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**PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

**(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
*(Amounts expressed in thousands of Australian Dollar (“AU\$”) currency)*  
**These statements have not been audited.**

	GROUP		+ / (-) %	GROUP		+ / (-) %
	2Q 2021 AU\$'000	2Q 2020 AU\$'000		HY 2021 AU\$'000	HY 2020 AU\$'000	
Revenue	45,007	89,126	(49.5)	88,249	158,733	(44.4)
Cost of sales	(40,780)	(83,589)	(51.2)	(79,714)	(147,244)	(45.9)
<b>Gross profit</b>	<b>4,227</b>	<b>5,537</b>	(23.7)	<b>8,535</b>	<b>11,489</b>	(25.7)
<b>Gross margin</b>	<b>9.4%</b>	<b>6.2%</b>		<b>9.7%</b>	<b>7.2%</b>	
Other operating income/(loss)	73	250	(70.8)	(64)	743	N.M.
Other operating costs	(1,985)	(2,166)	(8.4)	(3,895)	(3,698)	5.3
Administrative expenses	(1,053)	(1,158)	(9.1)	(1,776)	(3,603)	(50.7)
Impairment of receivables	(204)	(357)	(42.9)	(204)	(357)	(42.9)
Marketing and distribution expenses	(131)	(367)	(64.3)	(200)	(777)	(74.3)
<b>Profit from operations</b>	<b>927</b>	<b>1,739</b>	(46.7)	<b>2,396</b>	<b>3,797</b>	(36.9)
Finance costs	(282)	(924)	(69.5)	(1,228)	(2,449)	(49.9)
<b>Profit before income tax</b>	<b>645</b>	<b>815</b>	(20.9)	<b>1,168</b>	<b>1,348</b>	(13.4)
Income tax expense	(155)	(278)	(44.2)	(185)	(574)	(67.8)
<b>Net profit for the period</b>	<b>490</b>	<b>537</b>	(8.8)	<b>983</b>	<b>774</b>	27.0
<b>Net profit %</b>	<b>1.1%</b>	<b>0.6%</b>		<b>1.1%</b>	<b>0.5%</b>	
Earnings per ordinary share attributable to equity holders of the Company (AU\$ cents per share)						
- basic	0.02	0.02		0.03	0.03	
- diluted	0.02	0.02		0.03	0.03	

N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+ / (-) %	GROUP		+ / (-) %
	2Q 2021 AU\$'000	2Q 2020 AU\$'000		HY 2021 AU\$'000	HY 2020 AU\$'000	
Profit for the period	490	537	(8.8)	983	774	27.0
Items that may be reclassified subsequently to profit or loss:						
Currency translation differences	2,814	392	N.M.	3,560	(839)	N.M.
Other comprehensive income / (loss) for the period	2,814	392	N.M.	3,560	(839)	N.M.
<b>Total comprehensive profit / (loss) for the period</b>	<b>3,304</b>	<b>929</b>	N.M.	<b>4,543</b>	<b>(65)</b>	N.M.

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT FROM OPERATIONS

The following items have been included in determining the profit before taxation

	GROUP		+ / (-) %	GROUP		+ / (-) %
	2Q 2021 AU\$'000	2Q 2020 AU\$'000		HY 2021 AU\$'000	HY 2020 AU\$'000	
<b>Other operating income/(loss)</b>						
Interest income	21	20	5.0	54	44	22.7
Profit/(loss) on sale of property, plant and equipment	-	124	N.M.	(223)	335	N.M.
Other income	52	94	(44.7)	109	217	(49.8)
Foreign exchange gain/(loss)	-	12	N.M.	(4)	147	N.M.
<b>Total other operating income/(loss)</b>	<b>73</b>	<b>250</b>	<b>(70.8)</b>	<b>(64)</b>	<b>743</b>	N.M.
<b>Amortisation and depreciation</b>						
Depreciation of property, plant & equipment included in cost of sales	751	916	(18.0)	1,570	1,802	(12.9)
Depreciation of right-of-use assets included in cost of sales	197	384	(48.7)	387	337	14.8
Amortisation of intangible assets included in cost of sales	101	199	(49.2)	154	399	(61.4)
Depreciation of property, plant & equipment included in administrative expenses	250	407	(38.6)	512	844	(39.3)
Depreciation of right-of-use assets included in administrative expenses	419	258	62.4	804	980	(18.0)
Amortisation of intangible assets included in administrative expenses	145	97	49.5	266	188	41.5
<b>Total amortisation and depreciation</b>	<b>1,863</b>	<b>2,261</b>	<b>(17.6)</b>	<b>3,693</b>	<b>4,550</b>	<b>(18.8)</b>
Employee share and share option scheme expense	-	102	N.M.	-	203	N.M.

N.M. not meaningful

**B. FINANCE COSTS**

	GROUP		+ / (-) %	GROUP		+ / (-) %
	2Q 2021 AU\$'000	2Q 2020 AU\$'000		HY 2021 AU\$'000	HY 2020 AU\$'000	
Note interest	670	600	11.7	1,349	1,210	11.5
Bank and other interest	95	81	17.3	172	253	(32.0)
Shareholder loan interest	126	102	23.5	254	266	(4.5)
Bank fees	7	55	(87.3)	12	75	(84.0)
Bank guarantee fees	10	16	(37.5)	32	155	(79.4)
Lease-related interest expenses	252	257	(1.9)	502	508	(1.2)
Foreign exchange gain on shareholder loan	(878)	(187)	N.M.	(1,093)	(18)	N.M.
<b>Total finance costs</b>	<b>282</b>	<b>924</b>	<b>(69.5)</b>	<b>1,228</b>	<b>2,449</b>	<b>(49.9)</b>

N.M. not meaningful

**C. INCOME TAX EXPENSE**

	GROUP			GROUP		
	2Q 2021 AU\$'000	2Q 2020 AU\$'000		HY 2021 AU\$'000	HY 2020 AU\$'000	
Current income tax expense	(125)	-	N.M.	(125)	-	N.M.
Current withholding tax expense	(30)	(278)	(89.2)	(60)	(574)	(89.5)
<b>Total income tax expense</b>	<b>(155)</b>	<b>(278)</b>	<b>(44.2)</b>	<b>(185)</b>	<b>(574)</b>	<b>(67.8)</b>

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at 31/12/2020 AU\$'000	Group As at 30/06/2020 AU\$'000	Company As at 31/12/2020 AU\$'000	Company As at 30/06/2020 AU\$'000
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	18,028	22,801	90	563
Trade receivables and contract assets	39,034	34,698	-	-
Other receivables and prepayments	5,648	4,711	640	760
Inventories	3,371	3,880	-	-
<b>Total current assets</b>	<b>66,081</b>	<b>66,090</b>	<b>730</b>	<b>1,323</b>
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	47,790	49,819	-	-
Right-of-use assets	13,358	13,795	-	-
Goodwill	10,994	10,994	-	-
Other intangible assets	13,402	13,814	-	-
Prepayments	216	864	-	-
Due from subsidiaries	-	-	180	32,820
Investments in subsidiaries	-	-	90,695	71,276
<b>Total non-current assets</b>	<b>85,760</b>	<b>89,286</b>	<b>90,875</b>	<b>104,096</b>
<b>Total assets</b>	<b>151,841</b>	<b>155,376</b>	<b>91,605</b>	<b>105,419</b>
<b>CURRENT LIABILITIES</b>				
Trade payables and contract liabilities	5,525	6,108	-	-
Other payables	22,324	20,508	688	755
Due to subsidiaries	-	-	16,532	11,485
Borrowings	1,057	7,214	512	4,996
Lease liabilities	2,191	1,853	-	-
Accruals for other liabilities and charges	3,995	2,665	-	-
Current income tax liabilities	313	104	315	359
<b>Total current liabilities</b>	<b>35,405</b>	<b>38,452</b>	<b>18,047</b>	<b>17,595</b>
<b>NON-CURRENT LIABILITIES</b>				
Borrowings	63,816	68,182	63,335	67,751
Lease liabilities	11,710	12,349	-	-
Accruals for other liabilities and charges	830	746	-	-
Deferred income tax liabilities	517	627	-	-
<b>Total non-current liabilities</b>	<b>76,873</b>	<b>81,904</b>	<b>63,335</b>	<b>67,751</b>
<b>Total liabilities</b>	<b>112,278</b>	<b>120,356</b>	<b>81,382</b>	<b>85,346</b>
<b>EQUITY</b>				
<b>Capital and reserves attributable to</b>				
Share capital	216,349	216,349	216,349	216,349
Capital reserve	(163)	(163)	(163)	(163)
Share-based payment reserve	5,848	5,848	5,848	5,848
Foreign currency translation reserve	18,666	15,106	26,589	27,564
Accumulated losses	(201,137)	(202,120)	(238,400)	(229,525)
<b>Total equity</b>	<b>39,563</b>	<b>35,020</b>	<b>10,223</b>	<b>20,073</b>
<b>Total liabilities and equity</b>	<b>151,841</b>	<b>155,376</b>	<b>91,605</b>	<b>105,419</b>

1(b)( ii) Aggregate amount of group's borrowings and debt securities

	31/12/2020		30/06/2020	
	AU\$'000 Secured	AU\$'000 Unsecured	AU\$'000 Secured	AU\$'000 Unsecured
Amount repayable in one year or less, or on demand	1,057	-	7,214	-
Amount repayable after one year	39,676	24,140	41,701	26,481

**Borrowings Summary**

	31/12/2020 AU\$'000	30/06/2020 AU\$'000
Multi Currency Notes	39,207	41,270
DBS Revolving Credit Facility - AUD	-	4,996
Shareholder Loan	24,140	26,481
Insurance funding	1,526	2,649
<b>Total borrowings</b>	<b>64,873</b>	<b>75,396</b>

Multi Currency Notes ("Notes")

The Notes (AU\$39.2m) 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 will be paid monthly at a rate of 7% per annum from 3 December 2020.

Revolving credit facility from DBS Bank Ltd

The Company fully repaid the revolving credit facility on 31<sup>st</sup> December 2020.

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

The Group has breached one covenant on its debt facilities during the quarter largely due to the impact of the COVID-19 pandemic on the earnings profile of the Group throughout the rolling 12 month's reporting period, however, a waiver has already been received from the principal banker for this breach.

The remaining covenant limits that now relate only to the bank guarantee facility as the DBS loan was fully repaid in the period were reviewed and have been revised by the principal banker to reflect the lower risk profile associated with the bank guarantee facility; the Group has complied with these new covenant limits for the three other covenants relating to Net Worth, Gearing and Secured Debt.

Loans 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 31 December 2020 the amount owing on the loan was AU\$24.1m (30 June 2020: AU\$26.5m) and is unsecured. The loan decreased by AU\$1.8m in Q2 FY2021 primarily 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 quarter.

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 31 December 2020, AU\$4.1m (30 June 2020: AU\$14.2m) was drawn under this facility.

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP 2Q 2021 AU\$'000	GROUP 2Q 2020 AU\$'000	GROUP HY 2021 AU\$'000	GROUP HY2020 AU\$'000
<b>Cash flows from operating activities</b>				
Profit after taxation	490	537	983	774
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	1,001	1,323	2,082	2,646
Amortisation of intangible assets	246	296	420	587
Depreciation of right-of-use assets	616	642	1,191	1,317
Employee share and share option scheme expense	-	102	-	203
Impairment loss on trade receivables	204	357	204	357
Net foreign exchange differences	58	(304)	(92)	(369)
Profit/(loss) on disposal of property, plant and equipment	-	(124)	223	(335)
Interest income	(21)	(20)	(54)	(44)
Finance costs	282	924	1,228	2,449
Income tax expense	155	278	185	574
<b>Operating cash flows before working capital changes</b>	<b>3,031</b>	<b>4,011</b>	<b>6,370</b>	<b>8,159</b>
<b>Changes in operating assets and liabilities</b>				
Trade receivables and contract assets	(396)	(2,755)	(4,540)	(24,371)
Other receivables and prepayments	(244)	2,220	(289)	(99)
Inventories	125	578	509	(1,110)
Trade payables	(164)	5,420	(583)	2,434
Accruals and other payables	(183)	(5,470)	3,329	7,739
<b>Cash generated from / (used in) operations</b>	<b>2,169</b>	<b>4,004</b>	<b>4,796</b>	<b>(7,248)</b>
Interest paid	(730)	(650)	(1,444)	(1,571)
Interest received	21	20	54	44
Income tax paid	(155)	(278)	(185)	(574)
<b>Net cash generated from / (used in) operating activities</b>	<b>1,305</b>	<b>3,096</b>	<b>3,221</b>	<b>(9,349)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	195	415	371	633
Purchase of property, plant and equipment	(448)	(146)	(644)	(272)
Purchase of intangible assets	-	(48)	(58)	(48)
<b>Net cash (used in) / generated from investing activities</b>	<b>(253)</b>	<b>221</b>	<b>(331)</b>	<b>313</b>

1(c) Consolidated Statement of Cash Flows (continued)

	GROUP 2Q 2021 AU\$'000	GROUP 2Q 2020 AU\$'000	GROUP HY 2021 AU\$'000	GROUP HY2020 AU\$'000
<b>Cash flows from financing activities</b>				
Repayment of insurance/software funding	(1,953)	(2,453)	(3,090)	(4,508)
Proceeds from borrowings	1,804	8,771	1,966	15,121
Repayment of borrowings	(3,000)	(1,178)	(5,000)	(2,922)
Payment for lease liability	(785)	(946)	(1,556)	(1,892)
(Withhold) / release of restricted cash	-	(500)	-	2,000
<b>Net cash (used in) / generated from financing activities</b>	<b>(3,934)</b>	<b>3,694</b>	<b>(7,680)</b>	<b>7,799</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(2,882)</b>	<b>7,011</b>	<b>(4,790)</b>	<b>(1,237)</b>
Effect of exchange rate fluctuations on cash held	-	(12)	17	20
<b>Net (decrease) / increase in cash held</b>	<b>(2,882)</b>	<b>6,999</b>	<b>(4,773)</b>	<b>(1,217)</b>
Cash and cash equivalents at beginning of period	19,197	6,244	21,088	14,460
<b>Cash and cash equivalents at end of period</b>	<b>16,315</b>	<b>13,243</b>	<b>16,315</b>	<b>13,243</b>
<b>Cash and cash equivalents represented by</b>				
Cash and bank balances	18,028	13,956	18,028	13,956
*Restricted cash	(1,713)	(713)	(1,713)	(713)
<b>Total cash and cash equivalents at end of period</b>	<b>16,315</b>	<b>13,243</b>	<b>16,315</b>	<b>13,243</b>

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

**1(d)(i) A statement (for the issuer and group) showing either**

- (i) all changes in equity, or
- (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	SHARE CAPITAL AU\$'000	CAPITAL RESERVE AU\$ '000	SHARE- BASED PAYMENT RESERVE AU\$'000	FOREIGN CURRENCY TRANSLATIO N RESERVE AU\$'000	ACCUMULATED LOSSES AU\$'000	TOTAL EQUITY AU\$'000
<b>Group</b>						
<b>HY 2021</b>						
Balance as at 1 July 2020	216,349	(163)	5,848	15,106	(202,120)	35,020
Profit for the period	-	-	-	-	493	493
Other comprehensive income	-	-	-	746	-	746
<b>Balance as at 30 September 2020</b>	<b>216,349</b>	<b>(163)</b>	<b>5,848</b>	<b>15,852</b>	<b>(201,627)</b>	<b>36,259</b>
Profit for the period	-	-	-	-	490	490
Other comprehensive income	-	-	-	2,814	-	2,814
<b>Balance as at 31 December 2020</b>	<b>216,349</b>	<b>(163)</b>	<b>5,848</b>	<b>18,666</b>	<b>(201,137)</b>	<b>39,563</b>
<b>HY 2020</b>						
Balance as at 1 July 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Profit for the period	-	-	-	-	237	237
Other comprehensive loss	-	-	-	(1,231)	-	(1,231)
<b>Balance as at 30 September 2019</b>	<b>216,349</b>	<b>(163)</b>	<b>5,438</b>	<b>17,676</b>	<b>(142,377)</b>	<b>96,923</b>
Profit for the period	-	-	-	-	537	537
Other comprehensive income	-	-	-	392	-	392
<b>Balance as at 31 December 2019</b>	<b>216,349</b>	<b>(163)</b>	<b>5,438</b>	<b>18,068</b>	<b>(141,840)</b>	<b>97,852</b>
<b>Company</b>						
<b>HY 2021</b>						
Balance as at 1 July 2020	216,349	(163)	5,848	27,564	(229,525)	20,073
Loss for the period	-	-	-	-	(887)	(887)
Other comprehensive loss	-	-	-	(259)	-	(259)
<b>Balance as at 30 September 2020</b>	<b>216,349</b>	<b>(163)</b>	<b>5,848</b>	<b>27,305</b>	<b>(230,412)</b>	<b>18,927</b>
Loss for the period	-	-	-	-	(7,988)	(7,988)
Other comprehensive loss	-	-	-	(716)	-	(716)
<b>Balance as at 31 December 2020</b>	<b>216,349</b>	<b>(163)</b>	<b>5,848</b>	<b>26,589</b>	<b>(238,400)</b>	<b>10,223</b>
<b>HY 2020</b>						
Balance as at 1 July 2019	216,349	(163)	5,438	27,918	(179,020)	70,522
Profit for the period	-	-	-	-	1,105	1,105
Other comprehensive income	-	-	-	1,217	-	1,217
<b>Balance as at 30 September 2019</b>	<b>216,349</b>	<b>(163)</b>	<b>5,438</b>	<b>29,135</b>	<b>(177,915)</b>	<b>72,844</b>
Loss for the period	-	-	-	-	(588)	(588)
Other comprehensive loss	-	-	-	(725)	-	(725)
<b>Balance as at 31 December 2019</b>	<b>216,349</b>	<b>(163)</b>	<b>5,438</b>	<b>28,410</b>	<b>(178,503)</b>	<b>71,531</b>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	31-Dec-20	30-Jun-20
	Number of shares	Number of shares
<b>Number of issued shares</b>		
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>
	<b>31-Dec-20</b>	<b>30-Jun-20</b>
	<b>AU\$'000</b>	<b>AU\$'000</b>
<b>Ordinary shares issued and fully paid</b>		
Opening balance	<u>216,349</u>	<u>216,349</u>

As at 31 December 2020 there were no outstanding options (30 June 2020: Nil) for unissued ordinary shares under the employee share option scheme.

As at 31 December 2020 there were no outstanding rights (30 June 2020: 15,000,000) that may potentially be converted to shares under the employee share scheme.

As at 31 December 2020 and 30 June 2020 respectively there were no treasury shares held by the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	31 December 2020	30 June 2020
Number of issued shares	<u>3,063,230,431</u>	<u>3,048,230,431</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

In Q1 FY2021, the Group has deregistered Teras Australia Pty Ltd, a dormant subsidiary of the Company incorporated in Australia. The deregistration has been approved by the Australian Securities and Investment Commission on the 15th July 2020.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

Except for New Accounting policies as disclosed under item 5 below, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2020.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

The Group has adopted all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") and related Interpretations ("INT SFRS(I)") that are relevant to its operations and effective for the financial period beginning on or after 1 July 2020. The adoption of the new accounting standards does not have any material effect on the financial results of the Group and the Company.

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	GROUP 2Q 2021 AU\$'000	GROUP 2Q 2020 AU\$'000	GROUP HY 2021 AU\$'000	GROUP HY 2020 AU\$'000
Profit attributable to owners of the Company	490	537	983	774
Weighted average number of ordinary shares in issue applicable to	3,062,614	3,048,230	3,062,614	3,048,230
Fully diluted number of ordinary shares ('000)	3,063,230	3,048,230	3,063,230	3,048,230
Earnings per ordinary share (AU cents)				
- Basic	0.02	0.02	0.03	0.03
- Diluted	0.02	0.02	0.03	0.03

**6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (continued)**

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 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/(loss) after taxation.

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	GROUP 31/12/2020 AU\$'000	GROUP 30/06/2020 AU\$'000	COMPANY 31/12/2020 AU\$'000	COMPANY 30/06/2020 AU\$'000
Net assets	39,563	35,020	10,223	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	0.33	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 31 December 2020 of 3,063,230,431 ordinary shares (30 June 2020: 3,048,230,431).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

**A Review of Income Statement**

Revenue for the second quarter of FY2021 decreased by 49.5% QoQ to AU\$45.0m (2Q FY2020: AU\$89.1m), reflecting the lower than expected recovery from the effects of the impact of COVID-19 as a result of the postponement of client determined "non-critical" projects.

Cost of sales for the second quarter of FY2021 decreased by 51.2% QoQ to AU\$40.8m (2Q FY2020: AU\$83.6m). The reduction in costs of sales was in line with the lower than expected level of operating activity as a result of the postponement of client determined "non-critical" projects.

Gross profit decreased by 23.7% QoQ to AU\$4.2m for the second quarter of FY2021 (2Q FY2020: AU\$5.5m). Gross profit margin for the second quarter of FY2021 was 9.4%, an increase of 3.2% compared to 2Q FY2020 resulting from finalising settlements on completed projects.

Administrative expenses decreased in the second quarter of FY2021 by 9.1% on a comparable basis to AU\$1.1m (2Q FY2020: AU\$1.2m) and by 50.7% for HY2021 from \$1.8m compared to HY2020 (\$3.7m) following costs reductions made since the corresponding periods in FY2020 due to the impact of the COVID-19 pandemic.

Other operating costs in HY2021 had slightly increased by 5.3% as compared to HY2020 as the company decided to retain key operational staff during COVID-19, hence, no tangible saving on staff cost.

Finance costs for the second quarter FY2021 were AU\$0.3m, a decrease of 69.5% QoQ from Q2 FY2020 and for HY2021 were \$1.2m, a decrease of 49.9% from HY2020. The decrease from the corresponding periods was mainly due to the recognition of unrealised foreign exchange gain of AU\$0.9m arising from the revaluation of foreign currency borrowings and a decrease of bank interest due to lower levels of debt.

For details on income tax, please refer to Section 1(a)(ii)C.

Net profit after tax from operations for Q2 FY2021 was AU\$0.5m (Q2 FY2020: AU\$0.5m).

**B Balance Sheet**

**Assets**

Cash and bank balances decreased by AU\$4.8m to AU\$18.0m at 31 December 2020 (30 June 2020: AU\$22.8m) due to timing of non-payroll payments and bank repayments in the period.

Trade receivables balance increased by AU\$4.3m since 30 June 2020 to AU\$39.0m at 31 December 2020 as amounts due from customers have increased following work programmes increasing as the impact of COVID-19 continues to dissipate.

Inventories decreased by AU\$0.5m 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 in Q2 2021.

Non-current assets had decreased AU\$3.5m since 30 June 2020 to AU\$85.8m due to the depreciation and amortisation of the non-current assets.

During the quarter, the Company had finalised a loan capitalisation exercise in its subsidiary - Ezion Offshore Logistics Hub Pte Ltd ("EOLH"). The loan had been capitalised through an increase in the investment in the relevant subsidiary by the issue of 2,000,000 ordinary shares from EOLH. The exercise had resulted in a decrease of AU\$31.1m in amounts due from subsidiaries and an increase of AU\$23.4m in investment in subsidiaries at the Company level.

#### Liabilities

The trade payables balance decreased by AU\$0.6m since 30 June 2020 to AU\$5.5m at 31 December 2020 in line with a more normal level of work activities since the comparable quarter.

Other payables increased by AU\$1.8m since 30 June 2020 to AU\$22.3m mainly due to timing of payments related to statutory obligations in the period.

Current accruals for other liabilities mainly consist of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance increased by AU\$1.3m from 30 June 2020 to AU\$4.0m at 31 December 2020. Non-current accruals comprised long-term long service leave balance.

Total borrowings decreased overall by AU\$10.5m since 30 June 2020 to AU\$64.9m due to the repayments of A\$5.0m of the revolving credit facility and the favourable foreign currency rate movement of A\$1.1m between the US dollar and the Australian dollar.

As at 31 December 2020, the Group was in a net current asset position of AU\$30.7m and net assets were AU\$39.6m. 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

Operating activities of the Group generated net cash inflows of AU\$1.3m for Q2 FY2021, a decrease from the corresponding quarter in FY2020 of AU\$3.1m. The decrease was in line with the decrease in the level of operating activity in 2Q FY2021.

Net cash outflows of AU\$0.3m occurred from investing activities in Q2 FY2021 due to the purchases of property, plant and equipment in the period offset by net inflow of AU\$0.2m from disposals.

Net cash used in financing activities was AU\$3.9m, reflecting the outflow of repayments of borrowings of AU\$3.0m, net outflow of insurance funding and lease liabilities of AU\$0.9m collectively.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU\$2.9m to AU\$16.3m at 31 December 2020 compared to the prior quarter (Q1 FY2021 - AU\$19.2m).

**9. 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.

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;
- 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;
- 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 may result in an increase in the asset utilisation for the NT Port and Marine business, which is expected to be finalised in 2021.

**(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 and reviews the carrying value on a quarterly basis and confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

11. 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 defense 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 Q4 FY 2020 has continued albeit, there are now more significant indications of a return to more normalised operations in Q2 FY2021. The pandemic will also likely have an effect on the next quarter of the year, however, 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.

The Group continues to focus on cash preservation and will access the assistance provided by the federal and state governments to manage through this unprecedented time which has been extended to March 2021. The Australia federal government's stimulus package for the JobKeeper wage subsidies will enable the Group to retain key resources, preserving cash until a return to normal operating activity levels.

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.
- 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 recent improving oil price after the shock of COVID-19 is likely to support capital investment expansions in the LNG sector.

### 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 31 December 2020 the only debt due to be repaid in FY2021 is AU1.1 million 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 rescheduled the majority of its borrowings to longer term (non-current) tenures. The Group is focused on options to reduce debt further prior to the new 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, with core projects expected to grow in scale and complexity to provide further opportunities for organic growth in the energy and process sectors.

## 12. Dividend

### *(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.

13. **If no dividend has been declared/recommended, a statement to that effect**  
No dividend has been declared or recommended.

## 14. IPT Mandate

There were no IPT transactions for the period.

## 15. Negative Assurance pursuant to Rule 705 (5) of the Listing Manual.

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect.

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

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

ON BEHALF OF THE BOARD

Wu Yu Liang  
Non-Executive Chairman

Shane Francis Kimpton  
Managing Director

10 February 2021

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This release contains certain statements that are not statements of historical fact, i.e. forward looking statements. Readers can identify some of these statements by forward looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would”, “could”, or similar words. However, you should note that these words are not the exclusive means of identifying forward looking statements. Forward looking statements are made based on current expectations, projections and assumptions about future events. Although AusGroup believes these expectations, projections and assumptions are reasonable at the time of making them, these forward looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about AusGroup, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in the forward looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, availability of suitably skilled workers, interest rate movements, cost of capital and capital availability, competition from other companies, shifts in customer demands, changes in operating expenses, including employee wages, benefits and training and government and public policy changes. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.