitivity analysis and cash flow forecasting.

For payments in all other foreign currencies, the Group has established that its exposure to foreign currency risk is not material at this stage.

The carrying amount of the Group's foreign currency (US Dollars) denominated financial assets and financial liabilities at the reporting date were as follows:

	2022 $'000	2021 $'000
Financial Assets	159	1,392
Financial Liabilities	-	-

The Group has performed a sensitivity analysis relating to its net exposure to foreign currency risk at the end of reporting period. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

FOREIGN CURRENCY RISK SENSITIVITY ANALYSIS

At 30 June 2022, the effect on profit and equity as a result of changes in the value of the Australian Dollar to the US Dollar with all other variables remaining constant is as follows:

	2022 $'000	2021 $'000
Change in Profit and Equity		
• movement in AUD to USD by 7.8%	+/- 18	+/- 174

FOREIGN CURRENCY TRANSLATION RESERVES ("FCTR")

The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(k). At 30 June 2022, all balance sheet items in foreign currencies are translated to local currency at closing exchange rate and this is further translated to Australian dollar. Upon consolidation of the entities, the impact is captured in reserves line in equity section.

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes; and remuneration disclosures that are detailed within the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001* and:

   a. comply with Accounting Standards, the *Corporations Regulations 2001*; and

   b. give a true and fair view of the financial position as at 30 June 2022 and of the performance for the year ended on that date of the Company and Group.

   c. the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

2. The Managing Director and Chief Financial Officer have each declared that:

   a. the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b. the financial statements and notes for the financial year comply with the Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view.

3. In the directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

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

Richard Tegoni
Executive Chairman

Melbourne, Australia
Date: 26 August 2022

William Buck
ACCOUNTANTS & ADVISORS

SECOS Group Limited
Independent auditor's report to members

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of SECOS Group Limited (the Company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 30 June 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 2022 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We 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.

<table>
<tr><th colspan="2">ASSESSMENT OF CARRYING VALUE OF GOODWILL</th></tr>
<tr><th>Area of focus
Refer also to notes 1 and 14</th><th>How our audit addressed it</th></tr>
<tr><td>During the financial year ended 30 June 2015 the group expanded its activities through the reverse acquisition of Cardia Bioplastics Limited by Stellar Films Group. As a result, the acquisition created Goodwill on the Group's Consolidated Statement of Financial Position of $3.5 million.

There is a risk that the carrying amount of goodwill exceeds its recoverable amount and may be impaired.

The Group continues to operate as a single Cash Generating Unit ("CGU") being the manufacture and distribution of polyethylene films, and renewable resources-based resins. Management has assessed that they had been no significant change to the business which would require a change in the current year.

The recoverable amount of the CGU has been calculated based on a value-in-use discounted cashflow model, the examines the expected discounted cashflows of its sole CGU over a five-year period extending from reporting date, plus a terminal value.

Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.</td><td>Our audit procedures included:

— A detailed analysis of any changes to the business to determine the continued appropriateness of a single segment and CGU;
— An examination of the discounted cashflow model, testing for
- its arithmetical accuracy;
- the reasonableness of the future cashflows, comparing to historical trends of the business and its pipeline of future sales transactions and the overall industry climate affecting the economics of the business model;
- the reasonableness of key inputs into the model, including growth rates, the discount rate and the working capital levels associated with the derivation of those growth rates;
— An examination of key sensitivities of the Group's future discounted cash flows to changes in key inputs; and
— Cross-checking the overall net present value derived by the model to the current enterprise value of the business, embodied in its market capitalisation.

We also considered the adequacy of the Group's disclosures in relation to the impairment testing in the financial report.</td></tr>
</table>

William Buck
ACCOUNTANTS & ADVISORS

<table>
<tr><th colspan="2">INVENTORY</th></tr>
<tr><th>Area of focus
Refer also to notes 1 and 10</th><th>How our audit addressed it</th></tr>
<tr><td>The Group's inventory of $8.0 million is significant to the financial statements and has increased significantly from prior year. The Group's inventory predominantly includes polyethylene films and renewable resource-based resins.

Inventory is required to be carried at the lower of its cost and net realisable value applying the weighted average cost method.

The valuation of inventory involves significant judgement by management as value depends on the age and types of polyethylene films and renewable resource-based resins.</td><td>Our audit procedures included:

— A physical verification of inventory at material locations within the Group;
— Performance of cut-off testing for both inwards and outwards goods around the year end date;
— A review of subsequent product sales to ensure inventory was valued at the lower of cost and net realisable value; and
— We assessed management's judgements in relation to the need for provisioning based on the aging and condition of the inventory.

We also considered the adequacy of disclosures in relation to inventory in the notes to the financial statements.</td></tr>
</table>

Other Information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

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, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as 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.

A further description of our responsibilities for the audit of these financial statements is located at the Auditing and Assurance Standards Board website at:
http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our independent auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SECOS Group Limited, for the year ended 30 June 2022, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

Alan Finnis

A. A. Finnis
Director
Melbourne, 26th August 2022

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at **11 August 2022**

(A) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

ORDINARY SHARES	NUMBER OF HOLDERS
1 - 1,000	323
1,001 - 5,000	1,456
5,001 - 10,000	780
10,001 - 100,000	1,479
100,001 and over	371
Total	**4,409**

There were 1,285 holders of less than a marketable parcel of ordinary shares.

(B) EQUITY SECURITY HOLDERS

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

FULLY PAID ORDINARY SHARES	NUMBER HELD	PERCENTAGE OF ISSUED SHARES (%)
R&K EDWARDS INVESTMENTS	57,295,825	10.7%
BELGRAVIA STRATEGIC EQUITIES PTY LTD	53,185,413	9.9%
DONALD HALLER JR	45,748,826	8.5%
STELLAR DEVELOPMENTS	20,696,906	3.9%
SECOS FRIENDS LLC	18,832,738	3.5%
UBS NOMINEES	16,478,690	3.1%
RICHARD TEGONI	14,606,231	2.7%
HSBC CUSTODY NOMINEES	14,582,281	2.7%
BRENDAN O'SULLIVAN	11,189,054	2.1%
NATIONAL NOMINEES	10,951,188	2.0%
KIRZY (PHILLIPPA WEEKLEY)	8,998,217	1.7%
HELPLESS PTY LTD	7,829,008	1.5%
GOBBLE PTY LTD	7,203,346	1.3%
ADVANCE PUBLICITY	6,625,000	1.2%
DAVID WAKE	5,157,109	1.0%
SCOTCH INVESTMENTS PTY LTD	5,000,000	0.9%
PLANET JANET SUPER PTY LTD	4,923,397	0.9%
MARK L DEUTSCH CAPITAL LLC	4,741,575	0.9%
ROBERT V DEUTSCH CAPITAL LLC	4,741,575	0.9%
FEMALE PTY LTD	4,218,950	0.8%
Total	**323,005,329**	**60.3%**

(C) SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders listed in the holding company's register as at 11 August 2022 are:

	NUMBER OF ORDINARY SHARES HELD	PERCENTAGE OF ISSUED SHARES (%)
R&K EDWARDS INVESTMENTS LLC	57,295,825	10.7
BELGRAVIA STRATEGIC EQUITIES PTY LTD	53,185,413	9.9
DONALD HALLER JR	45,748,826	8.5

(D) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares:	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.


SECOS
GROUP