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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands of Australian Dollar (“AU\$”) currency)

These statements for fourth quarter and twelve months ended 30 June 2021 have not been audited.

	Notes	GROUP		+ / (-) %	GROUP		+ / (-) %
		4Q 2021 AU\$'000	4Q 2020 AU\$'000		FY 2021 AU\$'000	FY 2020 AU\$'000	
<u>Continuing operations</u>							
Revenue	4	56,090	37,421	49.9	195,060	262,245	(25.6)
Cost of sales		(50,628)	(39,632)	27.7	(175,987)	(250,582)	(29.8)
Gross profit/(loss)		5,462	(2,211)	N.M.	19,073	11,663	63.5
Gross margin		9.7%	-5.9%		9.8%	4.4%	
Other operating income	5	815	658	23.9	985	1,420	(30.6)
Other operating costs		(3,157)	(3,424)	(7.8)	(9,049)	(9,220)	(1.9)
Impairment of property, plant and equipment		-	(30,255)	N.M.	-	(30,255)	N.M.
Impairment of other intangible assets		-	(19,745)	N.M.	-	(19,745)	N.M.
Impairment of receivables		(10)	(484)	N.M.	(217)	(900)	N.M.
Administrative expenses		(1,324)	(3,694)	(64.2)	(4,117)	(8,373)	(50.8)
Marketing and distribution expenses		(281)	(226)	24.3	(1,019)	(1,328)	(23.3)
Profit/(loss) from operations		1,505	(59,381)	N.M.	5,656	(56,738)	N.M.
Finance costs	5	(1,336)	(1,412)	(5.4)	(4,124)	(5,791)	(28.8)
Profit/(loss) before income tax	5	169	(60,793)	N.M.	1,532	(62,529)	N.M.
Income tax expense	6	(52)	(80)	(35.0)	(330)	(917)	(64.0)
Profit/(loss) from continuing operations		117	(60,873)	N.M.	1,202	(63,446)	N.M.
<u>Discontinued operations</u>							
Profit from discontinued operations, net of tax		-	3,811	N.M.	-	3,940	N.M.
Net profit/(loss) for the period		117	(57,062)	N.M.	1,202	(59,506)	N.M.
Net profit/(loss) %		0.2%	-152.5%		0.6%	-22.7%	
Profit/(loss) for the period		117	(57,062)	N.M.	1,202	(59,506)	N.M.
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences - current year		(750)	5,978	N.M.	3,486	13	N.M.
Currency translation differences - dissolved entities		-	(3,814)	N.M.	-	(3,814)	N.M.
Other comprehensive (loss)/income for the period		(750)	2,164	N.M.	3,486	(3,801)	N.M.
Total comprehensive (loss)/income for the period		(633)	(54,898)	N.M.	4,688	(63,307)	N.M.
Earnings/(loss) per ordinary share attributable to equity holders of the Company (AU\$ cents per share)							
- basic	7	0.00	(1.87)	N.M.	0.04	(1.95)	N.M.
- diluted	7	0.00	(1.87)	N.M.	0.04	(1.95)	N.M.

N.M. not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group	Group	Company	Company
		As at	As at	As at	As at
		30/06/2021	30/06/2020	30/06/2021	30/06/2020
Notes		AU\$'000	AU\$'000	AU\$'000	AU\$'000
CURRENT ASSETS					
		8,669	22,801	52	563
		55,084	34,698	-	-
		5,276	4,711	928	760
		2,576	3,880	-	-
		71,605	66,090	980	1,323
NON-CURRENT ASSETS					
	11	60,148	63,614	-	-
		10,994	10,994	-	-
	10	14,067	13,814	-	-
		-	864	-	-
		-	-	155	32,820
	9	-	-	90,604	71,276
		85,209	89,286	90,759	104,096
		156,814	155,376	91,739	105,419
CURRENT LIABILITIES					
		7,578	6,108	-	-
		23,841	20,508	756	755
		-	-	19,034	11,485
	12	2,071	7,214	-	4,996
		2,771	1,853	-	-
		4,188	2,665	-	-
		-	104	-	359
		-	-	-	-
		40,449	38,452	19,790	17,595
NON-CURRENT LIABILITIES					
		496	627	-	-
	12	63,978	68,182	63,951	67,751
		11,426	12,349	-	-
		532	746	-	-
		76,432	81,904	63,951	67,751
		116,881	120,356	83,741	85,346
EQUITY					
Capital and reserves attributable to equity holders of the Company					
	13	216,759	216,349	216,759	216,349
		(163)	(163)	(163)	(163)
		5,663	5,848	5,663	5,848
		18,592	15,106	26,531	27,564
		(200,918)	(202,120)	(240,792)	(229,525)
		39,933	35,020	7,998	20,073
		156,814	155,376	91,739	105,419

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	SHARE	CAPITAL	SHARE-	FOREIGN	ACCUMULATED	TOTAL
	CAPITAL	RESERVE	PAYMENT	CURRENCY		
	AU\$'000	AU\$ '000	RESERVE	TRANSLATION	LOSSES	EQUITY
	AU\$'000	AU\$ '000	AU\$'000	RESERVE	AU\$'000	AU\$'000
FY 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	15,106	(202,120)	35,020
Profit for the year	-	-	-	-	1,202	1,202
Other comprehensive income	-	-	-	3,486	-	3,486
Shares issued through employee share schemes	410	-	(410)	-	-	-
Employee share and option scheme expense	-	-	225	-	-	225
Balance as at 30 June 2021	216,759	(163)	5,663	18,592	(200,918)	39,933
FY 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Loss for the year	-	-	-	-	(59,506)	(59,506)
Other comprehensive loss	-	-	-	(3,801)	-	(3,801)
Employee share and option scheme expense	-	-	410	-	-	410
Balance as at 30 June 2020	216,349	(163)	5,848	15,106	(202,120)	35,020
Company						
	SHARE	CAPITAL	SHARE-	FOREIGN	ACCUMULATED	TOTAL
	CAPITAL	RESERVE	PAYMENT	CURRENCY		
	AU\$'000	AU\$'000	RESERVE	TRANSLATION	LOSSES	EQUITY
	AU\$'000	AU\$'000	AU\$'000	RESERVE	AU\$'000	AU\$'000
FY 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	27,564	(229,525)	20,073
Loss for the year	-	-	-	-	(11,267)	(11,267)
Other comprehensive loss	-	-	-	(1,033)	-	(1,033)
Shares issued through employee share schemes	410	-	(410)	-	-	-
Employee share and option scheme expense	-	-	225	-	-	225
Balance as at 30 June 2021	216,759	(163)	5,663	26,531	(240,792)	7,998
FY 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	27,918	(179,020)	70,522
Loss for the year	-	-	-	-	(50,505)	(50,505)
Other comprehensive loss	-	-	-	(354)	-	(354)
Employee share and option scheme expense	-	-	410	-	-	410
Balance as at 30 June 2020	216,349	(163)	5,848	27,564	(229,525)	20,073

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP 4Q 2021 AU\$'000	GROUP 4Q 2020 AU\$'000	GROUP FY 2021 AU\$'000	GROUP FY 2020 AU\$'000
Cash flows from operating activities				
Profit/(loss) after taxation	117	(57,062)	1,202	(59,506)
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	984	935	4,057	5,123
Amortisation of intangible assets	204	298	844	1,183
Depreciation of right-of-use assets	853	682	2,736	2,484
Employee share and share option scheme expense	225	106	225	410
Impairment loss on trade receivables and contract assets	10	484	217	900
Impairment loss on property, plant and equipment	-	30,255	-	30,255
Impairment loss on other intangible assets	-	19,745	-	19,745
Foreign exchange gain arisen from dissolution	-	(3,814)	-	(3,814)
Net foreign exchange differences	(537)	(581)	(821)	449
Profit on disposal of property, plant and equipment	(60)	(471)	(33)	(922)
Interest income	(4)	(21)	(66)	(95)
Finance costs	1,336	1,409	4,124	5,791
Income tax expense	52	80	330	917
Operating cash flows before working capital changes	3,180	(7,955)	12,815	2,920
Changes in operating assets and liabilities				
Trade receivables and contract assets	(9,078)	37,336	(20,603)	29,790
Other receivables and prepayments	(1,432)	(859)	(565)	(1,089)
Inventories	445	546	1,304	(2,145)
Trade payables and other payables	946	(5,960)	1,470	(9,471)
Accruals	3,762	(5,600)	4,195	(5,646)
Cash (used in) / generated from operations	(2,177)	17,508	(1,384)	14,359
Interest paid	(55)	(869)	(2,312)	(4,377)
Interest received	4	21	66	95
Income tax paid	161	(351)	(117)	(1,188)
Net cash (used in) / generated from operating activities	(2,067)	16,309	(3,747)	8,889
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	217	729	674	1,523
Purchase of property, plant and equipment	(712)	52	(1,752)	(720)
Purchase of other intangible assets	(998)	(541)	(1,097)	(621)
Net cash (used in) / generated from investing activities	(1,493)	240	(2,175)	182

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	GROUP 4Q 2021 AU\$'000	GROUP 4Q 2020 AU\$'000	GROUP FY 2021 AU\$'000	GROUP FY 2020 AU\$'000
Cash flows from financing activities				
Repayment of insurance / software funding	(1,370)	(1,816)	(5,065)	(8,819)
Proceeds from insurance / software funding	3,412	3,452	5,378	11,090
Proceeds from borrowings	-	-	-	7,500
Repayment of borrowings	-	(4,858)	(5,000)	(10,169)
Payment of lease liabilities	(1,068)	(853)	(3,503)	(3,112)
Release of restricted cash	850	1,000	850	1,000
Net cash generated from / (used in) financing activities	1,824	(3,075)	(7,340)	(2,510)
Net (decrease) / increase in cash and cash equivalents	(1,736)	13,474	(13,262)	6,561
Effect of exchange rate fluctuations on cash held	(17)	(47)	(20)	67
Net (decrease) / increase in cash held	(1,753)	13,427	(13,282)	6,628
Cash and cash equivalents at beginning of period	9,559	7,661	21,088	14,460
Cash and cash equivalents at end of period	7,806	21,088	7,806	21,088
Cash and cash equivalents represented by				
Cash and bank balances	8,669	22,801	8,669	22,801
*Restricted cash	(863)	(1,713)	(863)	(1,713)
Total cash and cash equivalents at end of period	7,806	21,088	7,806	21,088

*The amount represents cash security held for bank guarantees issued.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**1. Corporate information**

AusGroup Limited (the “Company”) is a limited liability company domiciled and incorporated in Singapore and its shares are publicly traded on the Singapore Exchange. The condensed interim consolidated financial statements as at and for the twelve months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- provide preventative and breakdown maintenance services;
- provide construction services;
- provide access services;
- provide fabrication and manufacturing services; and
- provide port and marine services.

2. Basis of preparation

The condensed interim financial statements as at and for the twelve months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual audited financial statements for the year ended 30 June 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

Whilst the Company’s functional currency is the Singaporean Dollar, the condensed interim financial statements are presented in Australian Dollars (“AU\$”) which, in the opinion of management, is the most appropriate presentation currency as the Group’s principal assets and operations are in Australia and the majority of its operations are conducted in AU\$.

2.1. New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

Impairment of trade receivables

The Group has elected to measure loss allowances for trade and other receivables including contract assets at an amount equal to lifetime ECLs ("Expected Credit Losses"). The Group considers a financial asset to be in default when the financial asset is more than 120 days past its due date. ECLs are a probability weighted estimate (based on the Group's historical experience) measured as the present value of all cash shortfalls on default financial assets taking into account both quantitative and qualitative information and analysis. Factors considered in individual assessment are payment history, past due status and term.

Construction contracts

For services and construction contracts the standard provides a higher threshold for recognition of variations, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur. In making this assessment, judgement is required to be exercised based on a number of factors including nature of the claim, formal or informal acceptance by the customer of the validity of the claim, stage of negotiations, or the historical outcome of similar claims to determine whether the enforceable and "highly probable" threshold has been met.

Impairment of amounts due from subsidiaries and investments in subsidiaries

The Company assesses the recoverability of loans due from subsidiary undertakings as at the reporting date based on an assessment of the ability of each entity to repay the balance owing and also assesses the carrying value of investments in subsidiaries where indicators of impairment are identified. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

2.2. Use of judgements and estimates (Continued)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

Impairment of cash generating units (“CGUs”)

SFRS (I) 1-36 Impairment of Assets requires the Group to test goodwill for impairment at least annually and to test other assets for impairment when evaluation of indicators specific to the Group indicates that there is a potential impairment to property, plant and equipment and other intangible assets. These indicators include significant changes in asset usage, significant decline in assets’ market value, obsolescence or physical damage of an asset, significant underperformance relative to the expected historical or future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs of disposal and the value-in-use. In performing these valuations, the Group is required to make estimates and assumptions that may affect the resultant valuation of each of these categories of asset. If the CGUs are considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

Construction contracts

The Group recognises revenue using the measure of progress that best reflects the Group’s performance in satisfying the performance obligation within the contracts over time. The different methods of measuring progress include an input method (e.g. costs incurred) or an output method (e.g. milestones reached). The same method of measuring progress will be consistently applied to similar performance obligations.

Amounts due from contract customers in the balance sheet include uncertified revenue that has been recognised through the statement of comprehensive income in current and prior periods in respect of claims and variation orders on projects. In estimating the amount of uncertified revenue recognised, the Group has relied on past experience and the work of specialists namely project managers and, as required, external consultants. If the uncertified revenue increases/decreases by 5% from management’s estimates, the Group’s profit before income tax for the financial year will increase/decrease by approximately AU\$1.3 million (2020: AU\$0.7 million).

Revenue from variations in the contract work and claims is recognised in accordance with the Group’s accounting policy on construction contracts.

Due to the level of uncertainty associated with the calculation of estimated total contract costs, and therefore, percentage of contract completion, it is reasonably possible that material adjustments could be required to revenue and contract margins if the eventual outcomes differ from management’s assumptions which cannot be recovered from contract claims under the terms of the contract.

Where it is probable that a loss will arise on a long-term contract, the excess of total expected contract costs over total contract revenue is recognised as an expense immediately.

3. Seasonal operations

The Group’s businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Maintenance Services.
- Projects.
- Access Services.
- Fabrication & Manufacturing.
- Port & Marine Services.

4.1 Reportable segments

2021	Maintenance		Projects	Access Services	Fabrication & Manufacturing -		Port & Marine Services	Corporate / Unallocated	Total
	Services	Projects			Australia	Singapore			
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
REVENUE									
Revenue from external customers	112,490	22,945	25,185	31,365	3,075	-	-	195,060	
RESULTS									
Adjusted EBITDA and impairment	8,891	3,281	2,528	1,323	(277)	(2,302)	13,444		
Depreciation and amortisation	-	(5)	(2,494)	(1,245)	(2,638)	(1,255)	(7,637)		
Interest income	-	-	1	-	-	65	66		
Finance cost	-	(1)	(67)	(117)	(3,503)	(436)	(4,124)		
Impairment losses	-	(8)	(202)	-	-	(7)	(217)		
Profit/(loss) before tax	8,891	3,267	(234)	(39)	(6,418)	(3,935)	1,532		
ASSETS									
Reportable segment assets	32,990	2,966	37,271	17,074	50,134	16,379	156,814		
Additions to non-current assets (other than financial assets and deferred tax)	-	-	2,702	136	385	2,051	5,274		
LIABILITIES									
Reportable segment liabilities	9,262	650	4,605	3,703	17,014	81,647	116,881		
2020									
	Maintenance Services	Projects	Access Services	Fabrication & Manufacturing - Australia	Manufacturing - Singapore (Discontinued)	Port & Marine Services	Corporate / Unallocated	Total	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	
REVENUE									
Revenue from external customers	122,752	71,439	25,955	37,320	-	4,779	-	262,245	
RESULTS									
Adjusted EBITDA and impairment	6,710	2,893	4,740	1,032	4,606	(1,773)	(11,411)	6,797	
Depreciation and amortisation	-	(23)	(2,545)	(1,030)	-	(3,653)	(1,539)	(8,790)	
Interest income	-	3	1	-	-	-	91	95	
Finance cost	-	(1)	(46)	(102)	-	(4,183)	(1,459)	(5,791)	
Impairment losses	(322)	(10)	(484)	-	-	(50,049)	(35)	(50,900)	
Profit/(loss) before tax	6,388	2,862	1,666	(100)	4,606	(59,658)	(14,353)	(58,589)	
ASSETS									
Reportable segment assets	17,018	6,106	33,002	17,171	-	53,183	28,896	155,376	
Additions to non-current assets (other than financial assets and deferred tax)	463	-	867	300	-	-	531	2,161	
LIABILITIES									
Reportable segment liabilities	3,009	776	3,716	3,718	-	21,087	88,050	120,356	

4.2 Disaggregation of revenue

4Q 2021	Maintenance Services AU\$'000	Projects AU\$'000	Access Services AU\$'000	Fabrication AU\$'000	Port & Marine Services AU\$'000	Total AU\$'000
Types of goods or service:						
Contract revenue	32,324	4,194	6,911	9,666	-	53,095
Sale of goods	-	-	31	-	-	31
Hire revenues	-	-	2,499	-	-	2,499
Port & Marine services	-	-	-	-	465	465
Total revenue	32,324	4,194	9,441	9,666	465	56,090
Timing of revenue recognition:						
Over time	32,324	4,194	9,410	9,666	-	55,594
At a point in time	-	-	31	-	465	496
Total revenue	32,324	4,194	9,441	9,666	465	56,090
Geographical information:						
Australia	32,324	4,194	8,771	9,666	465	55,420
Singapore	-	-	301	-	-	301
Thailand	-	-	369	-	-	369
Total revenue	32,324	4,194	9,441	9,666	465	56,090
4Q 2020						
	Maintenance Services AU\$'000	Projects AU\$'000	Access Services AU\$'000	Fabrication AU\$'000	Port & Marine Services AU\$'000	Total AU\$'000
Types of goods or service:						
Contract revenue	18,941	1,597	2,648	12,755	-	35,941
Sale of goods	-	-	(52)	-	-	(52)
Hire revenues	-	-	834	-	-	834
Port & Marine services	-	-	-	-	698	698
Total revenue	18,941	1,597	3,430	12,755	698	37,421
Timing of revenue recognition:						
Over time	18,941	1,597	3,482	12,755	-	36,775
At a point in time	-	-	(52)	-	698	646
Total revenue	18,941	1,597	3,430	12,755	698	37,421
Geographical information:						
Australia	18,941	1,597	3,454	12,755	698	37,445
Singapore	-	-	156	-	-	156
Thailand	-	-	(180)	-	-	(180)
Total revenue	18,941	1,597	3,430	12,755	698	37,421

4.2 Disaggregation of revenue (continued)

FY2021	Maintenance Services	Projects	Access Services	Fabrication	Port & Marine Services	Total
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Types of goods or service:						
Contract revenue	112,490	22,945	18,236	31,365	-	185,036
Sale of goods	-	-	66	-	-	66
Hire revenues	-	-	6,883	-	-	6,883
Port & Marine services	-	-	-	-	3,075	3,075
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060
Timing of revenue recognition:						
Over time	112,490	22,945	25,119	31,365	246	192,165
At a point in time	-	-	66	-	2,829	2,895
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060
Geographical information:						
Australia	112,490	22,945	22,970	31,365	3,075	192,845
Singapore	-	-	905	-	-	905
Thailand	-	-	1,310	-	-	1,310
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060
FY2020	Maintenance Services	Projects	Access Services	Fabrication	Port & Marine Services	Total
	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Types of goods or service:						
Contract revenue	122,752	71,439	19,747	37,320	-	251,258
Sale of goods	-	-	175	-	-	175
Hire revenues	-	-	6,033	-	-	6,033
Port & Marine services	-	-	-	-	4,779	4,779
Total revenue	122,752	71,439	25,955	37,320	4,779	262,245
Timing of revenue recognition:						
Over time	122,752	71,439	25,780	37,320	-	257,291
At a point in time	-	-	175	-	4,779	4,954
Total revenue	122,752	71,439	25,955	37,320	4,779	262,245
Geographical information:						
Australia	122,752	71,439	21,874	37,320	4,779	258,164
Singapore	-	-	893	-	-	893
Thailand	-	-	3,188	-	-	3,188
Total revenue	122,752	71,439	25,955	37,320	4,779	262,245

4.3 A breakdown of revenue

	FY 2021	FY 2020	% increase
	AU\$'000	AU\$'000	/ (decrease)
<u>For continuing operations</u>			
Revenue reported for first half year	88,249	158,733	-44%
Net profit after tax for first half year	774	983	-21%
Revenue reported for second half year	106,811	103,512	3%
Net profit/(loss) after tax for second half year	428	(64,429)	N.M.
<u>For discontinued operations</u>			
Net profit after tax for first half year	-	14	N.M.
Net profit after tax for second half year	-	3,926	N.M.

5.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

6. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	GROUP			GROUP		
	4Q 2021	4Q 2020		FY 2021	FY 2020	
	AU\$'000	AU\$'000		AU\$'000	AU\$'000	
Current income tax expense	(23)	-	N.M.	(211)	-	N.M.
Current withholding tax expense	(29)	(80)	(64.2)	(119)	(917)	(77.0)
Total income tax expense	(52)	(80)	(35.0)	(330)	(917)	(64.0)

7. Earnings per ordinary share

	GROUP		GROUP	
	4Q 2021	4Q 2020	FY 2021	FY 2020
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
Profit/(loss) attributable to owners of the Company	117	(57,062)	1,202	(59,506)
Profit/(loss) attributable to owners of the Company - continuing operations	117	(60,873)	1,202	(63,446)
Weighted average number of ordinary shares in issue				
- Basic ('000)	3,062,614	3,048,230	3,062,614	3,048,230
- Diluted ('000)	3,063,230	3,048,230	3,063,230	3,048,230
Earnings / (loss) per ordinary share (AU cents)				
- Basic	0.00	(1.87)	0.04	(1.95)
- Diluted	0.00	(1.87)	0.04	(1.95)
Earnings / (loss) per ordinary share (AU cents) - continuing operations				
- Basic	0.00	(2.00)	0.04	(2.08)
- Diluted	0.00	(2.00)	0.04	(2.08)

Basic earnings per share is calculated by dividing the consolidated profit after tax attributable to the equity holders of the Company by the weighted average of the number of shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options and share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit after taxation.

8. Net Asset Value

	GROUP 4Q 2021 AU\$'000	GROUP 4Q 2020 AU\$'000	COMPANY FY 2021 AU\$'000	COMPANY FY 2020 AU\$'000
Net assets	39,933	35,020	7,998	20,073
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	1.3	1.1	0.3	0.7

Net asset value per ordinary share is calculated by dividing the net assets attributable to the entity holders of the Company by the number of issued shares as at 30 June 2021 of 3,063,230,431 ordinary shares (30 June 2020: 3,048,230,431).

9. Investments in subsidiaries

During the year, the Group has completed a loan capitalisation exercise in its subsidiary - Ezion Offshore Logistics Hub Pte Ltd ("EOLH"). The loan has been capitalised through an increase in the investment in the relevant subsidiary by the issue of 2,000,000 ordinary shares of EOLH. The exercise resulted a net increase of AU\$23.4m in investment in subsidiaries.

10. Other intangible assets

During FY2021, the Group acquired other intangible assets amounting to AU\$1.1m (30 June 2020: AU\$0.6m).

11. Property, plant and equipment

During FY2021, the Group acquired assets amounting to AU\$1.8m (30 June 2020: AU\$0.7m) and disposed of assets amounting to AU\$0.6m (30 June 2020: AU\$0.6m).

12. Borrowings

	30/06/2021		30/06/2020	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	2,071	-	7,214	-
Amount repayable after one year	39,309	24,669	41,701	26,481

Borrowings Summary

	30/06/2021 AU\$'000	30/06/2020 AU\$'000
Multi Currency Notes	39,282	41,270
DBS Term Loan - AUD	-	4,996
Shareholder Loan	24,669	26,481
Insurance / software funding	2,098	2,649
Total borrowings	66,049	75,396

12. Borrowings (continued)

(a) Loan facilities

Multi Currency Notes (“Notes”)

The Notes (AU\$39.3m) are a non-current liability and are secured. The decrease in the liability is due to exchange rate fluctuations.

The maturity date of the Notes is 3 December 2022 and interest is paid monthly at a rate of 7% per annum from 3 December 2020.

DBS Bank Ltd facilities and loans

The Company fully repaid the revolving credit facility on 31st December 2020.

DBS also provides bank guarantee facilities to the Group to support performance bonds and financial guarantees provided to the Group’s clients.

Loan from related party (shareholder loan)

The repayment date of the loan from Ezion Holdings Limited (“Ezion”) is until after 31 October 2023 hence the loans are classified as a non-current liability. At 30 June 2021 the amount owing on the loan was AU\$24.7m (30 June 2020: AU\$26.5m) and is unsecured. The decrease in liability is due to the favourable foreign exchange rate movement between the US dollar and the Australian dollar offset by the capitalisation of interest expenses during the year. The interest rate applicable to this loan is 2% per annum.

Surety bond facility from Vero

The Group holds a AU\$30.0m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees. At 30 June 2021, AU\$2.3m (30 June 2020: AU\$14.2m) was drawn under this facility.

(b) Security pledged and financial covenants

Multi Currency Notes (“Notes”)

Notes are secured, on a shared first ranking basis, against all property and assets of NT Port and Marine Pty Ltd on a fixed and floating basis and 100% of the shares of Ezion Offshore Logistics Hub Pte. Ltd (“EOLH”) pursuant to a share charge.

In accordance with the Noteholder vote in favour of the Consent Solicitation Exercise (“CSE”) on 19 October 2018, the Group renegotiated the terms of the Notes and added two financial covenants being:

- (i) the ratio of its Consolidated Secured Debt to its Consolidated Total Assets shall not at any time exceed 0.75:1; and
- (ii) The ratio of its Consolidated earnings before interest, tax, depreciation, amortisation and impairment (“EBITDA”) to its Consolidated Interest Expense in respect of any Test Period shall not be less than 1.75:1 for that Test Period (the Debt Service Ratio).

The Group has complied with the financial covenants on its Multi Currency notes.

DBS Bank Ltd facilities and loans

The security on issue to DBS Bank Limited has been released when the borrowings was fully repaid during the year.

13. Share capital

	30-Jun-21	30-Jun-20
	Number of shares	Number of shares
Number of issued shares		
Opening balance	3,048,230,431	3,048,230,431
Shares issued through employee share schemes	15,000,000	-
Closing balance	<u>3,063,230,431</u>	<u>3,048,230,431</u>
	30-Jun-21	30-Jun-20
	AU\$'000	AU\$'000
Ordinary shares issued and fully paid		
Opening balance	216,349	216,349
Shares issued through employee share schemes	410	-
Closing balance	<u>216,759</u>	<u>216,349</u>

As at 30 June 2021 there were no outstanding options (30 June 2020: Nil) for unissued ordinary shares under the employee share option scheme.

As at 30 June 2021 there were 72,000,000 outstanding rights (30 June 2020: Nil) that may potentially be converted to shares under the employee share scheme.

As at 30 June 2021 and 30 June 2020 respectively there were no treasury shares held by the Company.

14. Other contingent liabilities

The Group has the normal contractor's liability related to project activity. Potential liability may arise from claims, dispute and/or litigation against Group companies and/or joint venture arrangements in which the Group has an interest.

15. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2**1. Review**

The condensed consolidated statement of financial position of AusGroup Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group**A Review of Income Statement****4Q FY2021 v 4Q FY2020**

Revenue for the fourth quarter of FY2021 increased by 49.9% to AU\$56.1m (4Q FY2020: AU\$37.4m) and cost of sales for the fourth quarter increased by 27.7% to AU\$50.6m (4Q FY2020: AU\$39.6m), reflecting the expected recovery from the effects of the impact of COVID-19 to a more normal activity level.

Gross profit increased to AU\$5.5m for the fourth quarter (4Q FY2020: loss of AU\$2.2m), with the gross profit margin of 9.7%, mainly resulting from increased operating efficiencies across all business sectors in the current year as the effect of COVID-19 was largely removed.

Other operating income has increased to AU\$0.815m (4Q FY2020: AU\$0.658m) due to the release of provision of doubtful debts after offset of amounts due to suppliers.

Other operating costs decreased by 7.8% to AU\$3.2m (4Q FY2020: AU\$3.4m) and administrative expenses decreased by 64.2% to AU\$1.3m (4Q FY2020: AU\$3.7m) following costs reductions made during the year due to the impact of the COVID-19 pandemic and in addition, capitalisation of tender costs and release of excess provisions.

Marketing and distribution expenses have increased 24.3% to AU\$0.3m (4Q FY2020: AU\$0.2m) due to increased new work tender activity in the quarter and marketing costs relating to significant contract wins in the quarter.

Finance costs have decreased 5.4% to AU\$1.3m (4Q FY2020: AU\$1.4m) mainly due to a reduce in bank interest as a result of lower levels of debt.

For details of income tax, please refer to Section E, note 7.

Net profit for the quarter after tax from operations is AU\$0.1m (4Q FY2020: loss of AU\$57.1m).

FY2021 V FY2020

Revenue decreased by 25.6% to AU\$195.1m (FY2020: AU\$262.2m) and cost of sales decreased by 29.8% to AU\$176.0m (FY2020: AU\$250.6m) due to the effects of the impact of COVID-19 as a result of the postponement of client determined “non-critical” projects during the year.

Gross profit increased by 63.5% to AU\$19.1m (FY2020: AU\$11.7m), mainly resulting from increased operating efficiencies across all business sectors in the current year and also due to the COVID-19 subsidy received from the Australian Federal Government, reducing cost of sales. In addition, there has been a release of provisions following completion of projects in the period. This result is reflected in an increase of 63.5% in the gross profit margin to 9.8% (FY2020: 4.4%).

Other operating income has decreased 30.6% to AU\$1.0m (FY2020: AU\$1.4m) due to a decrease in sales on property, plant and equipment primarily related to the disposal of scaffolding assets.

2. Review of performance of the Group (continued)

A Review of Income Statement (continued)

Other operating costs decreased by 1.9% to AU\$9.0m (FY2020: AU\$9.2m) as the Group made the decision to retain key operational staff during COVID-19, hence, there has been no tangible savings on staff costs.

Administrative expenses decreased by 50.8% to AU\$4.1m (FY2020: AU\$8.4m) following costs reductions mainly due to the impact of the COVID-19 pandemic, bolstered by the receipt of Australian Federal Government subsidies during the same COVID-19 period and the capitalisation of tender costs and release of excess provisions.

Marketing and distribution expenses have decreased by 23.3% to AU\$1.0m (FY2020: AU\$1.3m) mainly due to reduced new work activities over the whole year as a direct result of COVID-19's negative effects on work programmes during the pandemic.

Finance costs have decreased by 28.8% to AU\$4.1m (FY2020: AU\$5.8m) mainly due to a gain in un-realised foreign exchange fluctuations of AU\$0.8m (FY2020: foreign exchange loss of AU\$0.8m) arising mainly from the revaluation of foreign currency borrowings and also partly due to a decrease in bank interest as debt levels have decreased over the year.

Income tax expense has decreased 64.0% to AU\$0.3m (FY2020: AU\$0.9m) as a result of a reduction in withholding tax following the loan capitalisation exercise completed in 3Q FY21 (refer to Balance Sheet: Assets for further details).

For more details on income tax, please refer to Section E, note 6.

Net profit after tax from continuing operations for FY2021 was AU\$1.2m (FY2020: loss of AU\$63.4m).

B Review of Balance Sheet

Assets

Cash and bank balances decreased by AU\$14.1m to AU\$8.7m at 30 June 2021 (30 June 2020: AU\$22.8m) due to timing delays on the receipt of project payments as a result of late invoicing on key contracts transitioning to a new major contract and repayment of bank borrowings and insurance/software funding during the year.

Trade receivables balance increased by AU\$20.4m since 30 June 2020 to AU\$55.1m at 30 June 2021 due to delays on the receipt of project payments as a result of the late invoicing on key contracts and the transition to a new major contract indicated in the previous point. This has had a timing effect on the Group cashflow in the short term, however these late invoices have been paid in subsequent periods.

Inventories decreased by AU\$1.3m since 30 June 2020, with the majority of inventory now related to marine fuel for sale by the NT Port and Marine business. The decrease was due to the sale of fuel during the year.

Non-current assets have decreased AU\$4.1m since 30 June 2020 to AU\$85.2m mainly due to the depreciation and amortisation on property, plant and equipment and a reduction in prepayments of AU\$0.9m.

Liabilities

The trade payables balance increased by AU\$1.5m since 30 June 2020 to AU\$7.6m at 30 June 2021 in line with the increase in work activities since the comparable quarter.

2. Review of performance of the Group (continued)

B Review of Balance Sheet (continued)

Other payables increased by AU\$3.3m since 30 June 2020 to AU\$23.8m mainly due to timing of payments for payroll and GST related statutory obligations in the period.

Current accruals for other liabilities mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance increased by AU\$1.5m from 30 June 2020 which aligns with the increase of operating activities level in Q4. Non-current accruals comprised long-term long service leave balance.

Total borrowings decreased overall by AU\$9.3m since 30 June 2020 to AU\$66.0m due to the repayments of A\$5.0m of the revolving credit facility, net proceeds of A\$0.3m from insurance funding and the favourable foreign currency rate movement of the Australian dollar against US dollar and Singapore dollar which resulted in a lower outstanding balances in both the shareholder loan and the Multi Currency Notes.

As at 30 June 2021, the Group was in a net current asset position of AU\$31.2m and net assets were AU\$39.9m. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations.

C Review of Statement of Cash Flows

4Q FY2021 v 4Q FY2020

Operating activities of the Group has incurred a net cash outflow of AU\$2.1m for 4Q FY2021, a decrease from the corresponding quarter in FY2020 of a net cash inflow of AU\$16.3m. The decrease was mainly due to timing delays on the receipt of project payments and end of the subsidies from the federal government in 4Q FY2021.

Net cash outflows of AU\$1.5m incurred from investing activities in 4Q FY2021 due to the purchases of property, plant and equipment and other intangible assets in the quarter offset by a net inflow of AU\$0.2m from disposals.

Net cash generated from financing activities was AU\$1.8m in 4Q FY2021, reflecting the net inflow of insurance funding of AU\$2.0m and release of restricted cash of AU\$0.9m offset by repayments of lease liabilities of AU\$1.1m.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU\$1.7m to AU\$7.8m at 30 June 2021 compared to the prior quarter (3Q FY2021 - AU\$9.5m).

FY2021 V FY2020

Operating activities of the Group has incurred a net cash outflow of AU\$3.7m for FY2021, a decrease from the corresponding year in FY2021 of a net cash inflow of AU\$8.9m. The decrease was mainly due to timing delays on the receipt of project payments.

Net cash outflows of AU\$2.2m incurred from investing activities in FY2021 due to the purchases of property, plant and equipment and other intangible assets during the year offset by a net inflow of AU\$0.7m from disposals.

Net cash used in financing activities was AU\$7.3m in FY2021, reflecting the repayment of DBS term loan of A\$5.0m, repayment of insurance funding of AU\$5.1m and payment of lease liabilities of A\$3.5m offset by proceed from insurance premium and release of restricted cashflow.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU\$13.3m to AU\$7.8m at 30 June 2021 compared to the prior year (FY2020 - AU\$21.1m).

3. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (pursuant to SGX rulebook - Appendix 7.2 Financial statements and dividend announcement (3A) :-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Group's auditors qualified their audit opinion for the year ended 30 June 2020 as they were unable to obtain sufficient appropriate audit evidence regarding the key assumptions to arrive at the recoverable amount of the Port and Marine business. For further details, refer to AusGroup Limited's Annual Report for FY2020, page 31 (announced on the SGX on 25 September 2020) and to the Announcement pursuant to Rule 704(5) and Rule 704(6) of the Listing Manual - Disclaimer of Opinion by Auditor of the Financial Statements for Year Ended 30 June 2020 and Material Adjustments to the Unaudited Results for Year Ended 30 June 2020, where the Company's Auditor have disclosed their Report on the audit of the financial statements and have included their Disclaimer of Opinion and the Basis for the Disclaimer of Opinion.

The area of the business highlighted in the Disclaimer of Opinion relates to the NT Port and Marine section of the Group. In this respect, the commencement of operations started in March 2018 and since that date the business has developed and is starting to secure longer term contracts (a one year take or pay fuel contract was secured in FY2020) to underpin the value over the 40 year remaining term of the right to operate. The valuation of an entity at the early stage of its life cycle is wide ranging due to a lack of operating history and profits. The valuation is based on future assumptions that, whilst they are reasonable to assume, are based on judgement and estimates relating to future events. An independent valuer will similarly rely on such future assumptions and due to the unique nature of the NT Port and Marine business there are no comparable assets to benchmark against.

The Group continues to pursue a range of development opportunities to continue the expansion of the NT Port and Marine business.

Whilst these opportunities are commercially sensitive, and some are Government sensitive, they span the increase in utilisation of the NT Port and Marine business assets primarily through:

- continual increase in utilisation of the accommodation facility located at Port Melville;
- increase in fuel sales both offshore and onshore;
- securing a Multi-year bulk fuel sale and service agreement to increase the fuel volume available to supply and reduce the fuel purchase cost;
- initiate fuel ullage storage agreements to utilise the capacity of the fuel storage facility at Port Melville;
- increase in revenue from laydown areas at Port Melville and East Arm that would also secure an increase in ship movements;
- investigation of sub-lease options for the Company's leases; and
- expansion of onshore services.

Business Development Activities

The final investment decision for the development of the Barossa LNG field was announced on 22th March 2021. The US\$3.6bn Gas and Condensate project may result in an increase in the asset utilisation for the NT Port and Marine business due to the proximity of Port Melville to the Barossa development.

The NT Port and Marine business is focused on maximising this opportunity.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The Board continues to monitor the development of this business which is challenging due to the current economic climate as a result of the COVID-19 pandemic which may lead to the change or deferral of projects and/or operations that the NT Port & Marine business supports. The Board continues to assess the carrying value and confirms that the outstanding audit issues on the financial statements have not changed at this stage.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Background Information

AusGroup offers a range of integrated service solutions to the energy, mining and industrial sectors across Australia and South East Asia. Our diversified service offering supports clients at all stages of their asset development and operational schedule.

Through subsidiaries AGC, MAS and NT Port and Marine, we provide maintenance, construction, access services, commissioning & handover and port & marine services. With over 30 years of experience, we are committed to partnering with our clients to build, maintain and upgrade some of the region's most challenging projects.

Our Capabilities

Maintenance Services

Our maintenance services range from breakdown maintenance to shutdowns and sustaining capital works. Through our in-house capability, we can provide any combination of skills, trades or disciplines on a long or short term basis for shutdowns and campaign maintenance. Our maintenance services include: mechanical; electrical; industrial coatings; insulation; refractory and specialist welding.

Construction

AusGroup provides focused and specialised construction capabilities including structural, mechanical, piping and installation solutions. We are able to self-perform almost all construction trades, offering efficient interface management and productivity optimisation.

Our construction expertise combines multidisciplinary construction knowledge and a first class health and safety record, to enhance project execution.

Access Services (referred to as MAS)

Our access services include scaffolding, scaffold engineering and design, rope access, labour supply, scaffolding, stock control, logistics and transportation.

Fabrication

We provide manufacturing, fabrication and testing of specialist structural, piping and modularisation packages. Our fabrication facilities are strategically located within Perth's high wide load corridor in Kwinana. With an in-house capacity to fabricate up to 30,000 tonnes of steel products per annum, we have manufactured, tested and commissioned some of Western Australia's largest fabricated steel structures.

Port and Marine Services (referred to as NT Port and Marine)

We offer logistics and marine transportation support services to the oil and gas industry, general marine and defence sectors through our NT Port and Marine business. With locations at Port Melville and East Arm Supply Base located in the Northern Territory, we can provide marine and land fuel, areas for laydown and storage, berthage and accommodation facilities.

Significant Trends & Competitive Conditions

COVID-19 Pandemic

The effects of the pandemic that initially manifested in 4Q FY2020 has continued albeit, there are now more significant indications of a return to more normalised operations in 4Q FY2021. Client work programmes are increasing in scale and more work fronts are presenting such that the return to normal revenue and profitability levels are emerging. There is also evidence that the business environment is returning to more normal conditions due to increasing manpower requirements across all sectors to address the demands of clients to complete the full range of both critical and non-critical core work programmes that were delayed due to the COVID-19 virus. However, the impact of future infection rates in Australia combined with the pace of the vaccination programme is uncertain and may have an impact on operations over the coming months.

On 22 March 2021, AusGroup announced on SGX, the award of a significant long-term maintenance master contract in the Oil & Gas sector. The announcement details the following main points:

- AusGroup subsidiary AGC secures contract with Chevron Australia.
- Longest (ten year) maintenance master contract awarded to date in the Australian oil and gas market.
- 300 - 500 additional local planning and execution roles expected to be recruited in Western Australia.
- Milestone supports long-term future for the WA based AGC.
- Order book increase to over A\$1 billion.

The ten-year master contract enables Chevron Australia to order full-service asset maintenance from AGC across Chevron's onshore and offshore natural gas and oil production facilities located in the north-west of Australia.

Under the contract, AGC will deliver a diverse and complete range of services including:

- management, planning, scheduling and supervision;
- painting insulation and fireproofing (PIF);
- scaffolding including engineering services;
- rope access (central trades);
- workshop management;
- asset management (hire equipment special tools);
- procurement and maintenance; and
- crane operation (rigging) and maintenance.

This significant long-term contract provides a solid order book and revenue base for the business and is a testament to the organisation's track record in safely and efficiently delivering contracts. This is a substantial achievement for AusGroup and confirms our proven track-record and represents a significant strategic milestone for our business, firmly positioning us as a leader and Tier 1 contractor in end-to-end asset maintenance program delivery for oil and gas assets.

The major trends that are relevant to the industry and the Group:

- Major new LNG construction projects are now completed and these have moved into the production phase, where maintenance services will be required to maintain safe and reliable operations for the next 40+ years, providing long term and sustainable demand for the Group's service offering.
- Significant investment in the Resources sector (Iron Ore, Nickel, Gold, Lithium, etc) is continuing and the Group is well placed to provide the sector with fabrication services, modularised solutions, SMP, construction, commissioning and integrated asset maintenance services.
- Increased tender activity in 4Q FY2021 as Client work programmes that were suspended during the early days of the pandemic have now been re-initiated resulting in an increase in tender costs.

Costs that have been incurred on these larger tenders may be subject to recovery after award and may be adjusted in the income statement in FY2022.

- The use of technology, productivity and innovative solutions across all aspects of the project(s) life cycle is key to adding value to customers and underpinning long term relationships and delivering predictable outcomes on plan.
- Increased demand for skilled labour is putting upward pressure on wage rates.
- Focus on core strengths, capabilities and efficiency improvements will underpin the profit generation from the Group's service offering.
- The sporadic closure of the State of Territory borders in Australia is a barrier for the migration within and to Australia which is leading to a cap on available labor.
- The recent improving oil price after the shock of COVID-19 is likely to support capital investment expansions in the LNG sector.
- Increasing investment by the Australian Federal Government (AU\$747.0m) in military bases in the Northern Territory of Australia may result in an increase in activity for the NT Port and Marine business.

General

The main priority for the Group in the short term is to focus on our core strengths of providing multi-disciplinary services of mechanical, scaffolding, insulation, refractory and fabrication services in addition to increasing the NT Port and Marine operations as this business migrates from a commercialisation phase to providing core services in the fuel sale and storage market and the woodchip market.

At 30 June 2021 the only debt due to be repaid in FY2021 is AU\$2.1m of insurance funding. Accordingly, the short-term focus on the Group's cashflow to meet short term debts has been addressed as the Group has re-scheduled the majority of its borrowings to longer term (non-current) tenures. The Group is focused on options to reduce debt further prior to the maturity dates in 2022 and 2023 and bolster working capital to support the expansion of services to its clients.

Whilst the impact of the COVID-19 pandemic led to delay in awards of new contracts, the forward pipeline is increasing and work activity across all sectors is increasing with more requests from clients to focus on the full range of both critical and non-critical core work programmes that were delayed due to the COVID-19 virus. This return to more normal activity levels is expected to underpin the business objectives in the short term and into 1Q FY2022 and 2Q FY2022, with core projects expected to grow in scale and complexity to provide further opportunities for organic growth in the energy and process sectors.

6. Dividend information**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None due to the working capital requirements of the Group.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

7. Interested person transactions

There were no IPT transactions for the period.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Person occupying managerial position

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three-month period ended 30 June 2021 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Wu Yu Liang
Non-Executive Chairman

Shane Francis Kimpton
CEO and Managing Director

25 August 2021

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