AusGroup

2021 Annual Report

Whadjuk Boodja

Kevin Bynder, April 2020

This artwork was commissioned by AusGroup in April 2020 from Kevin Bynder to depict Whadjuk Country (Perth) and the story of AusGroup

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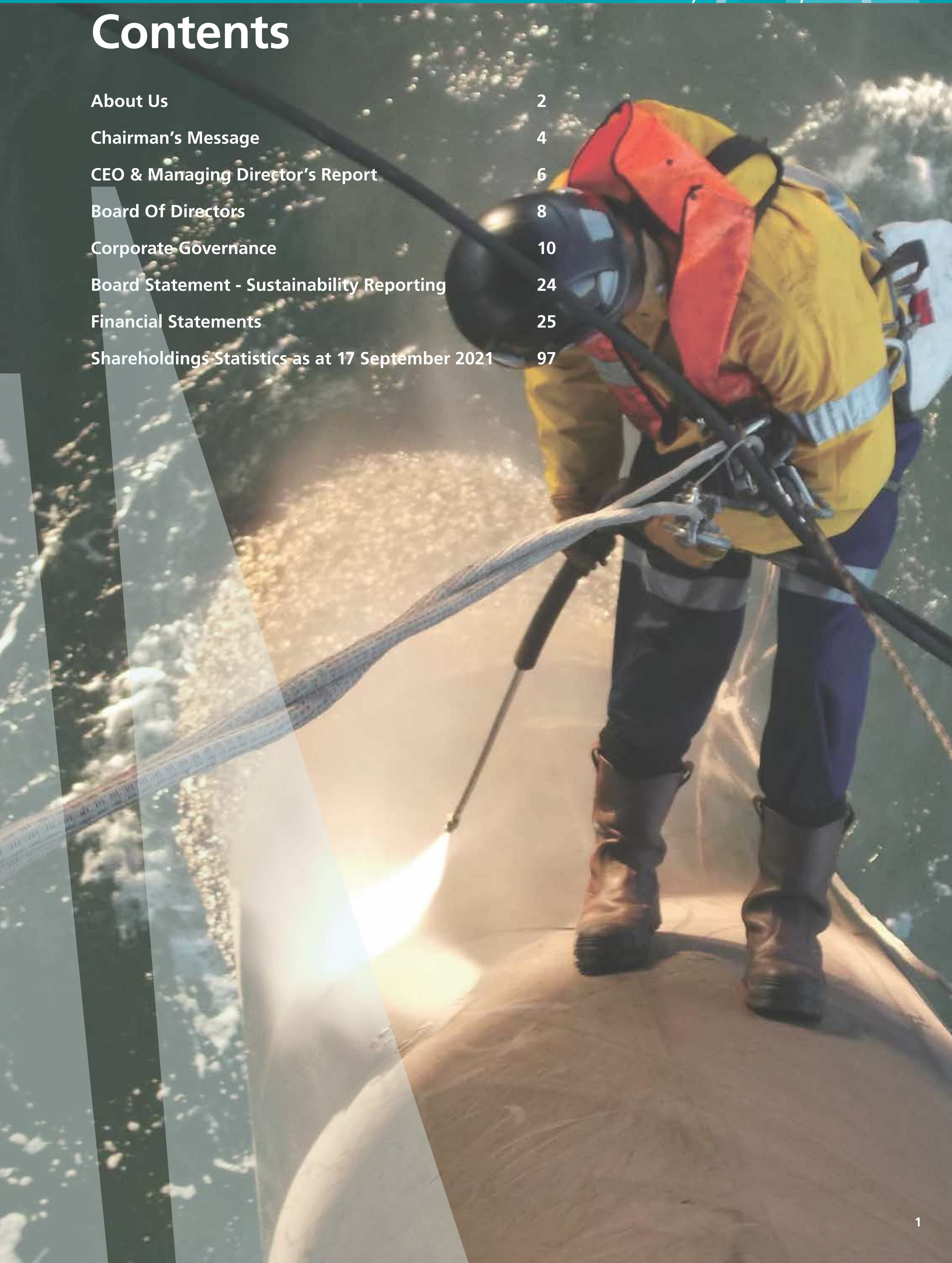


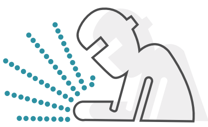
About Us

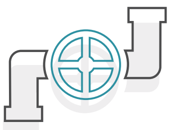
AusGroup is a leading integrated service solutions provider, with operations across Australia and South East Asia.

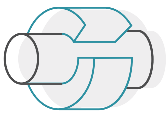
With over 30 years of experience, we have worked closely with clients to build, maintain and upgrade some of the region's most challenging projects.

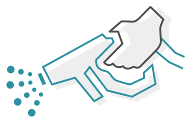
With over two thousand employees and eight strategically located operating centres, our suite of services is comprehensive and includes:

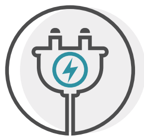
- Multidisciplinary maintenance
- Shutdowns / turnarounds
- Fabrication
- Mechanical & piping
- Specialist welding
- Electrical & instrumentation
- Industrial insulation
- Surface protection
- Access services
- Scaffold supply & management
- Scaffold design and planning
- Rope access
- Logistics & laydown
- Labour supply
- Training programs
- Fuel storage & distribution
- Vessel Services

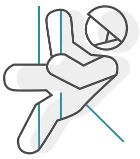

Specialist Fabrication

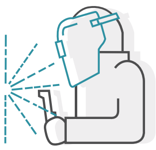

Mechanical

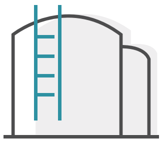

Industrial Insulation

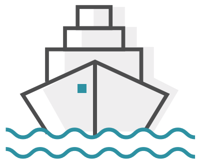

Painting and Fireproofing

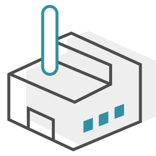

Electrical and Instrumentation


Access

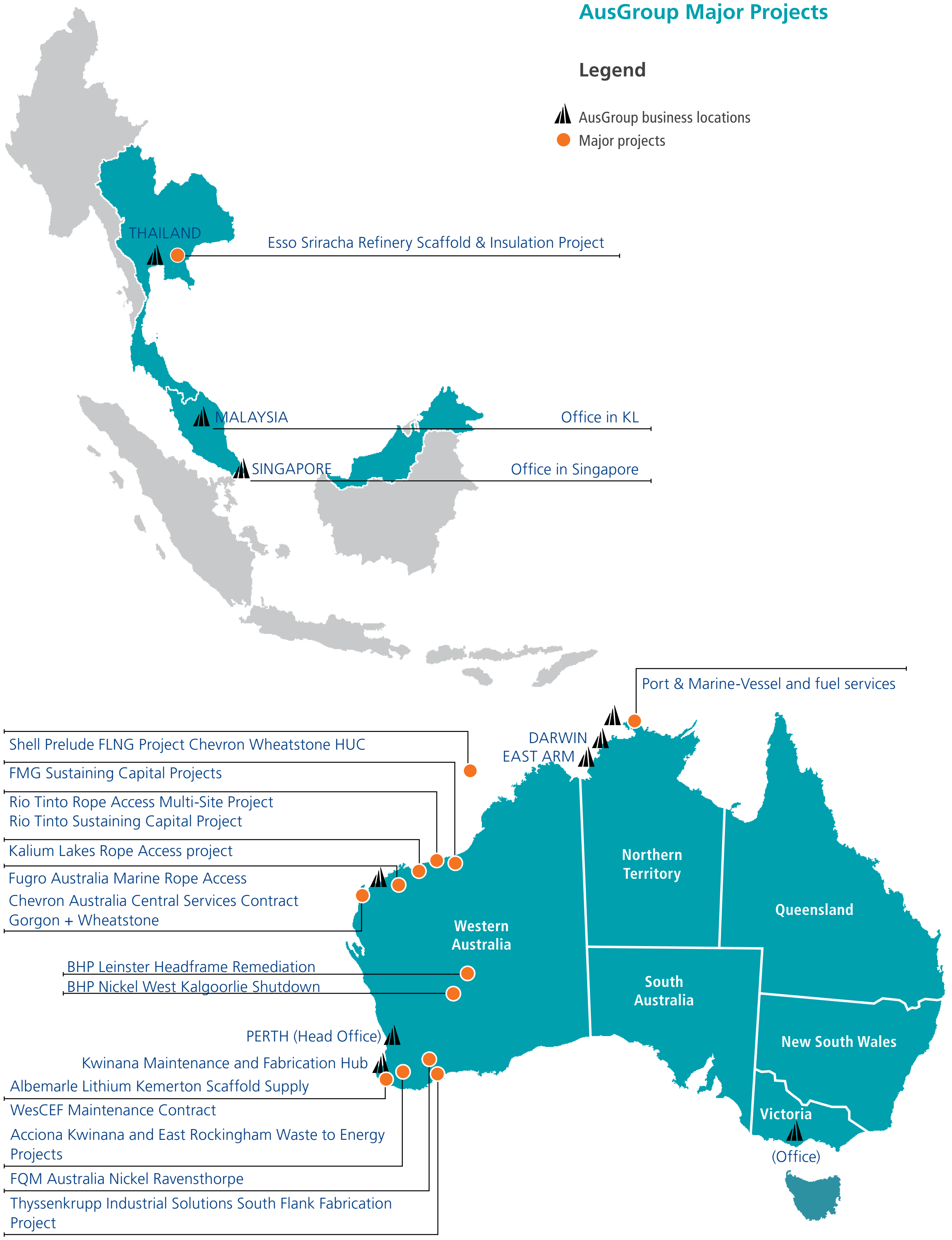

Specialist Welding


Fuel Suppy


Vessel Services


Industrial Precinct & Laydown

AusGroup Major Projects



We've taken a unique approach to safety, with an initiative created by our people.

The Perfect Day initiative moves away from the traditional mindset of health and safety, to a dynamic and positive approach. It is focused on delivering excellence in safety performance, one day at a time.

A day when there are zero injuries or incidents, there is no harm to the environment and all of our employees return home in the same condition in which they arrived is the definition of a Perfect Day.

perfect day ®

Chairman's Message

A MESSAGE FROM THE CHAIRMAN

I would like to offer my sincere thanks and appreciation for the level of support received from our people, partners, clients, stakeholders and shareholders during the year to June 2021. The past year has been unlike any that we have become accustomed to in normal times, with a great deal of pressure placed on us all. It is pleasing to note that we have managed to overcome these hurdles and have successfully kept the business operating efficiently during these difficult times ensuring that with the support of our clients and partners, we were able to sustain employment for our people and sub-contractors.

The effects of the global pandemic were felt throughout the business community However in sustaining a critical core workforce and working with our clients, we were able to successfully execute and deliver profitable outcomes for the Group which was affirmed and strengthened during the year with the award of a 10 year multi-disciplinary maintenance contract with our key client, Chevron. This award will provide opportunities for all our people, partners, stakeholders and shareholders and will enable the Group to deliver reliable, stable and sustainable results for the next decade. My congratulations to all involved in the pursuit and ultimate conversion of this significant foundation contract for our business.

Despite the effects of the pandemic still reverberating through the wider business environment, the Group reported a profitable position of $1.2 million after tax on a revenue of $195.1 million However, whilst maintaining our core focus on growth to deliver on our key strategic goals of returning sustained and consistent revenue and profit, the profitability during the year was adversely impacted by the slowdown from the pandemic which is a disappointing outcome. The work in hand for the Group now stands at $1.035 billion following the award of the Chevron contract and supplemented by other contracts awards in the maintenance and resources sectors has placed the Group in a strong position to rebound effectively to deliver normalised profits and revenues seen in pre-pandemic years.

The Group made solid progress during the year in growing market share, particularly in the maintenance and turnaround market sectors and continues to capitalise on the Group's brand in its core markets, whilst increasing

"Looking ahead, our standing within our core markets remains strong and I am confident that the Group is in a prime position to capitalise on the opportunities in front of us and to grow our profits in the coming year."

its footprint within the sustaining capital resources sector providing innovative and efficient services to its core clients. We have worked diligently this year to manage the operational impact of COVID-19 and successfully adapted to maintain productivity while employing strict safety measures to protect our people, our teams and the communities in which we work.

These measures combined with the momentum we are seeing in our broader client offering through new contract awards provide a robust platform to improve profitability and deliver long-term value for our shareholders. People are an essential part of our business and key to our success and I acknowledge the sacrifice they have made to contribute to the results for the year. I am extremely proud of the care and consideration continually being demonstrated by our people, clients and supply chain, looking out for each other during the difficult year we have just had. Looking ahead, our standing within our core markets remains strong and I am confident that the Group is in a prime position to capitalise on the opportunities in front of us and to grow our profits in the coming year.

On behalf of the Board, I wish to thank our Managing Director and CEO Shane Kimpton for his resolute leadership of the Group over the last year. Under Shane's direction, the business has responded with a clear and purposeful approach to the challenges presented under the pandemic, safely guiding our workforce through these difficult times in readiness for the more positive challenges offered by the award of the 10-year multi-disciplinary contract referred to earlier, to drive our operational performance throughout the coming year to deliver the Strategy for FY2022.

I would also wish to thank my fellow Board members for their dedication and support to me in my role as Chairman and to thank them for their resilience and fortitude and in providing clear leadership and guidance to the business during a difficult year and together we look forward to the growth trajectory we are on to build a sustainable foundation for the Group.

Mr Wu Yu Liang
Independent Director and Non-Executive Chairman

Port Melville Fuel Facility

CEO & Managing Director's Report

"The award of the Chevron 10-year Central Services Contract was a significant highlight of the year and provides a framework for delivering multi-disciplinary services that will sustain the Group over the next decade."

Resilience has been the driving force for both myself and the broader business over the last financial year requiring the support of many individuals and our stakeholders to maintain our discipline and integrity as we were challenged by everything the global pandemic presented to the business and the wider community.

I wish to thank all our employees, clients, shareholders and partners for their support through this period which required an ongoing commitment to overcome the challenges to successfully and safely sustain our operations delivering and executing our clients' projects in a timely, professional and safe manner.

The safety of our people is a key motivation that drives our business to ensure that our people start and complete each workday safely "Our Perfect Day". Our focus every year is to sustain a strong safety culture throughout the organisation but more so this year with the added complexities imposed on our business by the effects of dealing with the pandemic.

In alignment with our strategic objectives for the year, operating responsibly and sustainably is a business imperative for AusGroup and the safety and wellbeing of our employees, our clients, partners and the stakeholders is our highest priority. We endeavour to deliver on our purpose to improve our people's well-being and lives, build a sustainable future to ensure that we promote a safe, inclusive and great place to work.

I am proud that we have managed to complete the year without any major safety incidents as indicated by the decrease in our Total Recordable Injury Frequency Rate (TRIFR) to 2.57 and our Lost Time Injury Frequency Rate (LTIFR) maintained at 0.00. AusGroup's strong safety culture is backed by continuously developing and improving safety and management systems driven by our fully committed and engaging leadership teams across our operations.

The last year has been exceptionally challenging requiring the Group to diligently work through and successfully overcome the operational impact from the global pandemic and maintain operations for our clients. The award of the Chevron 10-year Central Services Contract was a significant highlight of the year and provides a framework for delivering multi-disciplinary services that will sustain the Group over the next decade. AusGroup is now one of the leading maintenance service contractors in the LNG sector. Our primary focus is now on delivering projects to plan, managing our risks effectively, prioritising cash generation and continuing our efficiency programme are the keys to successful implementation of our strategic intent to continue to grow and deliver an improved business performance over the next year and for years to come.

The Group reported revenue of $195.1m for the year (2020: $262.5m) and reported a profit of $1.2m after tax (2020: $(59.6)m) demonstrates the resilience of our business to perform profitably whilst facing unprecedented obstacles. The reduction in revenue was primarily driven by the business communities reaction to the impact of the pandemic and the resultant restriction of people movements to mitigate the spread of the pandemic however there are clear signs that this has now largely dissipated.

Our order book has grown significantly since the last year with the award of the Chevron Central Services Contract and the diversification of the business across multiple other sectors and now stands at $1.035bn at the year-end (2020: $0.25m) with a good level of secured revenue for FY2022. We now have repeat orders and contract extensions with tier 1 clients particularly in our maintenance, sustaining capital and turnarounds sector. The Group is in a strong position with a high volume of secured long-term work in hand and as the emergence from the impact of the pandemic continues there is a more positive market outlook. In particular, we have grown our market share over the last year in the sustaining capital resources markets executing many contracts with key nameplate clients. This sets the platform for framework and panel work programmes as these clients seek to maintain their operating resource facilities and plants.

I wish to thank my fellow Board members and the Chairman for their support during the last year as the company steered the unchartered waters caused by the pandemic and we now collectively look forward to ongoing success with our employees, clients and stakeholders.

Mr Shane Kimpton
Chief Executive Officer & Managing Director

Board Of Directors

MR WU YU LIANG

Independent Director and Non-Executive Chairman

- *Chairman of the Board of Directors*
- *Member of the Audit Committee*
- *Member of the Remuneration and Human Capital Committee*
- *Member of the Nominating Committee*

Mr Wu has more than 35 years of legal experience, advising a broad spectrum of corporate and commercial issues, ranging from establishment of joint ventures and other investment vehicles to advising on corporate and debt restructuring. He advises both local and foreign clients on suitable investment structures and is well versed in the mechanics, regulatory and practical aspects of the securities industry.

Mr Wu is an independent director of Jiutian Chemical Group Limited and Pan Asian Holdings Limited.

MR SHANE KIMPTON

Managing Director and Chief Executive Officer

- *Member of the Board of Directors*

Mr Kimpton has over 30 years' experience working in the resources sector in Australia and overseas. He has been responsible for Brownfields engineering, operations and maintenance, capital projects delivery, commissioning and shutdowns across the onshore and offshore oil and gas, LNG, chemicals, power generation and mining sectors.

Mr Kimpton has held senior executive roles with ExxonMobil and Contractors, working in a number of locations across some of the world's largest Oil & LNG plants. He has a demonstrated track record of strategic, operational HSE leadership, delivering outstanding long-term business and EBIT growth.

Mr Kimpton graduated in Engineering at Swinburne University of Technology and is a member of the Asset Management Council of Australia.

MR CHEW HENG CHING

Independent Non-Executive Director

- *Member of the Board of Directors*
- *Member of the Audit Committee*
- *Chair of the Remuneration and Human Capital Committee*
- *Chair of the Nominating Committee*

Mr Chew has more than 36 years' senior management experience in both the public and private sectors. He was formerly a Member of Parliament and the Deputy Speaker of the Singapore Parliament.

Mr Chew was the founding president of the Singapore Institute of Directors, Chairman of its Governing Council and a council member of the Singapore Business Federation. He also served on the Board of the Singapore International Chamber of Commerce and was chairman from 2005 to 2007.

Mr Chew is currently an independent non -executive director of Bonvests Holdings Ltd and Pharmesis International Ltd. He served as an independent non-executive director of Sinopipe Holdings Limited from November 2011 to September 2021.

Mr Chew graduated in Industrial Engineering (Honours Class One) and Economics from the University of Newcastle, Australia and also received an honorary PhD.

MS OOI CHEE KAR

Independent Non-Executive Director

- *Member of the Board of Directors*
- *Chair of the Audit Committee*
- *Member of the Nominating Committee*
- *Member of the Remuneration & Human Capital Committee*

Ms Ooi Chee Kar has more than 30 years of professional experience in Singapore and the United Kingdom. Qualified as a UK chartered accountant, Ms Ooi's experience covers a wide range of industries from financial services to shipping and oil trading. She was an audit partner at PricewaterhouseCoopers, Singapore until 2012 where she was a lead partner of a number of large audit clients across the Asia-Pacific region and beyond.

Ms Ooi is currently an independent director of Singapore Eye Research Institute, Tokyo Marine Life Insurance Singapore Ltd., Tokyo Marine Insurance Singapore Ltd., Singapore Pools (Private) Limited, board member and Audit Committee Chair of National Council of Social Services and member of Tote Board audit and risk committee. She served as an independent director of Pacific Radiance Limited from October 2013 to April 2019.

Ms Ooi is a fellow of the Institute of Chartered Accountants in England and Wales (ICAEW) and a fellow of the Institute of Singapore Chartered Accountants (ISCA).

MR ENG CHIAW KOON

Non-Independent and Non-Executive Director

- *Member of the Board of Directors*

Mr Eng has over 28 years of senior management, business development and mergers and acquisitions experience across various industries. Mr Eng is currently the deputy chief executive officer of Ezion Holdings Limited. He was previously the managing director and executive director of AusGroup Limited.

Before joining AusGroup Limited, he was the chief executive officer of Aqua-terra Supply Co. Ltd. where he grew and led the company to be listed on the Singapore Exchange, and was concurrently the chief operating officer of KS Distribution Pte Ltd, a subsidiary of KS Energy Limited.

With a background in the electronics industry specialising in process audit, vendor quality and management, Mr Eng set up Aero-Green technology (S) Pte Ltd in 1996 to pioneer the commercialisation of aeroponic technology, with the company winning the first Asian Innovation Award from the Far Eastern Economic Review in 1998 and a UN Urban Agriculture Award in 2000.

Mr Eng is currently a non-executive director of Charisma Energy Services Limited.

Mr Eng holds a Diploma in Mechanical Engineering from the Singapore Polytechnic.

MR MELVIN POH BOON KHER

Non-Independent and Non-Executive Director

- *Member of the Board of Directors*

Mr Poh has more than 20 years of experience in town planning, real estate and property development across both the public and private sectors. He is currently the managing director and owner of Fission Group, a property development company. Mr Poh also has real estate investments in Malaysia, Cambodia and Vietnam.

With experience in all aspects of real estate development and construction, Mr Poh has particular expertise in contract administration and claims negotiation.

Mr Poh holds an honours degree in Estate Management and a Post-graduate Diploma in Business Administration from the National University of Singapore.

MR WANG YU HUEI

Non-Independent and Non-Executive Director

- *Member of the Board of Directors*

Mr Wang has over 30 years' experience in the finance and corporate sector across Singapore. He is currently the managing director of Asdew Acquisitions Pte Ltd, a position he has held since 1999.

Throughout his career, Mr Wang has invested in numerous business ventures in Singapore and internationally, providing equity and other types of funding as well as advice and consultancy to business partners.

Mr Wang was previously an independent director of Enzer Corporation Limited and a director of Kim Eng Holdings Limited.

MR TOH SHI JIE

Non-Independent and Non-Executive Director

- *Member of the Board of Directors*

Mr Toh has been managing his family office since 2017. He currently oversees a portfolio of investments in listed entities, real estate, and private companies in Singapore, Malaysia and Indonesia.

Prior to his appointment as non-independent and non-executive director of AusGroup Limited in June 2020, he was an alternate director of AusGroup Limited since February 2019.

Mr Toh graduated from University College London with an honours degree in Economics.

Corporate Governance

The Board of Directors ("**Board**") is committed to ensure that the highest standards of corporate governance are practised throughout AusGroup Limited ("**Company**") and its subsidiaries ("**Group**") as a fundamental part of discharging its responsibilities to protect and enhance shareholder value and the financial performance of the Group. In view of this, the Board fully supports and seeks to comply with the Code of Corporate Governance 2018 ("**Code**") issued by the Monetary Authority of Singapore on 6 August 2018.

Set out below are the policies and practices adopted by the Company to comply with the principles and provisions of the Code. The Company has complied in all material aspects with the principles and provisions set out in the Code. Where there are departures from the Code, these are explained under the relevant sections of this Report.

BOARD MATTERS

The Board's Conduct Of Affairs

Principle 1 : The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The principal functions of the Board are:

- Reviewing and approving corporate strategies, annual budgets and financial plans and monitoring the organisational performance towards them;
- Reviewing the adequacy and integrity of the Group's internal controls, risk management systems, and financial information reporting systems;
- Ensuring the Group's compliance with laws, regulations, policies, directives, guidelines and internal code of conduct;
- Approving the nominations to the Board by the Nominating Committee, and endorsing the appointments of the management team and external and internal auditors;
- Reviewing and approving the remuneration packages for the Board and key management personnel as recommended by the Remuneration and Human Capital Committee;
- Ensuring accurate, adequate and timely reporting to, and communication with shareholders; and
- Assuming the responsibility for the satisfactory fulfilment of the social responsibilities of the Group.
- Considering and addressing the Group's sustainability issues in relation to the Environmental, Social and Governance ("ESG") factors identified as material for the Company as part of its strategic formulation. The Company's Sustainability Reporting is set out on page 24 of the Annual Report.

The Board acts in the best interests of the Company and oversees the performance of Management. Management are held accountable for performance of the Company. A formal code of conduct has been adopted to ensure that all Directors and employees maintain a high level of integrity and ethical standards in all business practices.

Matters which are specifically reserved for decision of the Board include those involving corporate plans and budgets, material acquisitions and disposals of assets, corporate or financial restructuring, share issuances, dividends, other returns to shareholders and interested person transactions. Specific Board approval is required for any investments or expenditures exceeding AU$5 million and any tenders or bids exceeding AU$100 million.

A Director would abstain from voting on resolutions approving any contract, transaction, arrangement in which he or she or any of his or her close associates is materially interested in and such Director is not counted for quorum determination purposes.

The Board has delegated specific responsibilities to the Audit, Nominating and Remuneration and Human Capital Committees, the details of which are set out in this Report. All Board committees are constituted with clear written terms of reference.

Board members are provided with regular updates on changes to relevant laws, regulations and accounting standards, particularly on new laws, regulations, from time to time in the discharge of their duties as Directors.

Management would conduct briefing and orientation programmes for each newly-appointed Director to ensure that the Director is familiar with the Group's business, operations and processes, as well as his or her duties as a Director. The Company will also provide a formal letter to each Director upon appointment setting out the Director's duties and obligations.

The Board's Conduct Of Affairs (continued)

The Board meets at least four times a year, with additional meetings convened as necessary. Each Director ensures that sufficient time and attention are given to the affairs of the Company, even though they may have multiple board representations. The Board had nine meetings during the financial year ended 30 June 2021 ("FY2021"). The Company's Constitution allows a Board meeting to be conducted by way of a video conference, telephone conference or other methods of simultaneous communications by electronic or telegraphic means. The Board also schedules a separate annual strategy and budget meeting to discuss strategic issues, if necessary. The Board had a strategy and budget meeting in June 2021.

The matrix on the roles, the frequency of the Board and Board Committee meetings held during FY2021, and the attendance of each Director at these meetings are set out below.

	Board of Directors			Audit Committee ("AC")			Nominating Committee ("NC")			Remuneration And Human Capital Committee ("R&HCC")			Annual General Meeting	
		No. of Meetings (1)			No. of Meetings (1)			No. of Meetings (1)			No. of Meetings (1)		No. of Meetings (1)	
	P	**H**	**A**	P	H	A	P	H	A	P	H	A	H	A
Executive Director														
Shane Francis Kimpton	M	9	9	–	–	–	–	–	–	–	–	–	1	1
Non-Executive Director														
Wu Yu Liang	C	9	9	M	5	5	M	5	5	M	4	4	1	1
Eng Chiaw Koon	M	9	9	–	–	–	–	–	–	–	–	–	1	1
Ooi Chee Kar	M	9	8	C	5	5	M	5	4	M	4	4	1	1
Chew Heng Ching	M	9	9	M	5	5	C	5	5	C	4	4	1	1
Poh Boon Kher, Melvin	M	9	9	–	–	–	–	–	–	–	–	–	1	1
Wang Yu Huei	M	9	9	–	–	–	–	–	–	–	–	–	1	1
Toh Shi Jie	M	9	8	–	–	–	–	–	–	–	–	–	1	1

Notes:

P - Position held as at 30 June 2021

H - Number of meetings held while acting as a member

A - Number of meetings attended

C - Chairman

M - Member

(1) Number of meetings held/attended during the financial year from 1 July 2020 (or from date of appointment or until the date of resignation of director, where applicable) to 30 June 2021.

Management furnishes timely, adequate and complete information to the Board on Board matters and issues requiring the Board's decision. Board papers are sent to the Directors prior to meetings in order for the Directors to be adequately prepared for the meetings.

The Board also approved a procedure for Directors, whether as a Board or in their individual capacity, to take independent advice, where necessary, in the furtherance of their duties and at the Group's expense. All Directors also have unrestricted access to professionals for consultations as and when necessary at the expense of the Group.

All Directors have separate and independent access to the Company's key management personnel and the advice and services of the Company Secretary. The Company Secretary or his/her representative attend all meetings of the Board, and ensure that Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary or his/her representative also attends meetings of the Audit, Nominating and Remuneration and Human Capital Committees. The appointment and removal of the Company Secretary is a matter for the Board's consideration as a whole.

Corporate Governance
Continued

Board Composition And Guidance

Principle 2 : The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

Currently, the Board comprises one Executive Director and seven Non-Executive Directors, out of which three are Independent Directors:

- Wu Yu Liang - Independent Director and Non-Executive Chairman
- Shane Francis Kimpton - Managing Director and Chief Executive Officer ("MD/CEO")
- Ooi Chee Kar - Independent and Non-Executive Director
- Chew Heng Ching - Independent and Non-Executive Director
- Eng Chiaw Koon - Non-Independent and Non-Executive Director
- Poh Boon Kher, Melvin - Non-Independent and Non-Executive Director
- Wang Yu Huei - Non-Independent and Non-Executive Director
- Toh Shi Jie - Non-Independent and Non-Executive Director

The Nominating Committee ("NC") confirms that Independent Directors made up at least one-third of the Board for the financial year ended 30 June 2021. Non-executive directors make up a majority of the Board.

An annual review of the independence of the Directors is conducted by the Board. Each of the Independent Directors has confirmed their independence. With respect to Wu Yu Liang, Chew Heng Ching and Ooi Chee Kar, the Board considered that each of them is independent in conduct, character and judgement in the discharge of his/her responsibilities as a Director. The Board considered and assessed their independence based on substance of objectivity, professionalism and integrity. None of the Independent Directors has served on the Board for more than nine years from their respective dates of appointment.

No individual or group is able to dominate the Board's decision-making process. There is also balance in the Board because of the presence of Independent Non-Executive Directors of the calibre necessary to carry sufficient weight in Board decisions. There is strong and independent element on the Board to allow exercise of objective judgement on corporate affairs independently.

The composition of the Board is reviewed annually by the NC and the Board to ensure that there is an appropriate mix of expertise and experience to enable the Management to benefit from a diverse perspective of issues that are brought before the Board.

The Board recognises that a diverse Board enhances decision-making, with variety in skills, industry and business experiences, gender and other distinguishing qualities of the members of the Board. Together, the Directors contribute diversity and wide-ranging business, industry knowledge and financial experiences relevant to the direction of the Group. Key information regarding the Directors, including directorships or chairmanships both present and those held over the preceding three years in other listed companies and other principal commitments is presented in the "Board of Directors" section of this Annual Report.

Whilst there is no formal Board diversity policy, the Nominating Committee and the Board are cognizant of the recommendations as set out under Provision 2.4 of the Code and adopt these when considering potential candidates for the refreshment of Board.

Although all the Directors have an equal responsibility for the Group's operations, the role of the Independent Non-Executive Directors and Non-Executive Directors is particularly important in ensuring that the strategies proposed by Management are fully discussed and examined, and take account of the long-term interests not only of the shareholders, but also of employees, customers, suppliers and the stakeholders of the Group.

The Non-Executive Directors and/or Independent Directors had met amongst themselves when necessary, without the presence of Management during the FY2021. The chairman of such meetings provides feedback to the Board and/or Chairman as appropriate.

The Board has no dissenting view on the Chairman's Statement for the year in review.

Chairman and Chief Executive Officer

Principle 3 : There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Wu Yu Liang is the Non Executive Chairman of the Board and Shane Francis Kimpton is the CEO. The two roles are separate whereby the Chairman is responsible for providing guidance on the corporate direction of the Group and leadership to the Board, and the CEO is responsible for the day-to-day management and leadership of the business. There is clear division of responsibilities between the leadership of the Board and Management. The Chairman and the CEO are not related to each other.

The Chairman ensures that Board meetings are held as and when necessary. He also prepares the Board meeting agenda in consultation with the CEO. The Chairman ensures that Board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognisant of the affairs of the Company.

Under the Company's Constitution, any Director may summon a meeting of the Directors.

Wu Yu Liang, an Independent Non-Executive Director was appointed as the Board Chairman on 13 February 2019. Concerns by shareholders can be raised through the independent Chairman.

Board Membership

Principle 4 : The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

Nominating Committee

The Nominating Committee comprises the following three Directors, all of whom, including the Chairman, are Independent and Non-Executive Directors:

- Chew Heng Ching (Chairman)
- Wu Yu Liang
- Ooi Chee Kar

The principal functions of the Nominating Committee in accordance with its terms of reference are:

- Setting a process to identify and nominate to the Board, candidates for all directorships to be filled by shareholders or the Board; the appointment and re-appointment of Directors, candidates for all Management positions; and Directors to fill the seats on Board Committees;
- Overseeing the management, development and succession planning of the Group, in particular the appointment and/or replacement of the Chairman, the CEO and key management personnel, including appointing, training and mentoring key management personnel;
- Determining the process and objective criteria on evaluating the performance of the Board, its Board Committees and Directors;
- Reviewing the ability of a Director to adequately carry out his/her duties as a Director when he/she has multiple board representations;
- Assessing the effectiveness of the Board as a whole, Board Committees and the contribution by each Director to the Board and training and professional development programmes for the Board; and
- Determining annually, and as and when circumstances require, whether or not a Director is independent.

The Nominating Committee had four meetings during the financial year under review to perform the above responsibilities, as well as to review and recommend the Directors due for re-appointment at the AGM.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his/her performance, or nomination as a member of a Board Committee, or re-nomination as Director.

Corporate Governance
Continued

Board Membership (continued)

New Directors are appointed by the Board upon their nomination from the Nominating Committee. In accordance with the Company's Constitution, these new Directors who are appointed by the Board are subject to election by shareholders at the Annual General Meeting ("**AGM**") at the first opportunity after their appointment. The Regulations also provide that at least one-third of the remaining Directors be subject to re-election by rotation at each AGM. At this AGM, Wu Yu Liang, Ooi Chee Kar and Poh Boon Kher, Melvin would be subject to re-election pursuant to Regulation 91 of the Company's Constitution. In addition, the NC is cognizant that in accordance with Rule 720(5) of the SGX-ST Listing Manual, all Directors must submit themselves for re-nomination and re-appointment at least once every three years.

In the search, nomination and selection process for new Directors, the Nominating Committee identifies the key attributes that an incoming Director should have, based on a matrix of the attributes of the existing Board and the requirements of the Group. After endorsement by the Board of the key attributes, the Nominating Committee utilises the resources of Directors' personal contacts and recommendations of potential candidates, and goes through a shortlisting process. If candidates identified from this process are not suitable, executive recruitment agencies are appointed to assist in the search process. Interviews are set up with potential candidates for assessment by the Nominating Committee, before a decision is reached. The Nominating Committee also oversees the re-appointment of Directors as and when their tenure of appointment is due. In assessing the Directors for re-appointment, the Nominating Committee evaluates several criteria including qualifications, contributions and independence of the Directors.

The Nominating Committee carries out annual review of the independence status of each Independent Director. For FY2021, the Board had concurred with the Nominating Committee's view that the three (3) Independent and Non-Executive Directors, namely, Wu Yu Liang, Ooi Chee Kar and Chew Heng Ching are independent, taking into account the circumstance set out in Rule 210(5) of the SGX-ST Listing Manual and Provision 2.1 of the Code and any other salient factors that might affect their independence.

Key information on the Board members, including each Director's academic and professional qualification, is presented in the "Board of Directors" section of this Annual Report.

The details of the Board, including the date of first appointment and last re-election are as follows:

Director	Date of first appointment	Date of last re-election	Due for re-election / election at the coming AGM	Seeking re-election / election
Eng Chiaw Koon	10 Jul 2014	24 Oct 2019	–	–
Ooi Chee Kar	17 Jan 2014	24 Oct 2019	v	v
Wu Yu Liang	20 May 2014	22 October 2020	v	v
Chew Heng Ching	14 Nov 2014	22 October 2020	–	–
Shane Francis Kimpton	10 Jul 2017	22 October 2020	–	–
Poh Boon Kher, Melvin	1 Nov 2017	25 Oct 2018	v	v
Wang Yu Huei	11 Jan 2019	24 Oct 2019	–	–
Toh Shi Jie	4 Jun 2020	22 October 2020	–	–

Information on the Directors and their shareholdings are disclosed on pages 26 and 27 of this Annual Report. Each of the Director due for re-appointment at the coming AGM, namely Wu Yu Liang and Ooi Chee Kar and Poh Boon Kher, Melvin, have no relationship (including immediate family relationship) with the other Directors, the Company or its substantial shareholders.

Board Performance

Principle 5 : The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

On an annual basis, the Chairman of the Board and the Nominating Committee, will assess each Director's contribution to the Board. The assessment parameters include attendance record at meetings of the Board and Committees, intensity of participation at meetings, quality of intervention and special contributions.

Board Performance (continued)

The Nominating Committee also assesses the effectiveness of the Board as a whole (taking into consideration the Board's discharge of its principal responsibilities, earnings of the Group, return on equity and the share price performance of the Company) and the Board Committees on an annual basis. The Nominating Committee considers the required mix of skills and experience of the members, including core competencies which the Non-Executive Directors should bring to the Board, during this assessment.

The Nominating Committee conducted an assessment of the Board's effectiveness as a whole and the contribution of each individual Director and Board Committees in respect of the financial year ended 30 June 2021. The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled were tabled to the Nominating Committee and Board for review and deliberation.

There was no external consultant involved in the Board's assessment process in FY2021.

The Board was satisfied with the results of the assessment and the current size and composition of the Board and board committees are appropriate and well-balanced with the right mix of skills with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

The Nominating Committee is satisfied that sufficient time and attention is being devoted by the Directors to the affairs of the Group, notwithstanding that some of the Directors have multiple Board representations. The Nominating Committee has adopted an internal guideline that no Director should be on the boards of more than five other publicly listed companies. However, deviation from this guideline is allowed on a case-by-case basis.

Directors' training

As an integral element of the process of appointing new Directors, the Nominating Committee ensures that there is an orientation and induction programme for the new Board members to ensure incoming Directors are familiar with the Company's business and governance practices. The Board recognises the need and importance of continuous education for its Board members. The Company will continue to identify suitable training for the Directors to develop, maintain and update themselves with the necessary skills and knowledge to discharge their duties and responsibilities as Directors at the Group's expense. The Directors attend courses and trainings as and when they are scheduled such as programmes organised by the Singapore Institute of Directors.

REMUNERATION MATTERS

The Company adopted the objective as recommended by the Code to determine the remuneration for Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts of remuneration are structured to link rewards to corporate and individual performance, in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the Non-Executive Directors.

Procedures for Developing Remuneration Policies

Principle 6 : The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The Code endorses, as good practice, a formal framework for fixing the remuneration packages of Executive Directors and key management personnel, with the Remuneration and Human Capital Committee making recommendations to the Board.

The Remuneration and Human Capital Committee comprises the following three Directors, all of whom are Independent and Non-Executive Directors:

- Chew Heng Ching (Chairman)
- Wu Yu Liang
- Ooi Chee Kar

Corporate Governance
Continued

Procedures for Developing Remuneration Policies (continued)

The principal responsibilities of the Remuneration and Human Capital Committee in accordance with its terms of reference are:

- Recommending a framework of remuneration for the Board and key management personnel, including share option plans and share schemes;
- Determining specific remuneration packages for each Executive Director and key management personnel; and
- Administering any performance bonus scheme, share option plans and share schemes for the employees and Directors of the Group.

The Remuneration and Human Capital Committee had four meetings during the financial year under review to perform the above responsibilities, as well as to monitor the remuneration practices in the Group. The matrix on the roles, the frequency of meetings and the attendance of Directors at these meetings is set out on page 11 of this report.

No remuneration consultants were engaged by the Company in FY2021.

None of the Directors is involved in the discussion and making a decision on his/her own remuneration.

Level and Mix of Remuneration

Principle 7 : The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The level and mix of remuneration for Directors and key management personnel are set out below. The Company takes into account its long term interests and risk policies and has structured remuneration packages on measured performance taking into account financial and non-financial factors.

Disclosure On Remuneration

Principle 8 : The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Remuneration and Human Capital Committee recommends to the Board the framework of executive remuneration and the remuneration package for each Executive Director and key management personnel. Although the recommendations are made in consultation with the Chairman of the Board, the remuneration packages are ultimately approved by the Board.

Directors' fees to be paid to non-executive directors are subject to shareholders' approval at the AGM.

Remuneration policy and principles

The Company's remuneration framework for Executive Directors and key management personnel aims to ensure competitive, yet realistic, and appropriate rewards for the results delivered. These rewards relate to the market in which the Group operates and are designed to attract, motivate and retain employees of a high calibre.

During April 2021 to June 2021 period, the Remuneration and Human Capital Committee reviewed the existing structured remuneration framework to ensure that the remuneration was still competitive in the market and complemented the Company's reward strategy. The Remuneration and Human Capital Committee seeks to ensure the alignment of remuneration and reward plans with the shareholders' interests.

Remuneration structure

The remuneration and reward framework for executives consists of a competitive fixed remuneration comprising a base salary, superannuation and other benefits, short-term or long-term incentive program provided by the Company.

Fixed remuneration

The Company aims to set fixed annual remuneration at market levels suitable to the position and is competitive when reviewed versus similar positions in companies of comparable size in turnover, staffing levels and responsibility. This is reviewed annually and is completed by the end of each financial year. There is no guaranteed increase to the fixed annual remuneration of any executive's contract.

Disclosure On Remuneration (continued)

Short-term incentives

Short-term incentives are used to differentiate rewards based on performance on a year-by-year basis.

With good company financial performance, a very good executive performer would normally achieve a high short-term incentive, which, when added to the fixed remuneration would bring the combination of the two components into the upper quartile of the market rates.

For the financial year ended 30 June 2021, short-term incentive bonuses have been provided for based on the Board agreed annual targets.

Long-term incentives

The AusGroup Performance Share Plan ("PSP") and AusGroup Share Option Scheme ("ASOS") for employees of the Group (including any executive and non-executive director) and/or a subsidiary was approved by shareholders and adopted on 9 October 2019.

The AusGroup PSP and ASOS is designed to reward its Participants via the issue and/or transfer of fully paid shares according to the extent to which they achieve performance targets over set performance periods. Performance targets will be in the form of key performance indicators prescribed by the Remuneration and Human Capital Committee and may include, for example, the successful completion of a project or the successful achievement of certain quantifiable performance conditions or targets, such as sales targets, productivity targets or years of service.

Service contracts

The Group may terminate the service contracts of any of the executives, if among other things, the executives commit any serious and persistent breach of the provision of the service contracts, become of unsound mind, become bankrupt or found guilty of conduct with the effect of bringing themselves or the Group into disrepute. The service contracts cover the terms of employment, specifically salaries and bonuses. Executives are also entitled to participate in any short-term incentive scheme program established by the Group during their term of service.

All travelling and travel-related expenses, entertainment expenses and other out-of-pocket expenses reasonably incurred by each executive in the process of discharging his or her duties on behalf of the Group will be borne by the Group.

Taking note of the competitive pressures in the industry and the talent market, the Board has on review decided not to disclose a breakdown of the exact amount of remuneration for each individual director and the CEO. The Board and the Remuneration and Human Capital Committee are of the view that the disclosure of the remuneration of the Directors and MD/CEO in bands of S$250,000 with a breakdown of the components in percentage would be sufficient and is consistent with the intent of Principle 8 of the Code. The remuneration of the Directors for the financial year ended 30 June 2021 is as follows (based on an average exchange rate of S$1.0076 : AU$1.00):

Remuneration band and Name of Directors	Fee	Fixed salary	Variable salary & bonus	Value of share options and share rights granted	Termination benefits	Total
Below S$250,000						
Chew Heng Ching	100%	0%	0%	0%	0%	100%
Ooi Chee Kar	100%	0%	0%	0%	0%	100%
Wu Yu Liang	100%	0%	0%	0%	0%	100%
Poh Boon Kher, Melvin	100%	0%	0%	0%	0%	100%
Wang Yu Huei	100%	0%	0%	0%	0%	100%
Eng Chiaw Koon	100%	0%	0%	0%	0%	100%
Toh Shi Jie	100%	0%	0%	0%	0%	100%
S$500,000 to below S$750,000						
Shane Francis Kimpton	0%	79.2%	0%	20.8%	0%	100%

Corporate Governance
Continued

Disclosure On Remuneration (continued)

The Board is aware of the recommendation under Provision 8.1(b) of the Code to disclose in aggregate the total remuneration paid to the top five key management personnel (who are not Directors or the MD/CEO). The Board, after weighing the advantages and disadvantages of such disclosure, is of the view that full disclosure of the total remuneration paid would not be in the interests of the Group as such information is confidential and sensitive in nature and could be exploited by competitors. The Board believes that disclosure of remuneration of the top key management personnel in remuneration bands and percentage terms would be sufficient and is consistent with the intent of Principle 8 of the Code. The remuneration of the top five key management personnel of the Group for the financial year ended 30 June 2021 is as follows (based on an average exchange rate of S$1.0076 : AU$1.00):

Remuneration band and name of key management personnel	Fixed salary	Variable salary & bonus	Value of share options and share rights granted	Termination benefits	Total
S$250,000 to below S$500,000					
Christian Andrew Johnstone	87.5%	0%	12.5%	0%	100%
Nathan Walter Pike	88.9%	0%	11.1%	0%	100%
Easwaren Puvanendran	88.9%	0%	11.1%	0%	100%
Andrew Mark Horsfield (1)	88.9%	0%	11.1%	0%	100%
Daniel Hume Kennedy (2)	27%	0%	0%	73%	100%

(1) Appointed on 01 June 2019

(2) Resigned on 28 August 2020

There is no employee of the Group who is a substantial shareholder of the Company, or an immediate family member of any Director or CEO or substantial shareholder of the Company and whose remuneration exceeded S$100,000 during the financial year ended 30 June 2021.

Share option and share right schemes

The Group currently has the following two schemes in operation (collectively referred to as "the Schemes") and details of the Schemes are disclosed in the Directors' statement section set out in pages 27 of this Annual Report.

- AusGroup Employee Share Option Scheme 2019
- AusGroup Performance Share Plan

Future direction

The Group will continue to review existing policies and develop new initiatives which will position the Group to attract and retain the required personnel in order to meet its strategic goals.

ACCOUNTABILITY AND AUDIT

Risk Management And Internal Controls

Principle 9 : The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management, and for reviewing the adequacy and integrity of those systems on an annual basis. It should be noted, however, that such systems are designed to manage rather than to eliminate the risk of failure to achieve business objectives. In addition, it should be noted that any system can provide only reasonable, and not absolute, assurance against material misstatement or loss, and include the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation, regulation and best practice, and the identification and containment of business risk.

The internal auditors, Deloitte Touche Tohmatsu, have performed audit procedures to assist the Audit Committee and the Board in the evaluation of the internal controls, financial and accounting matters, compliance and information technology controls, business and financial risk management.

Risk Management And Internal Controls (continued)

Based on the work of the external and internal auditors, and the management systems in place, nothing material has come to the attention of the Board to suggest that the internal controls of the Group were not adequate. Where significant weaknesses have been identified, the Board, upon the recommendation of the Audit Committee, has taken steps to ensure that Management adopts appropriate actions to address and rectify these weaknesses. The Board, together with Management, then subsequently reviews the outcomes of such actions.

Risk management approach

Having identified the risks, each business area is required to document the mitigating actions to manage each significant risk. New areas are introduced for assessment as the business risk profile changes. Information such as risks, the controls and processes for managing risks is subsequently summarised in a risk map, which is reviewed periodically by Management, the Audit Committee and the Board.

Internal controls opinion

Based on the Group's existing framework of management controls, risk management systems, internal control policies and procedures, as well as reviews performed by management, the internal and external auditors and the Board, the Board with the concurrence of the Audit Committee, is of the opinion that the internal controls of the Group addressing financial, operational, compliance and information technology controls, and risk management systems, are adequate and effective.
In addition, the Audit Committee and the Board have received assurance from:

- the MD/CEO and the Chief Financial Officer ('CFO') that as of 30 June 2021, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and
- the MD/CEO and other key management personnel that as of 30 June 2021, the Group's risk management and internal control systems to address the key financial, operational, compliance and information technology risks affecting the operations are adequate and effective to meet the needs of the Group in its current business environment.

The responsibility of overseeing the Company's risk management framework and policies is undertaken by the Audit Committee. The Audit Committee would report all material updates to the Board. Hence the Board is of the view that it would not be necessary to establish a separate board risk committee to oversee and monitor the Group's risk management framework and policies as recommended under Provision 9.1 of the Code.

Audit Committee

Principle 10 : The Board has an Audit Committee ("AC") which discharges its duties objectively.

The Audit Committee comprises the three following Directors, all of whom are Independent and Non-Executive Directors:

- Ooi Chee Kar (Chairperson)
- Wu Yu Liang
- Chew Heng Ching

The Board is of the view that the members of the Audit Committee are appropriately qualified, having accounting or related financial management expertise or experience as the Board interprets such qualification, to discharge their responsibilities. No Audit Committee member is a former partner or director of the Company's existing auditing firm or auditing corporation (a) within a period of two years commencing on the date of his/her ceasing to be a partner or director and in any case (b) for as long as he/she has any financial interest in auditing firm or auditing corporation.

The Audit Committee had five meetings during the financial year. The meetings have been attended by the MD/CEO and CFO. The external and internal auditors have also participated in these meetings. The Audit Committee had also met privately with the external auditors and internal auditors once during this financial year without the presence of management.

The Audit Committee is authorised by the Board to investigate any activity within its terms of reference. It has unrestricted access to any information pertaining to the Group, to both the internal and external auditors, and to all employees of the Group. It is also authorised by the Board to obtain external legal or other independent professional advice as necessary and at the expense of the Group.

Corporate Governance
Continued

Audit Committee (continued)

During the financial year under review, the Audit Committee performed its functions and responsibilities as set out in its terms of reference, which include the following:

- Reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and all matters which the external auditors wish to discuss (in the absence of management, where necessary);
- Reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- Reviewing any significant findings of internal investigations and management's response;
- Making recommendations to the Board on the appointment of external auditors, the audit fee and reporting any issues concerning the resignation of external auditors or their proposed dismissal;
- Reviewing and approving the independence, appointment, replacement, reassignment or the dismissal of the internal auditors, and the adequacy and effectiveness of the internal audit function;
- Monitoring interested person transactions and conflict of interest situations that may arise within the Group including any transaction, procedure or course of action that raises questions of management integrity;
- Reviewing incidents of whistle-blowing;
- Reviewing risk management policies and procedures;
- Reviewing quarterly reporting to SGX-ST and year end annual financial statements of the Group before submission to the Board; and
- Any other functions which may be agreed by the Audit Committee and the Board.

The total fees paid to the external auditors of the Group, KPMG LLP Singapore, for the financial year ended 30 June 2021, are as disclosed in note 25 in the financial statements.

The aggregate amount of fees paid/payable to the external auditors of the Group and its fellow member firms of the KPMG network for audit services for the financial year ended 30 June 2021 were AU$0.5 million (2020: AU$0.4 million). The fee of non-audit services provided by them for the financial year ended 30 June 2021 were AU$ 94,000 (2020: AU$6,000).

The total audit fees paid/payable by the Group to KPMG Australia are insignificant to KPMG Australia, and the share of KPMG LLP Singapore's fee paid/payable by the Group is insignificant to the audit engagement partner's portfolio and KPMG LLP Singapore. The non-audit services fees related to services led and rendered by partners and team members who are not involved in the audit of the Group. There is no non-audit service fee relating to work performed by the audit engagement team. The Audit Committee has reviewed the nature of all non-audit services provided by the external auditors to the Company and the Group during the year and is of the view that the provision of these services would not affect the independence of the external auditors.

After reviewing the independence, performance and remuneration of KPMG LLP Singapore based on the recommendation of the Audit Committee, the Board is satisfied with the performance and independence of KPMG LLP Singapore. Hence, the Board recommended the re-appointment of KPMG LLP Singapore as the Company's external auditors for the shareholders' approval at the forthcoming AGM.

The Company confirms that it has complied with Rules 712 and 715 of the SGX-ST Listing Manual in relation to the appointment of auditing firm as external auditors of the Group.

Financial matters

The Audit Committee also considered the report from the external auditors, including their findings on the key areas of audit focus. Significant matters that were discussed with management and external auditors have been included as key audit matters (KAMs) in the Independent Auditors' Report for the financial year ended 30 June 2021 (refer to pages 29 to 32 of this Annual Report).

The sole KAM identified by the external auditors related to the impairment risk over the Port and Marine cash-generating unit. The Group engaged an independent external valuer to prepare a valuation for the Port and Marine cash generating unit for financial reporting purposes. Having considered the independent external valuation the Audit Committee concurs with the opinion of the external auditors that the carrying value of the Port and Marine cash generating unit is within a supportable range.

Audit Committee (continued)

Whistle blowing policy

The Group has adopted a whistle blowing policy which provides a channel for employees and others to bring to the attention of the Audit Committee any improprieties committed by Management or staff of the Group. Details of the whistle blowing policy are posted on the Group's intranet for staff access. New staff members are briefed during their induction.

A whistle blowing policy unit has been set up to review all matters reported to the MD/CEO. The Audit Committee reviews all cases reported and investigated every quarter.

Internal Audit

Currently, Deloitte Touche Tohmatsu performs the internal audit function and is expected to meet or exceed the standards set by nationally or internationally recognised bodies, including the International Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors. The internal auditors have free access to the documents, records, properties and personnel of the Group. The internal auditors report directly to the Audit Committee which assists the Board in monitoring and managing risks and ensuring the integrity of internal controls of the Group. The Audit Committee approves the strategic internal audit plan, which is reviewed by the Audit Committee annually in light of the changing risk profile of the Group, and ensures the adequacy of internal audit resources to perform its tasks. The Audit Committee is of the opinion that the internal audit function is independent and adequately resourced to discharge its responsibilities effectively.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11 : The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Shareholder Rights

All shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights. Written policies and procedures are implemented to ensure that there is adequate disclosure of developments in the Group in accordance with the SGX-ST Listing Rules.

The Board would ensure that the Notice of the general meetings is sent to shareholders at least 14 days or 21 days ahead of the date of general meeting, whichever is appropriate, and to provide sufficient time and opportunities to the shareholders to seek clarification during general meetings on any matters pertaining to the business activities and financial performance of the Company. Shareholders are also encouraged to participate effectively in and vote at general meetings of the Company, where relevant rules and procedures governing such meetings (for instance, how to vote) are clearly communicated.

All resolutions will be put to vote by poll, and their detailed results will be announced via SGXNet after the conclusion of the general meeting. All resolutions are structured separately and may be voted on independently.

Shareholders can vote in person or appoint not more than two proxies to attend, speak and vote on their behalf at general meetings of shareholders, with the exception that shareholders such as nominee companies which provide custodial services for securities, are able to appoint more than two proxies to attend, speak and vote at general meetings, including the forthcoming AGM, notwithstanding the Company's Constitution does not differentiate between the number of proxies which may be appointed by individual shareholders and by nominee companies.

In view of the current COVID-19 situation in Singapore, similar to last year, the Company's forthcoming AGM in respect of FY2021 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at, or prior to, the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, will be put in place for the coming AGM.

All Directors, including the Chairman of the respective Board Committees, key management personnel and representative from the external auditors will be present at the Company's AGMs. Shareholders are able to address their queries about the conduct of audit and the preparation and content of the auditors' report. Details of the Directors' attendance at the AGM held in respect of FY2020 is disclosed on page 11 of this report.

Corporate Governance
Continued

Balanced and understandable assessment of performance, position and prospects

In presenting the quarterly and annual financial statements to shareholders, the Directors aim to present a balanced and fair assessment of the Group's position and prospects.

In preparing the financial statements, the Directors ensure that Management has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that are reasonable and prudent;
- Ensured that all applicable accounting standards have been followed; and
- Prepared financial statements on a going concern basis as the Directors have a reasonable expectation, having made due enquiries that the Group and Company have adequate resources to continue in operational existence for the foreseeable future.

Shareholder Rights and Conduct of General Meetings (continued)

Conduct of General Meetings

At each AGM, the Board presents the financial performance of the Group and encourages shareholders to participate in the question and answer session. The MD/CEO, the CFO and the respective Chairman of the Audit, Nominating and Remuneration and Human Capital Committees, and external auditors are available to respond to shareholders' questions during the meeting.

Each item of ordinary/special business included in the notice of the general meeting will be accompanied by a full explanation of the effects of a proposed resolution as part of the explanatory notes to the notice of the general meetings. Separate resolutions are proposed for substantially separate issues at the general meetings.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and such minutes are available to shareholders upon their request.

In line with Provision 11.5 of the Code, the minutes of the Company's AGM held last year on 22 October 2020 was announced via SGXNet on 13 November 2020 and made available publicly on the Company's website.

Dividend policy

The Group does not have a fixed dividend policy. There was no dividend declared to the shareholders of the Group for FY2021 due to the working capital requirements of the Group.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

Communication with Shareholders

The Group does not practise selective disclosure. In line with continuous disclosure obligations of the Group under the SGX-ST Listing Rules, the Board's policy is that all shareholders should be provided with material information in a timely manner, such as announcements on the Investor Presentation on a quarterly basis. Information will first be disseminated through SGXNet and where relevant, followed by a news release which is also distributed within the Company electronically. The Group will also make announcements from time to time to update investors and shareholders on corporate developments that are relevant. Such information and announcements are also published on the Company's website (www.ausgroupltd.com).

The Group maintains open communications with investors and shareholders and will strive to attend to their queries directly, whether verbal or written.

The Group does not have a dedicated investor relations team, the Group recognises the importance of regular, effective and timely communication with shareholders. Notwithstanding that there is no formal investor relations policy in place, the Board is cognizant of the recommendations as set out under Provisions 12.2 and 12.3 of the Code.

Engagement with stakeholders

Principle 13 : The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to work towards sustainable growth. The Company has identified key stakeholder groups and the Company's efforts on sustainability are focused on creating sustainable value for our key stakeholders, which include employees, lenders, investors, clients and regulators / Government. The Company has undertaken a process to determine the various issues which are important to theses stakeholders, including ESG factors. Details of our stakeholder engagement methods and the resulting areas of focus in relation to the management of stakeholders is disclosed in the Company's Sustainability Reporting, which is set out on pages 24 of this Annual Report.

The Company maintains a current corporate website at www.ausgroupltd.com to communicate and engage with key stakeholders. The Company's corporate website contains various information pertaining to the Group and the Company which serves as an important resource for investors and all key stakeholders. The website is updated from time to time.

Dealings in securities

The Group has adopted an internal code of best practices on securities transactions applicable to the Company, which has been disseminated and distributed to all officers and employees, to provide guidance to the officers, including Directors and officers of both the Company and its subsidiaries, in relation to dealings in the Company's securities. The Directors and officers of the Group are not allowed to deal in the Company's securities during the period commencing one month before the announcement of the Group's full year results and ending on the date of announcement of the full-year results on the SGX-ST. For quarterly results, the Directors and officers of the Group are not allowed to deal in the Company's securities during the period commencing two weeks before the announcement of the quarterly results and ending on the date of announcement of the quarterly results on the SGX-ST. The Directors and officers of the Group are also not allowed to deal in the Company's securities on short-term considerations and while they are in possession of unpublished price-sensitive information of the Group. The Group has complied with the best practices set out in the SGX-ST Listing Manual.

Interested person transactions ("IPT")

The Group has implemented procedures governing all interested person transactions. In particular, the Audit Committee reviews all interested person transactions to ensure that these are carried out on an arm's length basis, in conformity with normal commercial terms and are not prejudicial to the interests of the Company and its shareholders. Management provides periodic reports to the Audit Committee detailing all interested person transactions. A register is maintained of all interested person transactions.

There were no IPT transactions for the financial year under review.

Material Contracts

Except as disclosed in the financial statements, there were no material contracts (including loans) entered into by the Company or any of its subsidiaries involving the interests of the CEO, any Directors or controlling shareholders subsisted at the end of FY2021 or have been entered into since the end of the previous financial year.

Board Statement
Sustainability Reporting

In line with SGX reporting requirements, the Board Statement for Sustainability Reporting which addresses the Group's material environmental, social and governance (ESG) sustainability factors is:

AusGroup recognises the importance of sustainability reporting. We always aim to conduct our operations with due care to the highest standard.

AusGroup reviews the scope of works for each project and has established environmental, social and governance targets and objectives for each. All projects have in place environmental aspects and impacts registers, Health, Safety and Environmental Management Plans and are operated under our certified ISO management systems. This process ensures sustainability risks are reduced to as low as reasonably practicable.

AusGroup has defined its material Sustainability risks as: Protect the health and safety of our people, maintain our social licence to operate, attract and retain the best people, provide economic opportunity for Aboriginal and Torres Strait Islander (ATSI) people, ensure our integrated management system effectively manages sustainability risk and meet legislative compliance.

AusGroup has determined that the applicable sustainability reporting framework to track performance and improvement against these strategic imperatives (with reference to the Global Reporting Initiative Sustainability Reporting Guidelines G4 framework) for FY 2021 are:

Economic	Environmental	Social	
		Our People	Governance & Ethics
Revenue (AUD$195,059,541) ***Target: Internal target set*** ATSI enterprise spend AUD$1,654,843 ***Target: Increase of 10% on FY21 spend***	Nil 'major' environmental incidents ***Target: Nil 'major' environmental incidents***	Nil Fatalities Target: Nil Fatalities Gender Diversity (9%) ***Target: Improvement on FY21*** ATSI Employment (2%) ***Target: Improvement on FY21*** Reconciliation Action Plan Development (√) – Plan developed and submitted to Reconciliation Australia for ratification ***Target: Progress to the "Innovate" stage of the Reconciliation Action Plan***	Form Sustainability Committee (×) – Board Sustainability sub-committee not yet formed ***Target: – Committee to be formed in FY22*** Training compliance – Overall training compliance rate as at 30 June 2021 of 95% ***Target: =>95%***
Maintain ISO:9001 accreditation (√) ***Target: retain accreditation***	Maintain ISO:14001 accreditation (√) ***Target: retain accreditation***	Maintain AS/NZS:4801 accreditation (√) ***Target: retain accreditation***	Complete Control Self Assessment Audits (√) ***Target: Continue to complete***

AusGroup will continue to adopt an International Reporting Standard for Sustainability Reporting.

Financial Statements

Directors' Statement

For the financial year ended 30 June 2021

Your directors present their statement on the Consolidated Entity (referred to hereafter as the Group) consisting of AusGroup Limited and the entities it controlled at the end of, or during, the year ended 30 June 2021.

In the opinion of the directors,

(a) the financial statements set out on pages 33 to 96 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2021 and the financial performance, changes in equity and cash flows of the Group for the financial year then ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reposting Standards (International); and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of directors has, on the date of this statement, authorised these financial statements for issue.

1 Directors

The directors of the Company in office at the date of this statement are as follows:

- Wu Yu Liang
- Ooi Chee Kar
- Chew Heng Ching
- Shane Francis Kimpton
- Wang Yu Huei
- Toh Shi Jie
- Poh Boon Kher, Melvin
- Eng Chiaw Koon

2 Arrangements to enable directors to acquire shares and debentures

Neither at the end of, nor at any time during, the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under note 3 and note 4 below.

3 Directors' interests in shares or debentures

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in the name of director or nominee			**Holdings in which a director is deemed to have an interest**		
	At 01.07.2020 or date of appointment, if later	At 30.06.2021	At 21.07.2021	At 01.07.2020 or date of appointment, if later	At 30.06.2021	At 21.07.2021
The Company						
No. of ordinary shares						
Poh Boon Kher, Melvin	299,799,712	299,799,712	299,799,712	–	–	
Shane Francis Kimpton	15,000,000	15,000,000	15,000,000	–	–	
Wang Yu Huei	–	–		522,076,974	522,076,974	522,076,974
Value of Multi currency notes ("the Notes")						
Wang Yu Huei				S$1,114,416	S$1,114,416	S$1,114,416

4 Share option and share right schemes

AusGroup Employee Share Option Scheme 2007, AusGroup Share Option Scheme 2010, AusGroup Share Scheme 2010 and options issued to Ezion Holdings Limited and Eng Chiaw Koon have now expired. The Group currently has two schemes in operation (collectively referred to as "the schemes"):

(a) *AusGroup Employee Share Option Scheme 2019 ("ASOS")*

- There were no ordinary shares issued during the financial year by virtue of the exercise of options to take up unissued ordinary shares of the Company and there were no unissued ordinary shares of the Company or any subsidiary under option at the end of the financial year.
- Nil options remain exercisable at the balance sheet date and no director has any options at the balance sheet date.

(b) *AusGroup Performance Share Plan ("PSP")*

- There were no ordinary shares issued during the financial year by virtue of the rights qualifying to take up unissued ordinary shares of the Company. Except as disclosed in note 21 to the financial statements, there were no unissued ordinary shares of the Company or any subsidiary under rights at the end of the financial year.
- On 15 July 2020, the Company allotted and issued 15,000,000 ordinary shares in the capital of the Company to Shane Francis Kimpton, the Managing Director and Chief Executive Officer of the Company, under the PSP.
- On 3 May 2021, 78,000,000 share awards pursuant to PSP were granted subject to certain performance conditions being met. However during the year, 6,000,000 share awards lapsed before being issued due to performance hurdles not being met.
- On 25 August 2021, Shane Francis Kimpton was granted 10,000,000 awards under the PSP.

Participant information at the end of the financial year:

Name of participant	Awards granted during financial year under review (including terms)	Aggregate awards granted since commencement of scheme to end of financial year under review	Aggregate shares issued since commencement of scheme to end of financial year under review	Aggregate awards outstanding as at end of financial year under review
Shane Francis Kimpton	15,000,000	15,000,000	0	15,000,000
Christian Andrew Robin Johnstone	9,000,000	9,000,000	0	9,000,000
Nathan Walter Pike	8,000,000	8,000,000	0	8,000,000
Easwaren Puvanendran	8,000,000	8,000,000	0	8,000,000
Andrew Mark Horsfield	8,000,000	8,000,000	0	8,000,000
Vimalan Vyapury	6,000,000	6,000,000	0	6,000,000
Carl Kunde	6,000,000	6,000,000	0	6,000,000
Jason Freeman	6,000,000	6,000,000	0	6,000,000

Additional information on these schemes and options are provided in note 21 to the financial statements.

All two schemes are administered by the Remuneration and Human Capital Committee of which the members at the end of the financial year were as follows:

- Chew Heng Ching (Chairman)
- Wu Yu Liang
- Ooi Chee Kar

Directors' Statement *CONTINUED*

For the financial year ended 30 June 2021

5 Audit Committee

The members of the Audit Committee at the end of the financial year were as follows:

- Ooi Chee Kar (Chairperson)
- Wu Yu Liang
- Chew Heng Ching

All members of the Audit Committee were independent non-executive directors.

The Audit Committee performed the functions specified in Section 201B(5) of the Singapore Companies Act and Code of Corporate Governance.

The duties and functions of the Audit Committee have been included in the Corporate Governance Report.

6 Independent Auditors

The independent auditors, KPMG LLP, have expressed their willingness to accept re-appointment.
On behalf of the Board of Directors

Wu Yu Liang
Non-Executive Chairman
Singapore

Shane Francis Kimpton
Managing Director
Singapore

28 September 2021

Report on the audit of the financial statements

Qualified opinion

We have audited the financial statements of AusGroup Limited (the Company) and its subsidiaries (the Group), which comprise the consolidated balance sheet of the Group and balance sheet of the Company as at 30 June 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 33 to 96.

In our opinion, except for the possible effects of the comparative information described in the *Basis of qualified opinion* section of our report, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ('SFRS(I)s") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for qualified opinion

Our opinion on the financial statements for the year ended 30 June 2020 included a disclaimer of opinion as we were unable to obtain sufficient appropriate audit evidence regarding the key assumptions applied to arrive at the recoverable amount of the Port and Marine CGU. As at 30 June 2020, the Group's net carrying values in property, plant and equipment (Note 11) and intangible assets (Note 14) deployed in the Port and Marine cash-generating unit ("CGU") were AU$26.2 million and AU$12.5 million respectively. Accordingly, we were unable to determine whether any adjustments were necessary in respect of the Group's opening carrying amounts of property, plant and equipment and intangible asset related to the Port and Marine CGU as at 1 July 2020 together with the opening balance of accumulated losses as at 1 July 2020; and the corresponding net profit in the consolidated statement of comprehensive income and the cash flow items within the cash flows from operating activities reported in the consolidated statement of cash flows for the year ended 30 June 2020.

We conducted our audit in accordance with Singapore Standards on Auditing ('SSAs'). Our responsibilities under those standards are further described in the 'Auditors' responsibilities for the audit of the financial statements' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ('ACRA Code') together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note18 of the financial statements which states the carrying value of the Multi-currency notes (the "Notes") of AU$39.2 million as at 30 June 2021 maturing on 3 December 2022. Note 2 sets out various fund-raising transactions considered necessary by the Group to have the Notes settled when due, should the maturity date of these Notes not be further extended. These fund-raising transactions include new proceeds from assets sale and/or business sale and/ or equity injection and/or additional debt financing facilities. As at the date of this report, none of these fund-raising transactions has reached conclusion with the relevant parties involved. As such, these conditions indicate a material uncertainty that the Notes may not be settled when due.

Our opinion is not modified in respect of the aforementioned paragraph.

Independent Auditor's Report *CONTINUED*

To the Members of AusGroup Limited

Key audit matters

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

Impairment risk over the Port and Marine cash-generating unit ("CGU")	
The key audit matter	How the matter was addressed in our audit
As at 30 June 2021, the Group's carrying amounts in property, plant and equipment (Note 11) and intangible assets (Note 14) deployed in the Port and Marine cash-generating unit ("CGU") were AU$25.1 million and AU$ 12.2 million respectively, net of accumulated impairment losses of AU$112.3 million and AU$73.8 million respectively. Of the Company's non-current assets of AU$90.8 million as at 30 June 2021, AU$38.2 million relates to investments in subsidiaries carrying the Port and Marine CGU. As disclosed in Note 24 to the financial statements, the Group engaged an external professional valuer to assist with re-estimating the recoverable amount of the Port and Marine CGU based on a value in use method, calculated using discounted cash flows from Port and Marine operations. As the carrying amount for the CGU was assessed to sit within a range of the recoverable amount, no additional impairment loss nor any reversal of previously recognised impairment loss was considered necessary. Forecasting of future cash flows is a highly judgemental process which requires estimation of revenue growth rates, discount rates and future economic conditions.	We evaluated whether the CGU was appropriately identified by management based on our understanding of the current business structure of the Group. We involved our valuation specialists in the overall assessment of the recoverable amount of the CGU. We evaluated the qualifications and competency of the external valuer. We also read the terms of the engagement of the valuer with the Group to determine whether there were any matters that might have affected the valuer's objectivity or limited the scope of their work. Our procedures also included an assessment over the reasonableness of the valuation model, key assumptions used by management and the independent valuer in developing the cash flow forecasts and the discount rates used in computing the recoverable amounts, which included but are not limited to: • Considering management's expectations of the future business developments and corroborated certain information with market data; • Challenging the appropriateness of the cash flow forecasts used; • Comparing the discount rates and terminal growth rates to observable market data; and • Performing a sensitivity analysis of the key assumptions used to determine which reasonable changes to assumptions would change the outcome of the impairment assessment; and • Evaluating the Group's disclosures in the financial report against the requirements of the accounting standards.
Findings	
We found the identification of the CGUs to be reasonable and appropriate We found the model, key assumptions and estimates used by management and the external valuer to be within a supportable range.	

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report *CONTINUED*

To the Members of AusGroup Limited

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal controls that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Chiang Yong Torng.

KPMG LLP

KPMG LLP
Public Accountants and Chartered Accountants

Singapore, 28 September 2021

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2021

		Group	
	Notes	**2021 AU$'000**	2020 AU$'000
Continuing operations			
Revenue	22	**195,060**	262,245
Cost of sales		**(175,987)**	(250,582)
Gross profit		**19,073**	11,663
Other operating income	23	**985**	1,420
Other operating costs		**(9,266)**	(10,096)
Other losses			
- Impairment of property, plant and equipment	11	**–**	(30,255)
- Impairment of other intangible assets	14	**–**	(19,745)
Administrative expenses		**(4,117)**	(8,397)
Marketing and distribution expenses		**(1,019)**	(1,328)
Profit/(loss) from operations		**5,656**	(56,738)
Finance costs	26	**(4,124)**	(5,791)
Profit/(loss) before income tax		**1,532**	(62,529)
Income tax expense	27	**(330)**	(917)
Profit/(loss) from continued operation		**1,202**	(63,446)
Discontinued operation			
Profit from discontinued operation (net of tax)	29	**–**	3,940
Net profit/(loss) for the year		**1,202**	(59,506)
Other comprehensive income/(loss)			
Items that are or may be reclassified subsequently to profit or loss:			
Currency translation differences - current year		**3,486**	13
Currency translation differences - dissolved entities transferred to profit or loss		**–**	(3,814)
Other comprehensive income/(loss) for the year		**3,486**	(3,801)
Total comprehensive income/(loss) for the year		**4,688**	(63,307)
Earnings/(loss) per share (AU$ cents per share)			
- Basic earnings/(loss) per share	28	**0.04**	(2.00)
- Diluted earnings/(loss) per share	28	**0.04**	(2.00)
Earnings/(loss) per share from continuing operation (AU$ cents per share)			
- Basic earnings/(loss) per share	28	**0.04**	(2.10)
- Diluted earnings/(loss) per share	28	**0.04**	(2.10)

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

Consolidated and Company Balance Sheets

As at 30 June 2021

	Notes	Group 2021 AU$'000	Group 2020 AU$'000	Company 2021 AU$'000	Company 2020 AU$'000
ASSETS					
Current assets					
Cash and cash equivalents	5	**8,669**	22,801	**52**	563
Trade receivables and contract assets	6	**56,564**	34,698	**–**	–
Other receivables and prepayments	7	**3,796**	4,711	**928**	760
Inventories	8	**2,576**	3,880	**–**	–
Total current assets		**71,605**	66,090	**980**	1,323
Non-current assets					
Property, plant and equipment	11	**46,676**	49,819	**–**	–
Right-of-use assets	12	**13,472**	13,795	**–**	–
Goodwill	13	**10,994**	10,994	**–**	–
Other intangible assets	14	**14,067**	13,814	**–**	–
Prepayments	7	**–**	864	**–**	–
Due from subsidiaries	9	**–**	–	**155**	32,820
Investments in subsidiaries	10	**–**	–	**90,604**	71,276
Total non-current assets		**85,209**	89,286	**90,759**	104,096
Total assets		**156,814**	155,376	**91,739**	105,419
LIABILITIES					
Current liabilities					
Trade payables	16	**7,578**	6,108	**–**	–
Other payables	17	**23,841**	20,508	**756**	755
Due to subsidiaries	9	**–**	–	**19,034**	11,485
Borrowings	18	**4,842**	9,067	**–**	4,996
Accruals for other liabilities and charges	19	**4,188**	2,665	**–**	–
Current income tax liability		**–**	104	**–**	359
Total current liabilities		**40,449**	38,452	**19,790**	17,595
Non-current liabilities					
Deferred income tax liabilities	15	**496**	627	**–**	–
Borrowings	18	**75,404**	80,531	**63,951**	67,751
Accruals for other liabilities and charges	19	**532**	746	**–**	–
Total non-current liabilities		**76,432**	81,904	**63,951**	67,751
Total liabilities		**116,881**	120,356	**83,741**	85,346
Net assets		**39,933**	35,020	**7,998**	20,073
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	20	**216,759**	216,349	**216,759**	216,349
Capital reserve	21	**(163)**	(163)	**(163)**	(163)
Share based payment reserve	21	**5,663**	5,848	**5,663**	5,848
Foreign currency translation reserve	21	**18,592**	15,106	**26,531**	27,564
Accumulated losses		**(200,918)**	(202,120)	**(240,792)**	(229,525)
Total equity		**39,933**	35,020	**7,998**	20,073

The above balance sheets should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2021

Group	Notes	Share capital AU$'000	Capital reserve AU$'000	Share based payment reserve AU$'000	Foreign currency translation reserve AU$'000	Accumulated losses AU$'000	Total equity AU$'000
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**
Total comprehensive loss for the year		–	–	–	3,486	1,202	**4,688**
Transactions with owners in their capacity as owners:							
Employee share and option scheme expense	21	–	–	225	–	–	**225**
Shares issued under the Company's employee share scheme		410	–	(410)	–	–	**–**
		410	–	(185)	–	–	**225**
Balance at 30 June 2021		**216,759**	**(163)**	**5,663**	**18,592**	**(200,918)**	**39,933**
Group							
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)
Total comprehensive income for the year		–	–	–	(3,801)	(59,506)	(63,307)
Transactions with owners in their capacity as owners:							
Employee share and option scheme expense	21	–	–	410	–	–	410
		–	–	410	–	–	410
Balance at 30 June 2020		216,349	(163)	5,848	15,106	(202,120)	35,020

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2021

	Notes	Group 2021 AU$'000	Group 2020 AU$'000
Cash flows from operating activities			
Net profit / (loss) for the year		**1,202**	(59,506)
Adjustments for:			
Income tax expense	27	**330**	917
Depreciation of property, plant and equipment	11	**4,057**	5,123
Depreciation of right-of-use assets	12	**2,736**	2,484
Amortisation of other intangible assets	14	**844**	1,183
Employee share and share option scheme expense	30	**225**	410
Impairment loss on trade receivables and contract assets	6	**217**	900
Impairment loss on property, plant and equipment	11	**–**	30,255
Impairment loss on intangible assets	14	**–**	19,745
Foreign exchange gain arisen from dissolution		**–**	(3,814)
Net unrealised foreign exchange differences		**(821)**	449
Profit on sale of property, plant and equipment	23	**(33)**	(922)
Interest income	23	**(66)**	(95)
Finance costs	26	**4,124**	5,791
Operating cash flows before working capital changes		**12,815**	2,920
Changes in operating assets and liabilities			
Trade receivables and contract assets		**(22,083)**	29,790
Other receivables and prepayments		**915**	(1,089)
Trade payables		**1,470**	(9,471)
Accruals and other payables		**4,195**	(5,646)
Inventories		**1,304**	(2,145)
Cash (used in) / generated from operations		**(1,384)**	14,359
Interest paid		**(2,312)**	(4,377)
Interest received		**66**	95
Income tax paid		**(117)**	(1,188)
Net cash (used in) / generated from operating activities		**(3,747)**	8,889
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		**674**	1,523
Purchase of property, plant and equipment		**(1,752)**	(720)
Purchase of other intangible assets		**(1,097)**	(621)
Net cash (used in) / generated from investing activities		**(2,175)**	182
Cash flows from financing activities			
Proceeds from insurance/software funding	18	**5,378**	11,090
Proceeds from borrowings	18	**–**	7,500
Repayment of borrowings	18	**(5,000)**	(10,169)
Repayment of insurance/software funding	18	**(5,065)**	(8,819)
Payment for lease liabilities	12	**(3,503)**	(3,112)
Release of restricted cash*		**850**	1,000
Net cash outflow from financing activities		**(7,340)**	(2,510)
Net (decrease) / increase in cash and cash equivalents		**(13,262)**	6,561
Effects of exchange rate changes on cash and cash equivalents		**(20)**	67
Cash and cash equivalents at the beginning of the financial year		**21,088**	14,460
Cash and cash equivalents at end of year	5	**7,806**	21,088

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

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

These notes form an integral part of, and should be read in conjunction with, the accompanying financial statements.

1 General 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 address of its registered office is 438B Alexandra Road, #05-08/09 Alexandra Technopark, Singapore 119968 and its principal place of business is Level 1, 18-32 Parliament Place, West Perth, Western Australia, 6005.

The consolidated financial statements of the Group for the financial year ended 30 June 2021 and the balance sheet of the Company as at 30 June 2021 were authorised for issue in accordance with a resolution of the Board of Directors of the Company on 28 September 2021.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are disclosed in note 10.

2 Summary of significant accounting policies

(a) *Basis of preparation*

Statement of compliance

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

Critical accounting estimates

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

Preparation of the financial statements on a going concern basis

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due.

During the year, the Group repaid all of its bank borrowings, continues to service its current debts and at 30 June 2021 there were no borrowings due to be repaid within one year from the balance sheet date or the date of authorisation of the financial statements; and at 30 June 2021, the cash balance of the Group was AU$8.7 million. The Group's net current assets was AU$31.2 million.

Non-current borrowings due after one year

The non-current borrowings of AU$39.2 million relate to the Notes which have an expiry date of 3 December 2022 which is 17 months from the reporting date of 30 June 2021 and 14 months from the date of authorisation of the financial statements. The Group had on two past occasions, extended the Note repayment maturity date. The options to meet the repayment date include the extension of the Notes by agreement with the noteholders in 14 month's time, a re-financing of the Notes and/or a repayment of the Notes through an equity injection and / or asset sale.

The capital management options being pursued by the Group to efficiently manage its working capital requirements and non-current debt obligations include: non-core asset/business sales; financing secured by core assets; equity injection and debt facilities (collectively, the "fund raising transactions") however at the date of this report there could be some uncertainty whether these can be finalised over the next 14 months.

Inherent in cash flow forecasts there is inevitably some uncertainty that may cast doubt on the Group's ability to continue as a going concern and therefore it may be unable to realise its assets and discharge its liabilities in the normal course of business. However due to the quantum of current secured contracts underpinned by a number of multi-year maintenance contracts across a diversified customer base, the Group will be able to generate positive operating cash flows in the next 12 months from the reporting date. These forecasts represent management's best estimate of revenues and costs in the coming periods and include cash inflows from secured contracts and new contracts from existing and new clients respectively.

Notwithstanding the uncertainties set out in the above paragraphs, the directors believe that the Group will be able to meet its obligations as and when they fall due. The directors are of the opinion that the preparation of the financial statements on a going concern basis remains appropriate.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(b) *New accounting standards and interpretations*

(i) *New standards, amendments and interpretations adopted by the Group*

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 July 2020:

- Amendments to References to Conceptual Framework in SFRS(I) Standards
- Amendments to SFRS(I) 3 Definition of a Business
- Amendments to SFRS(I) 1-1 and SFRS(I) 1- 8 Definition of Material
- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 Interest Rate Benchmark Reform
- Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to SFRS(I) 16)

The application of these amendments to standards and interpretations did not have a material effect on the financial statements.

(ii) *New standards, amendments and interpretations not yet adopted*

Certain amendments to accounting standards have been published that are not mandatory for the financial year ended 30 June 2021 and have not been early adopted by the Group. These amendments have been assessed by the Group and the Company. The additional disclosure are not expected to have a significant impact on the accounting policies of the Group or the Company on adoption:

- SFRS(I) 17 Insurance Contracts
- Classification of Liabilities as Current or Non-current (Amendments to SFRS(I) 1-1)
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to SFRS(I) 10 and SFRS(I) 1-28)
- Reference to the Conceptual Framework (Amendments to SFRS(I) 3)
- Property, Plant and Equipment - Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to SFRS(I) 1-37)
- Annual Improvements to SFRS(I)s 2018 - 2020
- Interest Rate Benchmark Reform - Phase 2 (Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4, SFRS(I) 16)
- Amendments to SFRS(I) 17
- Extension of the Temporary Exemption from Applying SFRS(I) 9 (Amendments to SFRS(I) 4)
- Disclosure of Accounting Policies (Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2)
- Definition of Accounting Estimates (Amendments to SFRS(I) 1-8)

(c) *Principles of consolidation*

(i) *Subsidiaries*

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(d)).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Please refer to note 2(i) for the accounting policy on investments in subsidiaries in the separate financial statements of the Company.

2 Summary of significant accounting policies (continued)

(c) *Principles of consolidation (continued)*

(ii) *Joint operations*

The Group's joint operations are joint arrangements whereby the parties (the joint operators) that have joint control of the arrangement have rights to the assets, and obligations to the liabilities, relating to the arrangement.

The Group recognises, in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

When the Group sells or contributes assets to a joint operation, the Group recognises gains or losses on the sale or contribution of assets that is attributable to the interest of the other joint operators. The Group recognises the full amount of any loss when the sale or contribution of assets provides evidence of a reduction in the net realisable value, or an impairment loss, of those assets.

When the Group purchases assets from a joint operation, it does not recognise its share of the gains and losses until it resells the assets to an independent party. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of the assets to be purchased or an impairment loss.

The accounting policies for the assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

The Company applies the same accounting policy on joint operations in its separate financial statements.

(iii) *Changes in ownership interests*

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of AusGroup Limited.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(d) *Business combinations*

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note 2(c)(i)). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The consideration transferred for the acquisition of a subsidiary comprises the following:

- fair values of the assets transferred;
- liabilities incurred;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition related costs are expensed as incurred. The excess of the consideration transferred, amount of any non-controlling interest in the acquired entity and acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

(e) *Goodwill on acquisitions*

Goodwill on acquisitions of subsidiaries and businesses on or after 1 January 2010 represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous entity interest in the acquiree over the fair value of the net identifiable assets acquired.

Goodwill on acquisition of subsidiaries and businesses prior to 1 January 2010 represents the excess of the cost of the acquisition over the fair value of the Group's share of the net identifiable assets acquired.

Goodwill on subsidiaries is recognised separately as an intangible asset and is carried at cost less accumulated impairment losses.

2 Summary of significant accounting policies (continued)

(f) *Government grants*

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The grant is presented on a net basis, offset against salary expenses.

(g) *Property, plant and equipment*

Measurement

(i) *Land and buildings*

Land and buildings are initially recognised at cost. Freehold land is subsequently carried at cost less accumulated impairment losses. Buildings and leasehold land are subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(iii) *Components of costs*

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

(iv) *Scaffolding equipment*

The Group carries an impairment loss on scaffolding equipment. This impairment loss is determined based on the Group's historical losses that have occurred.

Depreciation

Freehold land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

– Freehold buildings 2.5% per annum
– Leasehold land and buildings over the life of the lease (2 to 45 years)
– Plant and equipment 5% - 33% per annum

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed and adjusted as appropriate, at each balance sheet date. The effects of any revision of the residual values and useful lives are recognised prospectively in profit or loss when the changes arise.

Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised as a profit or loss in the consolidated statement of comprehensive income.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(h) *Other intangible assets*

(i) *Acquired customer contracts*

Customer contracts are capitalised at the contract value calculated by reference to future cash flows of the contracts and discounted back to present value. The intangible assets arising from customer contracts were acquired through business combination. The customer contracts are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the useful lives of the customer contracts of 2 to 4 years.

(ii) *Acquired customer relationships*

Customer relationships are capitalised by reference to future cash flows of the expected sales to existing customers and discounted back to present value. These intangible assets arising were acquired through a business combination. They are subsequently carried at cost less accumulated amortisation and accumulated impairment losses.

These assets are amortised on a straight-line basis over the contractually agreed employment period of the owner of the previous business of 5 years. As at the balance sheet date, the assets were fully amortised.

(iii) *Acquired right to operate*

The right to operate port facility intangible asset is capitalised by reference to future cash flows of the expected revenues generated by the port.

The asset is subsequently amortised on a straight-line basis over the lesser of the useful life of the port and the maximum term of the rent lease (39 years), and is carried at cost less accumulated amortisation and accumulated impairment losses.

(iv) *IT development and software*

Costs directly attributable to the development of computer software are capitalised as intangible assets only when technical feasibility of the project is demonstrated, the Group has an intention and ability to complete and use the software and the costs can be measured reliably. Developed software is initially capitalised at cost, which includes purchases of materials and services and payroll-related costs of employees directly involved in the project.

Developed software is subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over their estimated useful lives of 3 to 10 years.

(i) *Investments in subsidiaries*

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of these investments, the difference between disposal proceeds and the carrying amounts of the investments is recognised as a profit or loss in the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

(j) *Impairment of non-financial assets*

Goodwill

Goodwill is tested for impairment annually and whenever there is an indication that goodwill may be impaired. Goodwill included in the carrying amount of an investment in an equity-accounted associate or joint venture is tested for impairment as part of the investment, rather than separately.

For the purpose of impairment testing of goodwill, goodwill is allocated to each of the Group's cash-generating-units ("CGUs") expected to benefit from synergies arising from the business combination.

An impairment loss is recognised when the carrying amount of a CGU, including goodwill, exceeds the recoverable amount of the CGU. The recoverable amount of a CGU is the higher of the CGU's fair value less costs of disposal and value-in-use.

The total impairment loss of a CGU is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU pro-rata on the basis of the carrying amount of each asset in the CGU. This allocation is done to the extent that it does not decrease the carrying amount of individual assets below their recoverable amount.

An impairment loss on goodwill is recognised as an expense and is not reversed in a subsequent period.

Property, plant and equipment, other intangible assets and investments in subsidiaries

Property, plant and equipment, other intangible assets and investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing of these assets, the recoverable amount (i.e. the higher of the fair value less costs of disposal and value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimates used to determine the assets' recoverable amount since the last impairment loss was recognised. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(k) *Financial instruments*

(a) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL'), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(b) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

2 Summary of significant accounting policies (continued)

(k) *Financial instruments (continued)*

(b) Classification and subsequent measurement (continued)

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature which is consistent solely with the payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

(c) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(k) *Financial instruments (continued)*

(d) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(e) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents exclude restricted cash which has been pledged to banks to secure borrowing facilities granted to the Group. Cash and cash equivalents include cash on hand and at banks or financial institutions, fixed bank deposits and bank overdrafts, which form an integral part of the Group's cash management. Cash and cash equivalents are short-term and highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value.

(f) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

(g) Borrowings

Borrowings are initially recognised at fair value of the consideration received less directly attributable transaction costs. After initial recognition, borrowings are subsequently measured at amortised cost using the effective interest method. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to profit or loss over the period of the borrowings.

Borrowings which are due to be settled within 12 months after the balance sheet date are included in current borrowings in the balance sheet even though the original term was for a period longer than 12 months or an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the balance sheet date and before the financial statements are authorised for issue. Other borrowings to be settled more than 12 months after the balance sheet date are included in non-current borrowings in the balance sheet.

Impairment of financial assets

Non-derivative financial assets and contract assets

The Group recognises loss allowances for expected credit losses ("ECLs") on financial assets measured at amortised costs and contract assets (as defined in SFRS(I) 15).

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument or contract asset.

2 Summary of significant accounting policies (continued)

(k) *Financial instruments (continued)*

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables and contract assets. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 120 days past due.

The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 120 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(k) *Financial instruments (continued)*

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost and contract assets are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(l) *Provisions*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions for onerous contracts are recognised when the Group believes that the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease and represent the Group's best estimate of the least net cost of exit. Re-instatements provisions are recognised when the lease is entered into.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as an interest expense.

(m) *Contributed equity*

Ordinary shares are classified as equity.

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

(n) *Leases*

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

2 Summary of significant accounting policies (continued)

(n) *Leases (continued)*

(i) As a lessee (continued)

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the lessee's incremental borrowing rate. Generally, the Group uses lessee's incremental borrowing rate as the discount rate.

The Group determines the lessee's incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'borrowings' in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(n) *Leases (continued)*

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Group recognises lease payments received from its port area facility and staging area for wood chips pending shipment under operating leases as income on a straight-line basis over the lease term as part of revenue.

(o) *Revenue recognition*

Revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

(i) *Short-term contracts*

Revenue from short-term contracts (less than 12 months) is recognised over time of satisfaction of performance obligation when services are completed and all criteria for acceptance have been satisfied.

(ii) *Construction contracts*

The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Under these performance obligations, customers either simultaneously receive and consume the benefits as the Group performs them or performance creates or enhances an asset that the customer controls as the asset is created or enhanced. Therefore contracted revenue is recognised over time based on stage of completion of the contract.

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, the Group considers 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.

Revenue in relation to modifications, such as a change in the scope of the contract, will only be included in the transaction price, when it is approved by the parties to the contract or the modification is enforceable and the amount becomes highly probable. Modifications will be recognised when client instruction has been received in line with customary business practice for the customer.

Costs incurred during the tender / bid process are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs or where they are explicitly chargeable to the customer regardless of whether the contract is obtained.

Revenue is allocated to each performance obligation and recognised as the performance obligation is satisfied which may be at a point in time or over time.

2 Summary of significant accounting policies (continued)

(o) *Revenue recognition (continued)*

(ii) *Construction contracts (continued)*

SFRS(I)15 requires a granular approach to identify the different revenue streams (i.e. performance obligations) in a contract by identifying the different activities that are being undertaken and then aggregating only those where the different activities are significantly integrated or highly interdependent. Revenue will continue to be recognised, on certain contracts over time, as a single performance obligation when the services are part of a series of distinct goods and services that are substantially integrated with the same pattern of transfer.

SFRS(I) 15 provides guidance in respect of the term over which revenue may be recognised and is limited to the period for which the parties have enforceable rights and obligations. When the customer can terminate a contract for convenience (without a substantive penalty), the contract term and related revenue is limited to the termination period.

The Group has elected to apply the practical expedient approach to not adjust the total consideration over the contract term for the effect of a financing component if the period between the transfer of services to the customer and the customer's payment for these services is expected to be one year or less.

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.

Variable consideration that is contingent on the Group's performance, including key performance payments, liquidated damages and abatements that offset revenue under the contract, is recognised only when it is highly probable that a reversal of that revenue will not occur. In addition, where the identified revenue stream is determined to be a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer (for example maintenance services), variable consideration is recognised in the period/(s) in which the series of distinct goods or services subject to the variable consideration are completed.

Loss-making contracts are recognised under SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets as onerous contracts.

(iii) *Sale of goods*

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual standalone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

The transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. The transaction price may be fixed or variable and is adjusted for the time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(o) *Revenue recognition (continued)*

(iv) *Hire revenue*

Revenue from the hiring and installation of scaffolding equipment is recognised in the period in which the services are rendered.

(v) *Interest income*

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(p) *Employee benefits*

(i) *Defined contribution plans*

Defined contribution plans are post-employment benefits plans under which the Group pays fixed contributions into separate entities on a mandatory, contractual or voluntary basis. The Group participates in the national schemes as defined by the laws of the countries in which it operates. The Group's contributions are recognised as expenses in the consolidated statement of comprehensive income as and when they are incurred. The Group has no further payment obligations to these schemes once these contributions have been paid.

(ii) *Share-based payments*

The Group operates an equity-settled, share-based compensation plan. The fair value of the employee services received in exchange for the grant of options or rights to shares is recognised as an expense in the consolidated statement of comprehensive income with a corresponding increase in the share based payment reserve over the vesting period. The amount recognised as an expense is adjusted to reflect the number of shares and options for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of shares and options that meet the related service and non-market performance conditions at the vesting date. The total amount to be recognised over the vesting period is determined by reference to the fair value of the options or shares granted on the date of the grant. Non-market vesting conditions are included in the estimation of the number of shares under options that are expected to vest on each vesting date. At each balance sheet date, the Group revises its estimates of the number of shares under both options and share rights that are expected to vest on each vesting date and recognises the impact of the revision of the estimates in profit or loss, with a corresponding adjustment to the share based payment reserve over the remaining vesting period.

When the options are exercised, the proceeds received (net of transaction costs) and the related balance previously recognised in the share based payment reserve, are credited to the share capital account when new ordinary shares are issued.

When the share rights are qualified for the issuing of ordinary shares, the related balance previously recognised in the share based payment reserve is credited to the share capital account when new ordinary shares are issued.

(iii) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of SFRS (I) 1-37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2 Summary of significant accounting policies (continued)

(p) *Employee benefits (continued)*

(iv) *Short-term obligations*

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

(v) *Other long-term employee benefit obligations*

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

Remeasurements as a result of experience adjustments are recognised in profit or loss. The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(q) *Dividends*

Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders for payment.

(r) *Foreign currency translation*

(i) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Group financial statements are presented in Australian Dollars ("AU$"). The Company's functional currency is the Singapore Dollar and the financial statements are presented in AU$ 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$.

(ii) *Transactions and balances*

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency translation gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss, unless they arise from borrowings in foreign currencies and qualify as a net investment in foreign operations.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(r) *Foreign currency translation (continued)*

(iii) *Translation of group entities' financial statements*

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each consolidated income statement and consolidated statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income and accumulated in the currency translation reserve.

(iv) *Consolidation adjustments*

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

(s) *Income tax*

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on investments in subsidiaries and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, research and development tax credits and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity. Deferred tax arising from a business combination is adjusted against goodwill on acquisition. To the extent possible deferred tax assets are netted against deferred tax liabilities and vice versa.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

2 Summary of significant accounting policies (continued)

(s) *Income tax (continued)*

Research and development tax incentives

Subsidiaries within the Group may be entitled to claim special tax credits for investments in relation to qualifying expenditure under the Research and Development Tax Incentive regime in Australia. The Group accounts for such tax incentives under the split approach where the government grant would only be that component of the benefit in excess of the normal tax rate in that tax jurisdiction and the residual would be accounted for as a tax credit. The component of the benefit in excess of the normal tax rate is allocated against the qualifying expenditure to which the credit relates and presented as cost of sales and administrative expenses in profit or loss.

When derecognised the component of the previously recognised benefit in excess of the normal tax rate is allocated against the qualifying expenditure to which the debit relates and presented as cost of sales and administrative expenses in profit or loss. The remaining amount, being the benefit based on the normal tax rate, is allocated to income tax expense.

(t) *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the Senior Management Team whose members are responsible for allocating resources and assessing performance of the operating segments.

(u) *Borrowing costs*

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(v) *Inventories*

Inventories are carried at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. The cost of inventories comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

Consumables are assets in the form of materials or supplies to be consumed in the production process or in the rendering of services and are included in inventory. Consumables are measured at the lower of cost and net realisable value.

(w) *Earnings per share*

The Group presents basic and diluted earnings per share (“EPS”) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

When the Group reports a net loss, diluted earnings per share is not disclosed where it is anti-dilutive.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

2 Summary of significant accounting policies (continued)

(x) *Goods and Services Tax ("GST")*

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

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

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

(y) *Discontinued operations*

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

(z) *Rounding of amounts*

Amounts in the financial statements have been rounded off to the nearest thousand dollars (AU$'000), unless otherwise stated.

3 Critical accounting estimates and judgements

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

(a) *Critical accounting estimates and assumptions*

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

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.

As described in the accounting policy stated in note 2(j), 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.

For the year ended 30 June 2021, the Group recognised no additional impairment loss nor reversed any previously recognised impairment loss (2020: AU$50.0 million impairment loss). Changes in the assumptions adopted by management could significantly affect the Group's impairment evaluation and hence results. Further details are provided in note 24 of the financial statements.

3 Critical accounting estimates and judgements (continued)

(a) *Critical accounting estimates and assumptions (continued)*

Deferred income tax assets

The Group recognises deferred income tax assets on carried forward tax losses, capital and investment allowances to the extent there are sufficient estimated future taxable profits and/or taxable temporary differences against which the tax losses, capital and investment allowances can be utilised and that the Group is able to satisfy the continuing ownership and continuing business tests in Australia.

The recognition of deferred tax assets is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future profits.

Significant items for which the Group has potential deferred tax assets include research and development tax credits generated in relation to eligible research and development between 15 July 2012 and 30 June 2015 in Australia and tax losses suffered in 2016.

Recognition involves judgement regarding the future financial performance of the particular legal entity or tax group in which the potential deferred tax asset has been generated. Based on the latest profit forecast, there is no sufficient certainty over the availability of suitable future taxable profits against which to offset these items and therefore deferred tax assets have not been recognised. For further details of the potential deferred tax assets not recognised in these financial statements, refer to note 15.

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 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, refer to note 2(o)(ii).

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.

As at 30 June 2021, the Group did not have a provision for loss on construction contracts (2020: Nil provision). This estimation has been based upon management's judgement which has been based upon the most up-to-date available information as at the date of these financial statements.

Uncertain tax positions

The Group is subject to income taxes in numerous jurisdictions. In determining the income tax liabilities, management is required to make estimates. As management believes that the tax positions are sustainable, the Group has not recognised any tax liability on uncertain tax positions.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

3 Critical accounting estimates and judgements (continued)

(a) *Critical accounting estimates and assumptions (continued)*

Impact of Covid-19

The Group has considered and estimated the impact of the COVID-19 pandemic in the Group's financial position and performance by carrying out the following assessments:

- further impairment assessment of its property, plant and equipment, inventories, intangible assets, trade receivables and contract assets; and
- further assessment of constraints on variable consideration in relation to revenue recognition.

In developing the assumptions relating to the possible future uncertainties in the global economic conditions, the Group has, as at the date of these financial statements, used internal and external sources, including economic forecasts and estimates from market sources. However, the impact assessment of the COVID-19 pandemic is a continuing process and the Group will continue to monitor any material changes to future economic conditions.

Details on the areas that involve critical judgement and significant estimation uncertainties and disclosures on assumptions and sensitivity disclosures are also highlighted in the notes indicated above.

(b) *Critical judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made certain judgements, apart from those involving estimations, which have significant effect on the amounts recognised in the financial statements.

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. The Group considers a financial asset to be in default when the financial asset is more than 120 days past due of the customer approval 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 (refer to note 4(c)) .

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 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. Such indicators have been identified in the year as discussed in note 24, which describes the impairment of non-current assets in the consolidated Group and which are also considered indicators of impairment at Company level.

4 Financial risk management

The Group's activities are exposed to a variety of financial risks, including the effects of currency risk, interest rate risk, credit risk and liquidity risk arising in the normal course of business. The Group's financial risk management policy seeks to minimise potential adverse effects on the financial performance of the Group by managing the following risks in the manner set out below.

(a) *Currency risk*

The Group operates mainly in Australia, with smaller operations in Singapore, Thailand and Malaysia. Group sale and purchase transactions are primarily denominated in Australian dollars with a portion denominated in Singapore dollars (SGD), Thai Baht, United States dollars (USD) and Malaysian Ringgit. This exposes the Group to currency risk when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the group entities' functional currencies.

The Group's and Company's currency exposures are as follows:

	2021	2020
Group	**United States Dollar AU$'000**	United States Dollar AU$'000
Financial liabilities		
Trade payables	**53**	19
Other payables	**168**	261
Borrowings	**24,669**	26,481
	24,890	26,761
Currency exposure on net financial liabilities	**(24,890)**	(26,761)

Company	**United States Dollar AU$'000**	United States Dollar AU$'000
Financial assets		
Due from subsidiaries	**–**	26,743
	–	26,743
Financial liabilities		
Other payables	**168**	262
Borrowings	**24,669**	26,481
	24,837	26,743
Currency exposure on net financial liabilities	**(24,837)**	–

During the year, the following exchange related amounts were recognised in profit or loss:

	Group		**Company**	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Net foreign exchange income / (loss)	**774**	(928)	**780**	(793)

Sensitivity analysis

A change of 10% (2020: 10%), taking into consideration both strengthening and weakening aspect of AU$, against the following currencies at the reporting date would increase/(decrease) the Group's profit before income tax by the amounts as shown below. This analysis assumes that all other variables, in particular interest and tax rates, remain constant.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

4 Financial risk management (continued)

(a) *Currency risk (continued)*

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
USD against AU$				
- strengthened	**(2,489)**	(2,433)	**(2,484)**	–
- weakened	**2,489**	2,676	**2,484**	–

(b) *Interest rate risk*

The Group's exposure to interest rate risk is related mainly to its borrowing facilities, which are on fixed and floating rate terms. The cash balances of the Group, and the interest rate and terms of repayment of borrowings are disclosed in notes 5 and 18 respectively.

The Group's policy is to obtain the most favourable interest rates available for its borrowings and bank deposits. Bank deposits are placed where the interest rates are beneficial whilst at the same time mitigate the risk of market changes in interest rate.

A 1% (2020 : 1%) increase/(decrease) in the floating rate terms of the Group's borrowings at the balance sheet date would (decrease) /increase profit by the following amount:

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Profit or loss impact	**–**	50	**–**	50

This analysis assumes that all other variables remain constant. There is no impact on other components of equity (2020: Nil).

(c) *Credit risk*

Credit risk is the risk of financial loss to the Group or the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group and the Company's receivables from customers and the Company's non-trade amounts due from subsidiaries.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group's customer base, including the default risk associated with the industry and country in which customers operate, as these factors may have an influence on credit risk. Details of concentration of revenue are included in note 32.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information, and in some cases bank references. Sale limits are established for each customer, which represents the maximum open amount without requiring approval from the Management; these limits are reviewed quarterly. Customers failing to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group limits its exposure to credit risk from trade receivables by establishing maximum payment periods of one and three months for customers.

In monitoring customer credit risk, customers are grouped according to their credit characteristics, including their geographic location, industry, trading history with the Group, aging profile, maturity and existence of previous financial difficulties.

4 Financial risk management (continued)

(c) *Credit risk (continued)*

As the Group and Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

The COVID-19 pandemic has not materially affected the credit policy as set out above as the terms and conditions of Group's contracts have not been altered. The volume of work has reduced as a result of the effects of the pandemic, however this has not affected Group's clients ability to pay.

The trade receivables of the Group comprise 3 debtors (2020: 3 debtors) that individually represented 2%, 5% and 62% (2020: 6%, 10% and 46%) of trade receivables and in aggregate 69% (2020: 62%) of the trade receivables, with one customer accounting for AU$34.1 million (30 June 2020: AU$16.3 million), representing 62% (2020: 46%) of the trade receivables carrying amount.

The Group's maximum exposure to credit risk arose mainly from trade receivables, which had a balance at 30 June 2021 of AU$55.1 million (2020: AU$34.7 million). This exposure is further analysed below:

	Group	
	2021	2020
	AU$'000	AU$'000
By currency denomination:		
Australian dollar	**53,073**	32,160
Singapore dollar	**109**	46
Malaysia ringgit	**1,202**	1,359
Thai baht	**700**	1,133
	55,084	34,698
By segment:		
Projects	**1,404**	4,377
Access Services	**10,113**	5,719
Fabrication & Manufacturing	**9,764**	7,889
Maintenance Services	**32,576**	16,026
Port & Marine Services	**1,227**	687
	55,084	34,698

The Company's maximum exposure to credit risk arose mainly from amounts due from subsidiaries, which had a balance at 30 June 2021 of AU$0.2 million (2020: AU$32.8 million) (refer to note 9).

Financial assets that are neither past due nor impaired

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies. Trade receivables and other receivables that are neither past due nor impaired are substantially companies with a good collection track record with the Group and Company.

There were no terms renegotiated during the year for trade receivables that were past due (2020: None).

Financial assets that are past due and/or impaired

There is no other class of financial assets that is past due and/or impaired except for trade receivables and amounts due from subsidiaries.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

4 Financial risk management (continued)

(c) *Credit risk (continued)*

A summary of the Group's and Company's exposures to credit risk for trade receivables, contract assets and amounts due from subsidiaries are as follows:

	Group 2021		Group 2020	
	Not credit-impaired AU$'000	**Credit Impaired AU$'000**	Not credit-impaired AU$'000	Credit Impaired AU$'000
Receivables measured at lifetime ECL				
Trade receivables and contract assets	**55,517**	**1,073**	35,394	1,737
Loss allowance	**(433)**	**(1,073)**	(696)	(1,737)
Total	**55,084**	**–**	34,698	–

The age analysis of the Group's trade receivables and contract assets is as follows:

	Group 2021		Group 2020	
	Gross AU$'000	**Impairment AU$'000**	Gross AU$'000	Impairment AU$'000
Not past due	**45,856**	**6**	26,596	5
Past due less than 3 months	**7,325**	**183**	4,909	111
Past due 3 to 6 months	**297**	**–**	1,637	–
Past due greater than 6 months	**3,112**	**1,317**	3,989	2,317
	56,590	**1,506**	37,131	2,433

As at 30 June 2021, there was an allowance for impairment of AU$1.5 million against trade receivables (2020: AU$2.4 million) in the Group. There are no other receivables that are neither past due nor impaired where adverse credit events or circumstances have occurred that would lead to concern over the credit quality of such assets (Refer to note 6(a)).

As at 30 June 2021, the Company had nil allowance for impairment (2020: AU$168.1 million) against amounts due from subsidiaries (refer to note 9).

Movements in allowance for impairment in respect of trade receivables and contract assets

The movement in the allowance for impairment in respect of trade receivables and contract assets during the year was as follows:

	Group Lifetime ECL AU$'000
At 1 July 2019	(2,251)
Additional impairment loss recognised	(900)
Amounts written off	718
At 30 June 2020	(2,433)
Reversal of allowance for impairment of receivables	659
Additional impairment loss recognised	(217)
Amounts written off	485
At 30 June 2021	(1,506)

4 Financial risk management (continued)

(d) *Liquidity risk*

The tables below analyse the maturity profile of the Group's and Company's non-derivative financial liabilities based on undiscounted cash flows (balances due within 12 months equal their carrying balances as the impact of discounting is not significant).

	Less than 1 year AU$'000	Between 1 and 2 years AU$'000	Between 2 and 5 years AU$'000	Over 5 years AU$'000	Total Contractual cashflows AU$'000	Carrying amount of liabilities AU$'000
Group						
2021						
Trade and other payables	**20,391**	**–**	**–**	**–**	**20,391**	**20,391**
Borrowings	**4,953**	**41,265**	**28,320**	**–**	**74,538**	**66,049**
Lease liabilities	**3,705**	**3,516**	**2,974**	**20,577**	**30,772**	**14,197**
	29,049	**44,781**	**31,294**	**20,577**	**125,701**	**100,637**
2020						
Trade and other payables	19,803	–	–	–	19,803	19,803
Borrowings	9,934	3,291	69,558	–	82,783	75,396
Lease liabilities	2,845	2,880	5,008	19,979	30,712	14,202
	32,582	6,171	74,566	19,979	133,298	109,401

	Less than 1 year AU$'000	Between 1 and 2 years AU$'000	Between 2 and 5 years AU$'000	Total Contractual cashflows AU$'000	Carrying amount of liabilities AU$'000
Company					
2021					
Other payables	**756**	**–**	**–**	**756**	**756**
Borrowings	**2,803**	**41,238**	**28,320**	**72,361**	**63,951**
Due to subsidiaries	**19,034**	**–**	**–**	**19,034**	**19,034**
	22,593	**41,238**	**28,320**	**92,151**	**83,741**
2020					
Other payables	755	–	–	755	755
Borrowings	7,676	2,803	69,558	80,037	72,747
Due to subsidiaries	11,485	–	–	11,485	11,485
	19,916	2,803	69,558	92,277	84,987

Financing arrangements

The Group and Company had access to the following undrawn borrowing and guarantee facilities at the end of the reporting period:

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Surety bond facility	**27,715**	15,825	**27,715**	15,825
Guarantee facility	**–**	5,805	**–**	5,805

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

4 Financial risk management (continued)

(d) *Liquidity risk (continued)*

Other than as described above, the facilities may be drawn down at any time while the facilities are still current. Should there be any event of default not subject to a waiver, the ability to draw down the funds is subject to the discretion of the bank/financier.

Reference is made to Note 2(a), which describes the Group's forecast cash flows form operations, and other asset divestment and fund-raising transactions considered by the Group so as to meet its debt obligations as and when they fall due or though at least another 12 months form the reporting date.

(e) *Capital risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Management monitors capital based on a gearing ratio. The Group and the Company are required by the banks to maintain certain financial ratios such as gearing ratios and interest cover ratios.

The gearing ratio is calculated as net debt / (funds) divided by total capital. Net debt is calculated as borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Net debt	**71,577**	66,797	**63,899**	72,184
Total equity	**39,933**	35,020	**7,998**	20,073
Total capital	**111,510**	101,817	**71,897**	92,257
Gearing ratio	**64.2%**	65.6%	**88.9%**	78.2%

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as follows:

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Financial assets at amortised cost (1)	**64,890**	59,565	**815**	34,038
Financial liabilities measured at amortised cost (2)	**100,637**	109,401	**83,741**	84,987

Fair value of financial instruments

The carrying amount of current assets, current liabilities and non-current liabilities are assumed to approximate to their fair value because the effects of discounting are not material, due to the short period to maturity or that they were discounted at the market rate of interest at the reporting date.

[1] *Refer to notes 5, 6, 7 and 9* (the amount excludes prepayments in note 7)

[2] *Refer to notes 9, 16, 17 and 18 (the amount excludes employee benefit accruals and payroll tax and other statutory liabilities in note 17)*

5 Cash and cash equivalents

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Cash and cash equivalents represented by:				
Cash at bank	**7,806**	21,088	**52**	563
Restricted cash	**863**	1,713	**–**	–
	8,669	22,801	**52**	563

Restricted cash was held as term deposits with effective interest rates ranging from 0.02% to 0.09% (2020: 0.09% to 1.09%) per annum.

Reconciliation to cash and cash equivalents at the end of the year

The above figures reconcile to the amount of cash and cash equivalents shown in the consolidated statement of cash flows at the end of the financial year as follows:

	Group	
	2021 AU$'000	2020 AU$'000
Balance as above	**8,669**	22,801
*Restricted cash	**(863)**	(1,713)
Balance per consolidated statement of cash flows	**7,806**	21,088

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

6 Trade receivables and contract assets

	Group	
	2021 AU$'000	2020 AU$'000
Trade receivables		
- Third party debtors	**31,067**	23,744
- Less: Allowance for impairment of receivables (note 6(a))	**(1,506)**	(2,433)
	29,561	21,311
Contract assets		
- Accrued revenue	**18,047**	11,133
- Construction contracts (note 6(b))	**7,476**	2,244
- Capitalised tender costs	**1,480**	–
- Retentions	**–**	10
	56,564	34,698

At 30 June 2021, all amounts included in trade receivables and contract assets arising from construction contracts are due for settlement within 12 months (2020: 12 months).

At 30 June 2021, the Group's most significant customer accounted for AU$34.1 million (30 June 2020: AU$16.3 million) of the trade receivables carrying amount.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

6 Trade receivables and contract assets (continued)

(a) *Allowance for impairment of receivables*

	Group	
	2021 AU$'000	2020 AU$'000
Beginning of financial year	**(2,433)**	(2,251)
Additional allowance for impairment of receivables	**(217)**	(900)
Reversal of allowance for impairment of receivables	**659**	–
Written off during the year	**485**	718
End of financial year	**(1,506)**	(2,433)

(b) *Contract balances*

The following table provides information about receivable and contract assets from contracts with customers.

	2021 AU$'000	2020 AU$'000
Trade receivables	**29,561**	21,311
Contract assets	**27,003**	13,387

The contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date on construction of structural, mechanical and piping installation works, hire contracts and Port & Marine rental of accommodation. The contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

No impairment was recognised for the period ended 30 June 2021 (30 June 2020: Nil).

Significant judgements are used to estimate total contract costs to complete. In making these estimates, management has relied on the expertise of surveying engineers and craftsmen to determine the progress of the construction and also on past experience of completed projects. The estimated total contract costs are reviewed every reporting period and adjusted where necessary, with the corresponding adjustment to profit margin being recognised prospectively from the date of change.

7 Other receivables and prepayments

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Current				
Prepayments	**2,487**	2,645	**169**	105
Deposits	**175**	186	**–**	1
Sundry receivables	**962**	1,880	**608**	654
Current income tax receivables	**172**	–	**151**	–
	3,796	4,711	**928**	760
Non-current				
Prepayment	**–**	864	**–**	–

8 Inventories

	Group	
	2021	2020
	AU$'000	AU$'000
Spares and consumables	**2,576**	3,880

Included in the inventories is an amount of approximately AU$1.3 million (2020: AU$1.4 million) fuel sold that is under a bill and hold arrangement.

Inventories pledged as security

At 30 June 2020, the Group pledged inventories, having a carrying amount of approximately AU$2.5 million to secure syndicated loan facilities granted to the Group. The security was released when the borrowings was fully repaid during the year. Refer to note 18 for details of the security.

9 Due from / (to) subsidiaries

Company	**Total due AU$'000**	**Impairment losses AU$'000**	**Total AU$'000**
2021			
Due from subsidiaries	**155**	**–**	**155**
Due to subsidiaries	**(19,034)**	**–**	**(19,034)**
2020			
Due from subsidiaries	200,900	(168,080)	32,820
Due to subsidiaries	(11,485)	–	(11,485)

(a) *Impairment losses*

	Company	
	2021	2020
	AU$'000	AU$'000
Beginning of financial year	**(168,080)**	(135,388)
Written back during the year due to capitalisation	**160,426**	–
Additional impairment losses recognised'	**–**	(33,619)
Currency translation movement	**7,654**	927
End of financial year	**–**	(168,080)

Both the receivables and payables bear interest at 5.0% (2020: 5.0%) per annum. There are no advances due from subsidiaries that are due for repayment within the next 12 months (2020: Nil). There are AU$19.0 million advances due to subsidiaries for which the Company does not have an unconditional right to defer settlement beyond 12 months from the balance sheet date (2020: AU$11.5 million).

During the year, the Company completed a loan capitalisation exercise in its subsidiary - Ezion Offshore Logistics Hub Pte Ltd ("EOLH"). The loan was capitalised with 2,000,000 ordinary shares issued by EOLH recorded as an investment in the subsidiary. The exercise resulted in a decrease of AU$31.1m in amounts due from subsidiaries. In addition, there have been minor movements associated with foreign currency translations since 30 June 2020 totaling AU$1.5m.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

10 Investments in subsidiaries

	Company	
	2021	2020
	AU$'000	AU$'000
Investments in subsidiaries	**90,604**	71,276

	Company	
	2021	2020
	AU$'000	AU$'000
Equity investment at cost		
Beginning of financial year	**71,276**	88,261
Increase in investment	**31,148**	–
Impairment loss	**(7,787)**	(16,381)
Currency translation movement	**(4,033)**	(604)
End of financial year	**90,604**	71,276

During the year, the Group completed a loan capitalisation exercise in its subsidiary - Ezion Offshore Logistics Hub Pte Ltd ("EOLH"). The loan was capitalised following 2,000,000 ordinary shares issued, which resulted in an increase of AU$31.1 million in investment. The investment in subsidiary was impaired based on the recoverable amount of the Group's Port and Marine CGU. As a result, an impairment of AU$7.8 million (2020 : AU$16.4 million) has been recognised against investments.

Name of entity	Principal activity	Country of incorporation / Principal place of business	Equity holding	
			2021	2020
			%	%
AusGroup Singapore Pte Ltd (2)	Engineering and service	Singapore	**100**	100
Modern Access Services Singapore Pte Ltd	Engineering and service	Singapore	**100**	100
AusGroup Companies Pty Ltd	Investment holding / property	Australia	**100**	100
AGC Industries Pty Ltd (3)	Engineering and service	Australia	**100**	100
Seagate Structural Engineering Pty Ltd	Property	Australia	**100**	100
MAS Australasia Pty Ltd (3)	Engineering and service	Australia	**100**	100
AusGroup Corporation Co., Ltd	Engineering and service	Thailand	**100**	100
Specialist People Pty Ltd	Labour supply	Australia	**100**	100
Resource People Pty Ltd	Labour supply	Australia	**100**	100
Ezion Offshore Logistics Hub Pte Ltd	Investment holding	Singapore	**100**	100
NT Port and Marine Pty Ltd (3)	Marine supply base and provision of ship chartering services	Australia	**100**	100

10 Investments in subsidiaries (continued)

Name of entity	Principal activity	Country of incorporation / Principal place of business	Equity holding 2021 %	2020 %
Teras Global Pte Ltd [1]	Chartering services	Singapore	**–**	100
Teras Australia Pty Ltd [1]	Ship management and provision of ship chartering services	Australia	**–**	100
Mechanical Access Services Australasia Sdn Bhd	Engineering and service	Malaysia	**100**	100
AusGroup People Pty Ltd	Labour supply	Australia	**100**	100
Access Australasia Sdn Bhd	Engineering and service	Malaysia	**100**	100
REC Maintenance and Construction Pty Ltd	Labour supply	Australia	**100**	100

(1) Company dissolved during the year.

(2) Subsequent to year end, the company has been dissolved.

(3) Significant foreign-incorporated subsidiaries.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

<u>Joint operations</u>

The Group holds 67% of the voting rights of its unincorporated operation between AGC Industries and Meisei Co Ltd, which operates in Australia. This operation is of strategic importance to the Group as it acts as a key contractor in one of the Group's customer contracts.

The joint venture agreements in relation to the AGC Industries and Meisei Co Ltd joint venture require unanimous consent from all parties for all relevant activities. The two parties own the assets and are jointly and severally liable for the liabilities incurred by the joint venture. This entity is therefore classified as a joint operation and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 2(c)(ii). The joint operations have been substantially completed in FY2019.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

11 Property, plant and equipment

Group	Freehold land AU$'000	Freehold buildings AU$'000	Leasehold land, buildings and infrastructure AU$'000	Plant & equipment AU$'000	Total AU$'000
Cost					
At 1 July 2019	2,593	7,462	151,954	73,999	236,008
Additions	–	–	159	561	720
Disposals	–	–	(225)	(4,708)	(4,933)
Effect of movements in exchange rates	–	–	–	(99)	(99)
At 30 June 2020	2,593	7,462	151,888	69,753	231,696
Additions	–	–	628	1,124	1,752
Disposals	–	–	(90)	(3,390)	(3,480)
Effect of movements in exchange rates	–	–	–	(791)	(791)
At 30 June 2021	2,593	7,462	152,426	66,696	229,177
Accumulated depreciation and impairment losses					
At 1 July 2019	(1,213)	(2,499)	(93,378)	(53,834)	(150,924)
Depreciation	–	(177)	(1,853)	(3,093)	(5,123)
)Disposals	–	–	204	4,128	4,332
Effect of movements in exchange rates	–	–	–	93	93
Impairment loss	–	–	(30,255)	–	(30,255)
At 30 June 2020	(1,213)	(2,676)	(125,282)	(52,706)	(181,877)
Depreciation	–	(177)	(1,253)	(2,627)	(4,057)
Disposals	–	–	77	2,762	2,839
Effect of movements in exchange rates	–	–	–	594	594
At 30 June 2021	(1,213)	(2,853)	(126,458)	(51,977)	(182,501)
Carrying amounts					
At 1 July 2019	1,380	4,963	58,576	20,165	85,084
At 30 June 2020	1,380	4,786	26,606	17,047	49,819
At 30 June 2021	1,380	4,609	25,968	14,719	46,676

(i) *Impairment loss*

During the year ended 30 June 2021, the Group recognised no additional impairment loss nor reversed any previously recognised impairment loss (2020: AU$30.2 million) with respect to property, plant and equipment. Refer to note 24 for further details.

At 30 June 2021, the carrying amount (net of impairment) of property, plant and equipment relating to the Port and Marine CGU amounted to AU$25.1 million (2020: AU$26.2 million).

(ii) *Non-current assets pledged as security*

At 30 June 2020, the Group has pledged freehold land and buildings, leasehold land and buildings and certain plant and equipment, having a carrying amount of approximately AU$49.8 million to secure syndicated loan facilities granted to the Group. The security was released when the borrowings was fully repaid during the year. Refer to note 18 for details of the security.

12 Leases

Leases as lessee (SFRS(I) 16)

The Group leases office premises, warehouse and factory facilities. The leases typically run for a period of 3 to 10 years, with an option to renew the lease after that date. Lease payments are renegotiated every five years to reflect market rentals.

The office premises, warehouse and factory leases were entered into many years ago as combined leases of land and buildings.

Information about leases for which the Group is a lessee is presented below.

Amount recognised in balance sheet

	Land and buildings	
	2021	2020
	AU$'000	AU$'000
Balance at 1 July	**13,795**	15,459
Depreciation charge for the year	**(2,736)**	(2,484)
Additions to right-of-use assets	**2,425**	820
Effect of movements in exchange rate	**(12)**	–
Balance at 30 June	**13,472**	13,795

Amounts recognised in profit or loss

	2021	2020
	AU$'000	AU$'000
Interest on lease liabilities	**1,086**	1,035
Expenses relating to short-term leases	**320**	847

Amounts recognised in statement of cash flows

	2021	2020
	AU$'000	AU$'000
Total cash outflow for leases	**3,503**	3,112

Extension options

Some property leases contain extension options exercisable by the Group up to one year before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement date whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant changes in circumstances within its control.

The Group has estimated that the potential future lease payments, should it exercise the extension option, would result in an increase in lease liability of AU$7.7 million.

Leases as lessor

The Group leases out its port area facility and staging area for wood chips pending shipment. All leases are classified as operating leases from a lessor perspective because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The Group received fixed monthly fee for the leasing out of the port area facility and staging area for wood chips pending shipment. Rental income recognised by the Group during 2021 was AU$0.1 million (2020: AU$0.4 million).

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

13 Goodwill

	Group	
	2021 AU$'000	2020 AU$'000
Beginning of financial year	**10,994**	10,994
End of financial year	**10,994**	10,994
Carrying value	**10,994**	10,994

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

	Group	
	2021 AU$'000	2020 AU$'000
Access services	**9,859**	9,859
Maintenance services	**528**	528
Projects	**607**	607
	10,994	10,994

The Group has assessed goodwill for impairment. Refer to note 24 for details of impairment assessments undertaken including details of key assumptions in those assessments.

14 Other intangible assets

Group	**Exclusive right to operate port facility AU$'000**	**Internally developed software and software licences AU$'000**	**Customer contracts, relationships acquired via business combinations AU$'000**	**Other intangible assets AU$'000**	**Total AU$'000**
2020					
Cost					
Beginning of financial year	93,523	13,867	5,369	1,232	113,991
Additions	–	553	68	–	621
End of financial year	93,523	14,420	5,437	1,232	114,612
Accumulated amortisation and impairment					
Beginning of financial year	(60,506)	(12,763)	(5,369)	(1,232)	(79,870)
Amortisation charge (note 25)	(799)	(384)	–	–	(1,183)
Impairment loss	(19,745)	–	–	–	(19,745)
End of financial year	(81,050)	(13,147)	(5,369)	(1,232)	(100,798)
Carrying value at 30 June 2020	12,473	1,273	68	–	13,814
Group					
2021					
Cost					
Beginning of financial year	**93,523**	**14,420**	**5,437**	**1,232**	**114,612**
Additions	**–**	**1,097**	**–**	**–**	**1,097**
End of financial year	**93,523**	**15,517**	**5,437**	**1,232**	**115,709**
Accumulated amortisation and impairment					
Beginning of financial year	**(81,050)**	**(13,147)**	**(5,369)**	**(1,232)**	**(100,798)**
Amortisation charge (note 25)	**(309)**	**(535)**	**–**	**–**	**(844)**
End of financial year	**(81,359)**	**(13,682)**	**(5,369)**	**(1,232)**	**(101,642)**
Carrying value at 30 June 2021	**12,164**	**1,835**	**68**	**–**	**14,067**

14 Other intangible assets (continued)

(i) *Impairment loss*

During the year ended 30 June 2021, the Group recognised no additional impairment loss nor reversed any previously recognised impairment loss (2020 : AU$19.7 million). Refer to note 24 for further details. At 30 June 2021, the carrying amount (net of impairment) of intangible assets relating to the Port and Marine CGU amounted to AU$12.2 million (2020: AU$12.5 million).

(ii) *Non-current assets pledged as security*

The exclusive right to operate port facility asset is pledged as security as part of the broader renegotiation of the Group's financing arrangement, as described in note 18.

15 Deferred income tax assets / (liabilities)

(i) *Deferred tax assets*

	Group	
	2021 AU$'000	2020 AU$'000
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**–**	1,396
Research and development tax credits	**13,774**	–
Provisions and payables	**1,750**	1,664
Others	**515**	1,584
	16,039	4,644
Set-off of deferred tax liabilities pursuant to set-off provisions	**(16,039)**	(4,644)
Net deferred tax assets	**–**	–

Movement in deferred tax assets	**Research and Development tax credits AU$'000**	**Property, plant and equipment** AU$'000	**Provisions and payables** AU$'000	**Others** AU$'000	**Total AU$'000**
At 1 July 2019	–	5,204	4,446	699	10,349
(Charged) / credited:					
- to profit or loss in income tax benefit (note 27)	–	(3,808)	(2,782)	885	(5,705)
At 30 June 2020	–	1,396	1,664	1,584	4,644
(Charged) / credited:					
- to profit or loss in income tax benefit (note 27)	13,774	(1,396)	86	(1,069)	11,395
At 30 June 2021	**13,774**	**–**	**1,750**	**515**	**16,039**

See note 15(iii) for disclosure of unrecognised deferred tax assets in these financial statements.

(ii) *Deferred tax liabilities*

	Group	
	2021 AU$'000	2020 AU$'000
Property, plant and equipment	**(12,846)**	–
Intangibles	**(3,649)**	(5,121)
Other	**(40)**	(150)
	(16,535)	(5,271)
Set-off of deferred tax assets pursuant to set-off provisions	**16,039**	4,644
Net deferred tax liabilities	**(496)**	(627)

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

15 Deferred income tax assets / (liabilities) (continued)

(ii) *Deferred tax liabilities*

Group	Property, plant and equipment AU$'000	Intangibles AU$'000	Other AU$'000	**Total AU$'000**
At 1 July 2019	–	(11,044)	(41)	(11,085)
(Charged)/credited				
- to profit or loss in income tax expense (note 27)	–	5,924	(109)	5,815
At 30 June 2020	–	(5,120)	(150)	(5,270)
	–	–	–	–
(Charged)/credited				
- to profit or loss in income tax expense (note 27)	(12,846)	1,472	110	(11,264)
At 30 June 2021	**(12,846)**	**(3,648)**	**(40)**	**(16,534)**

Deferred tax assets have not been recognised on the following potential tax benefits to the extent they are not expected to be utilised against deferred tax liabilities as a result of there not being sufficient certainty over the availability of future taxable profit against which to offset these balances.

(iii) *Deferred tax assets not recognised*

	Group	
	2021 AU$'000	2020 AU$'000
Unrecognised tax benefits from:		
Tax credits		
Unused tax credits for which no deferred tax asset has been recognised	**16,056**	38,714
Tax losses		
Tax losses for which no deferred tax asset has been recognised	**228**	14,823
Other deferred tax assets not recognised		
Other deductible temporary differences	**–**	23,528

During the current year, there was a debt forgiveness between Australian and Singaporean companies within the Group. The debt forgiveness resulted in a reduction of certain unrecognised deferred tax assets attributable to the Australian tax group.

16 Trade payables

	Group	
	2021 AU$'000	2020 AU$'000
Trade payables		
- Non-related parties	**7,578**	6,108

(i) *Provision for foreseeable contract losses*

	Group	
	2021 AU$'000	2020 AU$'000
Beginning of financial year	**–**	4,332
Utilisation of provision	**–**	(4,332)
End of financial year	**–**	–

17 Other payables

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Current				
Accrued expenses	**7,367**	3,969	**501**	447
Employee benefit accruals	**1,549**	2,040	**–**	–
Payroll tax and other statutory liabilities	**9,479**	4,773	**–**	–
Other payables	**5,446**	9,726	**255**	308
	23,841	20,508	**756**	755

18 Borrowings

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Current				
Secured loans	**–**	4,996	**–**	4,996
Insurance premium funding	**2,071**	2,218	**–**	–
Lease liabilities	**2,771**	1,853	**–**	–
	4,842	9,067	**–**	4,996
Non-current				
Multi currency notes	**39,282**	41,270	**39,282**	41,270
Loan from substantial shareholder (note 31(f))	**24,669**	26,481	**24,669**	26,481
Insurance premium funding	**27**	431	**–**	–
Lease liabilities	**11,426**	12,349	**–**	–
	75,404	80,531	**63,951**	67,751
Total borrowings (interest-bearing)	**80,246**	89,598	**63,951**	72,747

	Group	
	2021 AU$'000	2020 AU$'000
Secured borrowings:		
Multi currency notes	**39,282**	41,270
DBS Revolving Credit Facility	**–**	4,996
Total secured borrowings	**39,282**	46,266
Unsecured borrowings:		
Loan from substantial shareholder	**24,669**	26,481
Insurance premium funding	**2,098**	2,649
Lease liabilities	**14,197**	14,202
Total unsecured borrowings	**40,964**	43,332
Total borrowings	**80,246**	89,598

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

18 Borrowings (continued)

(a) *Loan and overdraft facilities*

Multi currency notes ("Notes")

The Notes (AU$39.3m) are a non-current liability and are secured.

The key terms of Notes are:

- maturity date is 3 December 2022; and
- interest will be paid monthly at a rate of 5% per annum from 3 December 2018, 6% per annum from 3 December 2019 and 7% per annum from 3 December 2020.

Revolving credit facility from DBS Bank Ltd

The Company fully repaid the revolving credit facility on 31 December 2020 which removed all prior facility covenant limits relating to Net Worth, Gearing and Secured Debt.

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

Loan from substantial shareholder

In June 2018, it was agreed with Ezion Holdings Limited ("Ezion") to reduce the interest rate from 5.0% to 2.0% per annum for a period of one year effective from 1 November 2017. The repayment date on the loan has been extended until after 31 October 2023 while the interest remained at 2% per annum.

As at 30 June 2021 the amount owing on the loan by the Company to Ezion was AU$24.7 million (30 June 2020: AU$26.5 million) and is unsecured.

(i) *Security pledged and financial covenants*

Security pledged

Multi currency 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.

DBS Bank Ltd

The carrying amounts of the Group's assets pledged as security for:

	Group	
	2021 **AU$'000**	2020 AU$'000
Bank facilities	–	155,920

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

- A deed of charge executed by AusGroup Companies Pty Ltd incorporating an all-monies charge over fixed deposit account maintained by AusGroup Companies Pty Ltd with DBS Bank Ltd for an amount not less than AU$1.6 million in June 2020.
- Existing fixed and floating charge over all the present and future assets of AusGroup Limited, AusGroup Singapore Pte Ltd, Modern Access Services Singapore Pte Ltd, AusGroup Companies Pty Ltd, AGC Industries Pty Ltd, Specialist People Pty Ltd and Resource People Pty Ltd.
- Existing deed of subordination, executed by Ezion Holdings Ltd and Ezion Offshore Logistics Hub Pte Ltd;
- Existing deed of subordination, executed by Ezion Holdings Ltd;
- Existing first legal mortgage over commercial property at 15 Beach Street, Kwinana beach, Western Australia.

18 Borrowings (continued)

(a) *Loan and overdraft facilities (continued)*

(i) *Security pledged and financial covenants (continued)*

Facility covenants

Multi currency notes

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.

(ii) *Loan and overdraft interest*

2021

Facilities	**Approved Amount**	**Effective interest rate**
Multi-currency Debt Issuance	SGD$40 million (AUD$39.6 million)	7% per annum from 3 December 2020
Insurance premium funding	AUD$3.5 million	flat interest rate of 3.85%

2020

Facilities	**Approved Amount**	**Effective interest rate**
Multi-currency Debt Issuance	SGD$40 million (AUD$41.9 million)	6% per annum from 3 December 2019 7% per annum from 3 December 2020
DBS Term Loan	SGD$10 million (AUD$10.5 million)	1 month SIBOR + 3.20%
DBS Revolving Credit Facility	AUD$12.2 million	1 month BBSW + 4%
Insurance premium funding	AUD$3.1 million	flat interest rate of 3.4%

(iii) *Lease liabilities*

Terms and debt repayment schedule

Terms and conditions of outstanding lease liabilities are as follows:

			2021	
Group	**Nominal interest rate**	**Year of maturity**	**Face value AU$'000**	**Carrying amount AU$'000**
Non-port related lease assets	6.25%	2022 - 2023	4,357	4,059
Port related lease assets	7.5%	2024 - 2060	26,415	10,138

			2020	
Group	**Nominal interest rate**	**Year of maturity**	**Face value AU$'000**	**Carrying amount AU$'000**
Non-port related lease assets	6.25%	2021 - 2023	3,931	3,572
Port related lease assets	7.5%	2024 - 2060	26,781	10,630

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

18 Borrowings (continued)

(b) *Reconciliation of movements of liabilities to cash flows arising from financing activities*

	Borrowings AU$'000	Insurance Funding AU$'000	Lease liabilities AU$'000	Total AU$'000
Balance at 1 July 2019	74,539	378	–	74,917
Recognition of lease liabilities on initial application of SFRS(I) 16	–	–	15,459	15,459
Repayment of borrowings / insurance funding	(10,169)	(8,819)	–	(18,988)
Proceeds from borrowings	7,500	–	–	7,500
Proceeds from insurance funding	–	11,090	–	11,090
Repayment of lease liabilities	–	–	(3,112)	(3,112)
Total changes from financing cash flows	**(2,669)**	**2,271**	**(3,112)**	**(3,510)**
Other changes				
The effect of changes in foreign exchange rates	499	–	–	499
New leases	–	–	820	820
Interest expense	128	–	1,035	1,163
Borrowing costs	250	–	–	250
Balance at 30 June 2020	**72,747**	**2,649**	**14,202**	**89,598**
Balance at 1 July 2020	72,747	2,649	14,202	89,598
Repayment of borrowings / insurance funding	(5,000)	(5,065)	–	(10,065)
Proceeds from insurance funding	–	5,378	–	5,378
Repayment of lease liabilities	–	–	(3,503)	(3,503)
Total changes from financing cash flows	**67,747**	**2,962**	**10,699**	**81,408**
Other changes				
Early termination of software funding	–	(864)	–	(864)
The effect of changes in foreign exchange rates	(4,521)	–	–	(4,521)
New leases	–	–	2,412	2,412
Interest expense	492	–	1,086	1,578
Borrowing costs	233	–	–	233
Balance at 30 June 2021	**63,951**	**2,098**	**14,197**	**80,246**

19 Accruals for other liabilities and charges

	Group	
	2021	2020
	AU$'000	AU$'000
Current		
Annual leave	**3,205**	1,965
Redundancy allowance/rostered day off/sick leave	**718**	527
Long service leave	**234**	172
Fringe benefit tax payable	**31**	1
	4,188	2,665
Non-current		
Long service leave	**532**	746

20 Share capital

	Group and Company	
	2021	2020
	AU$'000	AU$'000
Ordinary shares issued and fully paid:		
Beginning of financial year	**216,349**	216,349
Shares issued under the Company's employee share scheme	**410**	–
End of financial year	**216,759**	216,349

Ordinary shares have no par value. The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share at meetings of the Company.

	Group and Company	
	2021	2020
Number of issued shares:		
Opening balance	**3,048,230,431**	3,048,230,431
Shares issued under the Company's employee share scheme	**15,000,000**	–
Closing balance	**3,063,230,431**	3,048,230,431

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

21 Other reserves

	Group		Company	
	2021 AU$'000	2020 AU$'000	**2021 AU$'000**	2020 AU$'000
Other reserves:				
Capital reserve	**(163)**	(163)	**(163)**	(163)
Share based payment reserve	**5,663**	5,848	**5,663**	5,848
Foreign currency translation reserve	**18,592**	15,106	**26,531**	27,564
	24,092	20,791	**32,031**	33,249
Movements:				
Capital reserve:				
Beginning and end of financial year	**(163)**	(163)	**(163)**	(163)
Share based payment reserve:				
Beginning of financial year	**5,848**	5,438	**5,848**	5,438
Share based payment expense (note 30)	**225**	410	**225**	410
Share rights settled through transfer of ordinary share	**(410)**	–	**(410)**	–
At end of financial year	**5,663**	5,848	**5,663**	5,848
Foreign currency translation reserve:				
Beginning of financial year	**15,106**	18,907	**27,564**	27,918
Net currency translation difference arisen from dissolved entities transferred to profit and loss	**–**	(3,814)	**–**	–
Net currency translation difference of financial statements of foreign subsidiaries and the Company	**3,486**	13	**(1,033)**	(354)
At end of financial year	**18,592**	15,106	**26,531**	27,564

Share based payment reserve

AusGroup Employee Share Option Scheme 2007, AusGroup Share Option Scheme 2010, AusGroup Share Scheme 2010 and options issued to Ezion Holdings Limited and Eng Chiaw Koon have now expired. The Group currently has two schemes in operation (collectively referred to as "the schemes"):

(a) *Share options*

Share options were granted to non-executive directors, key management and employees under the AusGroup Employee Share Option Scheme ("ESOS") which became operative on 9 October 2019.

Since the commencement of the ESOS, no options were granted at a discount to the market price. Any granted options are exercisable after the first anniversary of the date of grant.

Once the options have vested, they are exercisable for a contractual option term of 10 years from the date at which the ESOS became operative. The options may be exercised in full or in part, on the payment of the exercise price. The persons to whom the options have been issued have no right to participate by virtue of the options in any share issue of any other company. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

As at 30 June 2021, no share options are to be issued under the option scheme.

21 Other reserves (continued)

(b) *Share Plan*

The AusGroup Performance Share Plan ("PSP") for employees of the Group (including any executive and non-executive director) and/or a subsidiary was approved by shareholders and adopted on 9 October 2019. The PSP is an integral and important component of the Group's new compensation scheme and is designed to reward and retain the Group's employees whose services and contributions are vital to the well-being and success of the Group.

The selection of a Participant and the number of Shares which are the subject of each Award granted to a Participant in accordance with the PSP shall be determined at the absolute discretion of the Plan Committee. The Plan Committee plans to exercise this discretion judiciously, taking into account criteria such as his/her rank, job performance, years of service and potential for further development, his/her contribution to the success and development of the Company and the extent of effort required to achieve the performance target within the performance period.

The PSP shall continue to be in force at the discretion of the Plan Committee, subject to a maximum period of 10 years from the date which the PSP became operative.

On 15 July 2020, the Company allotted and issued 15,000,000 ordinary shares in the capital of the Company to Shane Francis Kimpton, the Managing Director and Chief Executive Officer of the Company, under the PSP.

On 3 May 2021, 78,000,000 share awards pursuant to PSP were granted subject to certain performance conditions being met. However during the year, 6,000,000 share awards lapsed before being issued due to performance hurdles not being met.

22 Revenue

	Group	
	2021	2020
	AU$'000	AU$'000
Contract revenue	**185,036**	251,258
Sale of goods	**66**	175
Hire revenue	**6,883**	6,033
Port & Marine services	**3,075**	4,779
	195,060	262,245

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies:

Contract revenue

Nature of services	The Group provides construction services relating to structural, mechanical and piping installation works. The Group also provides maintenance services ranging from breakdown maintenance to shutdowns and sustaining capital works.
When revenue is recognised	Construction contracts (including labour hiring) qualify for over time revenue recognition as the constructed assets have no alternative use for the Group due to contractual restrictions, and the Group generally has enforceable rights to payment for performance completed to date. The stage of completion is assessed by reference to the contract costs incurred to date in proportion to the total estimated contract costs of each contract.
Significant payment terms	Progress billings to the customer are based on a payment schedule in the contract that is dependent on the achievement of specified construction milestones. If the value of the construction services rendered exceeds payments received from the customer, a contract asset is recognised.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

22 Revenue (continued)

Hire revenue

Nature of services	The Group provides hiring and installation of scaffolding equipment.
When revenue is recognised	Revenue is recognised over time after the equipment is delivered to the customers and the scaffolding assets are being utilised by the customers.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 business days. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

Port & Marine services

Nature of goods or services	The Group sells fuel and provides rental accommodation services.
When revenue is recognised	Revenue for sale of goods is recognised when goods are delivered to the customer and all criteria for acceptance have been satisfied. Revenue for rental services is recognised over the rental period of the accommodation.
Significant payment terms	Invoices are issued on a monthly basis and are payable within 30 business days. No element of financing is deemed present as the credit terms are consistent with market practice. Hence, no interest is charged to customers.

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer for a amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

(a) *Disaggregation of revenue from contracts with customers*

In the following table, revenue is disaggregated by timing of revenue recognition.

	2021	2020
	AU$'000	AU$'000
Timing of revenue recognition		
Products transferred at a point in time	**2,895**	4,954
Products and services transferred over time	**192,165**	257,291
	195,060	262,245

23 Other operating income

	Group	
	2021	2020
	AU$'000	AU$'000
Interest income	**66**	95
Profit on sale of property, plant and equipment	**33**	922
Net foreign exchange (loss)/income	**(8)**	(134)
Other income	**235**	537
Reversal of allowance for impairment of receivables	**659**	–
	985	1,420

24 Impairment of non-current assets

The Group performs its impairment testing for goodwill annually on 30 June. In addition, market conditions and operating performance are monitored for indications of impairment for all the Group's operating assets. Where an indication of impairment is identified, a formal impairment assessment is performed. The Group has not identified any indicators of impairment at 30 June 2021 after the Group's assessment on the recoverable value for Cash Generating Units (CGU) - please refer to the details below:

(a) *Impairment charges recognised in the financial statements*

The following table shows the impairment charges recognised in the financial statements as a result of these assessments:

Impairment of CGUs based on year end assessment	**Method**	**2021 Impairment charge AU$'000**	2020 Impairment charge AU$'000
Port and Marine - Property, plant and equipment	VIU	–	30,255
Port and Marine - Other intangible assets	VIU	–	19,745
Total		–	50,000
Impairment based on assessment of individual asset values	**Method**		
Fabrication and Manufacturing – Australia	VIU	–	–
Projects	VIU	–	–
Access Services	VIU	–	–
Maintenance Services	VIU	–	–
Corporate	VIU	–	–
Total		–	50,000

(i) *Material impairment assessment of CGUs for the current year*

Port and Marine

The valuation model uses an income-based approach and is based on the present value of expected cash flows in the business over the life of the right to operate the port held by the Group. The fair value measure was categorised as level 3 fair value based on the inputs in the valuation techniques used. In determining the valuation for the CGU for FY2021, an independent valuer was engaged by AusGroup Limited to provide a valuation report on the Port and Marine CGU. The report was prepared for use in the Group's financial reporting under Singapore Financial Reporting Standard 36 International Impairment of Assets SFRS(I) 1-36 or 'the Standard'). The Valuation Engagement was conducted in accordance with SFRS(I) 1-36.

The resultant valuation of the recoverable amount of the Port and Marine CGU is estimated to be in the range of $31.5 million to $52.0 million with a preferred value of $41.7 million. As the net carrying value of Property, plant and equipment and intangible assets deployed in the Port and Marine CGU falls within this reasonable range of recoverable amount adopted by the Group, the Group determined that no additional impairment loss or a reversal of previously recognised impairment losses was required during the year (2020: Impairment loss of $50 million). The carrying value of the CGU as at 30 June 2021 is $29.6 million (2020: $39.2 million).

Other Australian based CGUs

It has been determined there were no impairment triggers for the Australian Based CGUs for 2021. However, Access Services CGU was tested for impairment as it included goodwill which is tested annually. The recoverable amount of the Access Services CGU based on a VIU is estimated to be $32.2 million (2020: $32.2 million based on VIU). The carrying amount of the CGU as at 30 June 2021 was $31.1 million (2020: $30.4 million). No impairment has been recognised in the year (2020: $Nil).

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

24 Impairment of non-current assets (continued)

(b) *Key assumptions*

Impairment testing is an area involving significant management judgement. The calculation of recoverable amounts, particularly in relation to VIU models has required management to select appropriate assumptions in order to determine the most appropriate impairment result.

(i) *Key assumptions in Other Australian based CGUs*

The key assumptions used to determine the value in use for the relevant Australian based CGUs mentioned above where that CGU has either material goodwill or impairments recognised are based on a 12.14% pre-tax discount rate applied to cash flow projections (2020: 14.0%) and a growth rate of 2.25% (2020: 2.0%) (weighted average growth rate used to extrapolate cash flow beyond the initial forecast period based on management budgets of five years).

(ii) *Key assumptions in Port and Marine CGU*

In 2021 the recoverable amount has been determined on a VIU basis for the Port and Marine CGU, with the valuation principle based on the present value of future cash flows. The following sets out the key assumptions in the Port and Marine VIU model.

The operations included in the valuation model of the Port and Marine CGU are based on the activity of Port Melville related assets and the activity of the supply base located in Darwin. The business model used for the valuation of the CGU is based on marine fuel sales and woodchip sales, providing options for bulk fuel purchases (e.g. Defence Force and oil and gas operators - see Fuel Supply and Sales section) and also the use of the Port Melville industrial precinct and storage laydown facilities. Being an increasingly important part of the Indo-Pacific region in respect to economic and regional stability, the Department of Defence has increasing interest in the security of the Northern Territory creating growth opportunities for Port Melville.

Forecast revenue assumptions

Fuel Supply & Sales

During FY2021, the Port & Marine CGU has continued with deliveries of fuel to a diverse range of clients including Australian Commonwealth Government departments, commercial maritime transport industry, domestic market consumption and various NT Government departments and it has also provided services to the Tiwi Islands and vessels servicing NT waters such as port services and accommodation. These services will continue to expand to provide an alternative fuel supply and port service offering to Darwin Port, with the continuing focus to increase the CGU's footprint across the fuel supply market, targeting a market penetration of both the domestic fuel market on the Tiwi Islands and securing supply contracts with bulk fuel customers.

Marine Fuel storage has been a focus for the year with negotiations well advanced to secure storage of up to 25 million litres of fuel per annum allowing for the ease of purchase and sale activities and service fees with the diverse range of clients as mentioned in the previous paragraphs. In addition, the negotiation of fuel storage agreements with a number of customers is on-going and a key focus to provide an annuity type of revenue over multi-year contracts which would provide a significant financial benefit to the Port & Marine CGU.

Woodchips and Pine log sales

The other key source of revenue included in the Port & Marine CGU valuation is the revenue earned on the forestry product sales. There is significant resource on the Tiwi Islands to service this industry with development plans underway. Plantations in the Northern Territory are now transitioning into harvest age and as a result, sales are expected to increase. There are opportunities for additional downstream products to be produced and exported from the Tiwi Islands.

24 Impairment of non-current assets (continued)

(b) *Key assumptions (continued)*

(ii) *Key assumptions in Port and Marine CGU (continued)*

Other sales revenues (Oil and Gas exploration)

The key oil and gas development in the Bonaparte basin being the Barossa project valued at AU$3.6 billion reached its final investment decision point in March 2021. The other key source of revenue included in the Port & Marine CGU valuation is the revenue from expected/foreseeable contracts based on the current operations of Port Melville, ongoing discussions with potential customers as advised by management from Port Melville associated with the oil and gas exploration sector relating to the Barossa Project development. From this assessment tonnages and fuel assumptions through the port has been estimated, which form the basis of a view on total revenues. These revenues have then been risk adjusted according to the ability of Port Melville to secure them.

Other revenue (storage and laydown services)

Other revenue included in the model relates to similar revenue which may arise from future potential contracts and from laydown and storage rental to customers with operators in the defence, forestry and energy industries.

Discount rate

The discount rate applied to the valuation model was 8.7% (2020: 8.91%) post tax nominal. It was determined by calculating the most appropriate rate to apply to the forecast cash flows, after considering risk adjustments.

Other assumptions

In addition to revenue assumptions outlined in detail above, the following are also considered to have a significant impact on the resulting CGU valuation:

Area	Basis of assumption
Port tariff	The rates used in the valuation are based on the Group's current published tariff table. Historic data concerning annual increases in port tariff applied by other ports has been used in order to determine the inflation rate used in the calculation of model revenue in future years. The forecast tariff rates have been benchmarked against other ports.
Fuel Volumes	Fuel sales have been determined after research into the total NT / Darwin market volumes for prior years and factoring in expected growth after 2022 (base year for the model).
Fuel Sales	Prices have been based on an expected market margin to the cost of fuel purchase.
Fuel Prices (cost of purchase)	Historical prices have been based on the six parcels of fuel purchased to date, however future pricing is based on purchase of marine fuel administered under the fuel storage agreement for 25 million litres.
Costs	The costs used in the valuation model are consistent with the current operating costs required to operate the facilities at East Arm in Darwin and Port Melville and are deemed appropriate to operate the facilities in future years.
Capital expenditure ("Capex")	The level of Capex in the valuation model has been determined based on what is required to maintain a full service offering to support the business operations foreseen in the model.
Period of cash flows	The model has been based on the remaining term of the right to operate the port already held in the Group (terminates in 2059).
Cost inflation	Costs have been assumed to increase based on the consumer price index issued by the RBA.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

24 Impairment of non-current assets (continued)

(b) *Key assumptions (continued)*

(ii) *Key assumptions in Port and Marine CGU (continued)*

The valuation presented in the financial statements is therefore calculated based on a number of significant assumptions. The stated assumptions for the valuation have been determined in accordance with the following background and uncertainties concerning future activity:

- Estimates of revenue are partially dependent on securing contracts in relation to specific customer projects in all chosen market sectors including the oil and gas industries and in the newly developed target markets of potential marine fuel sales over the remaining 38-year asset life.
- Market penetration and market share criteria data is based on four years' of sales history and fuel purchases.
- Estimates of fuel volumes available in the market are determined by management's best estimates based on available market information.
- There are other ports, including Port Darwin, operating in the area which may take a different proportion of the market than projected, although projections of estimated revenue volume (which in turn is a key driver of other key model inputs such as estimated costs and capital expenditure) have taken into account the relative positions of these ports and therefore the risk in this area has been carefully considered.

(c) *Sensitivity of impairment models to changes in assumptions*

The current valuation includes assumptions in the Base Case that are considered to be conservative and therefore it would not be appropriate to sensitise this low end of the valuation range on the downside as it already reflects the value under the most conservative conditions. The following table sets out the upside sensitivity of the Group's results in relation to the Base Case and Upside Case changes in assumptions used in determining the recoverable value in relation to the Port and Marine and Access Services CGUs:

	Potential increase/(decrease) in VIU	
	2021	**2021**
	$'million	**$'million**
Port and Marine	**Base**	**Upside**
Discount rate increased by 1.0%	**(5.1)**	**(6.5)**
Discount rate decreased by 1.0%	**6.3**	**8.1**
Fuel purchase volume increased by 10%	**6.3**	**6.3**
Fuel purchase volume decreased by 10%	*****	**(6.3)**
Fuel purchase margin increases by 4%	**6.3**	**6.3**
Fuel purchase margin decreases by 4%	*****	**(5.5)**

* No downside sensitivity analysis was undertaken on the Base case as the Base Case represents the floor value of the CGU.

In addition, the recoverable amount of the Access Services CGU exceeds the carrying value at 30 June 2021 by AU$1.1 million (2020: AU$1.8 million). The Group has not identified any further reasonably possible changes for other key assumptions that could cause the carrying amount of the CGU to exceed its recoverable amount. The key sensitivities for the CGU are shown below:

	2021
Access Services	**$'million**
Discount rate increased by 1.0%	**(4.5)**
Discount rate decreased by 1.0%	**6.2**
Revenue growth decreased by 2%	**(5.0)**
Revenue growth increased by 2%	**9.5**

25 Profit/(loss) from operations

	Group	
	2021 AU$'000	2020 AU$'000
Profit / (loss) has been determined after charging:		
Materials (included in cost of sales)	**8,466**	12,940
Redundancy cost associated with the effects of COVID-19	**–**	1,946
Federal Government subsidy for Covid-19 relief		
Subsidy in cost of sales	**4,309**	2,058
Subsidy included in administrative expenses	**1,692**	612
Total Federal Government subsidy for Covid-19 relief	**6,001**	2,670
Depreciation of property, plant and equipment		
- included in cost of sales	**3,089**	3,499
- included in administrative expenses	**968**	1,624
Total depreciation charge (note 11)	**4,057**	5,123
Depreciation of right-to-use asset		
- included in cost of sales	**1,131**	832
- included in administrative expenses	**1,605**	1,652
Total depreciation charges (note 12)	**2,736**	2,484
Amortisation of other intangible assets		
- included in cost of sales	**309**	799
- included in administrative expenses	**535**	384
Total amortisation charge (note 14)	**844**	1,183
Employee compensation		
- included in cost of sales	**122,443**	137,972
- included in operating and administrative expenses	**16,829**	20,730
Total employee compensation (note 30)	**139,272**	158,702
Audit fees:		
Auditor of the Company (KPMG)	**124**	98
Other auditors (KPMG)	**347**	335
Non-audit fees:		
Other auditors (KPMG)*	**94**	6

*Fees of AU$94,000 were payable to KPMG relating to advisory work KPMG undertook in 2016 which was only billed by KPMG in the current financial year.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

26 Finance costs

	Group	
	2021	2020
	AU$'000	AU$'000
Note interest	**2,854**	2,684
Bank and other interest	**370**	765
Shareholder loan interest	**491**	124
Bank fees	**42**	138
Bank guarantee fees	**62**	251
Lease liabilities	**1,086**	1,035
Foreign exchange (gain) / loss on shareholder loan	**(781)**	794
	4,124	5,791

27 Income tax expense

	Group	
	2021	2020
	AU$'000	AU$'000
Income tax expense on continuing operations:		
Current tax expense	**211**	1,027
Deferred tax expense	**(131)**	(110)
Under provision of current tax in prior periods	**250**	–
	330	917
Deferred income tax expense/(benefit) included in income tax expense/ (benefit) comprises:		
(Increase)/Decrease in deferred tax assets (note 15)	**(11,395)**	5,705
Increase/(Decrease) in deferred tax liabilities (note 15)	**11,264**	(5,815)
	(131)	(110)

	Group	
	2021	2020
	AU$'000	AU$'000
Numerical reconciliation of income tax expense to prima facie tax payable:		
Profit / (loss) from continuing operations before income tax	**1,532**	(62,529)
Reconciliation		
Tax calculated at Australian tax rate of 30% (2020 : 30%)	**460**	(18,759)
Effect of tax rates in foreign jurisdictions	**505**	(297)
Tax effect of non-deductible expenses	**146**	1,034
Deferred tax asset not recognised :		
- current year tax losses	**–**	5,189
- previously unrecognised deferred tax assets now utilised	**(1,031)**	–
- other deferred tax assets	**–**	13,002
Non-recoverable withholding tax credits	**–**	748
Underprovision in prior years	**250**	–
	330	917

28 Earnings per share

The calculation of basic earnings per ordinary share is based on the Group's net profit attributable to equity holders of the Company divided by the weighted average number of ordinary shares outstanding during the financial year as follows:

	2021 Number of shares	2020 Number of shares
Issued and paid-up ordinary shares as at 30 June	**3,063,230,431**	3,048,230,431

	2021 AU$'000	2020 AU$'000
Profit / (loss) attributable to the owners of the Company:		
- from continuing operations	**1,202**	(63,446)
- from discontinued operation (refer note 29)	**–**	3,940
	1,202	(59,506)

(a) *Basic earnings per share*

	2021 Number of shares	2020 Number of shares
Weighted average number of ordinary shares on issue	**3,062,613,993**	3,048,230,431

	2021 Cents	2020 Cents
Basic earnings / (loss) per share (AU$ cents per share)		
- from continuing operations	**0.04**	(2.10)
- from discontinued operation	**0.00**	0.10
	0.04	(2.00)

(b) *Diluted earnings per share*

	Number of shares	Number of shares
Weighted average number of ordinary shares on issue	**3,062,613,993**	3,048,230,431
Adjustments for calculation of diluted earnings per share:		
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**3,062,613,993**	3,048,230,431

	2021 Cents	2020 Cents
Diluted earnings / (loss) per share (AU$ cents per share)		
- from continuing operations	**0.04**	(2.10)
- from discontinued operation	**0.00**	0.10
	0.04	(2.00)

Nil options (2020: Nil option) were included in the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. All options expired at 30 June 2019.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

29 Discontinued operation

(a) *Description*

In financial year 2020, the Company deregistered/struck off subsidiaries that were dormant and accordingly the financial results of those subsidiaries were classified as discontinued operations in accordance with SFRS(I) 5 Non-current Assets Held for Sale and Discontinued Operations. The results and cash flow information are presented below.

(b) *Results of discontinued operation*

	2021 AU$'000	2020 AU$'000
*Other operating income	–	3,814
Expenses	–	126
Profit before tax from discontinued operations	–	3,940
Net profit from discontinued operation	–	3,940

*The other operating income recognised in FY2020 comprises a transfer from foreign currency translation reserve to profit or loss as a result of dissolution of the subsidiaries.

Basic earnings per share (cents)	–	0.1
Diluted earnings per share (cents)	–	0.1

(c) *Cash flows from / (used in) discontinued operation*

	2021 AU$'000	2020 AU$'000
Cash flows from/ (used in) discontinued operations		
Net cash used in operating activities	–	(72)
Net cash generated from financing activities	–	49
Net cash used in discontinued operations	–	(23)

30 Employee compensation

	Group	
	2021 AU$'000	2020 AU$'000
Salaries and other short-term employee benefits	**127,988**	141,155
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**9,672**	11,002
Employee share option scheme expense (refer to note 21)	**225**	410
Termination benefits	**1,387**	6,135
Total employee compensation (note 25)	**139,272**	158,702

31 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sale of services*

	Group	
	2021 AU$'000	2020 AU$'000
Services provided by director of the Company, Eng Chiaw Koon under consultancy agreement with Ezion Holdings Limited	**–**	233

(b) *Purchases of goods and services*

	Group	
	30 June 2021 AU$'000	30 June 2020 AU$'000
Interest accrued on loan from Ezion Holdings Limited [(1)]	**492**	148
Management fee and reimbursement of expenses paid on behalf by Ezion Holdings Limited	**17**	19

(1) The transactions are done under commercial terms.

(c) *Key management personnel*

	Group	
	2021 AU$'000	2020 AU$'000
Salaries and other short-term employee benefits	**2,178**	2,466
Termination benefits	**210**	341
Employer's contribution to defined contribution plans including superannuation and Central Provident Fund	**110**	103
Employee share option scheme expense	**225**	132
	2,723	3,042

(d) *Outstanding balances arising from sales / purchases of goods and services in relation to transactions with related parties*

	Group	
	2021 AU$'000	2020 AU$'000
Current payable relating to service received from entities controlled by Ezion	**(269)**	(262)
Current payable relating to purchase of accommodation village from Aus Am Pte Ltd, a subsidiary of Charisma Energy Services Limited, whereby Ezion Holdings Limited has 40% interest	**(3,079)**	(6,560)

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

31 Related party transactions (continued)

(e) *Advances (from) / to subsidiaries*

Company **2021**	**Total due AU$'000**	**Provision for doubtful debts AU$'000**	**Total AU$'000**
Due from subsidiaries	**155**	–	**155**
Due to subsidiaries	**(19,034)**	–	**(19,034)**
2020			
Due from subsidiaries	200,900	(168,080)	32,820
Due to subsidiaries	(11,485)	–	(11,485)

(f) *Loan from substantial shareholder*

	Group and Company	
	2021 AU$'000	2020 AU$'000
Beginning of the year	**26,481**	25,726
Interest charged	**492**	148
Currency translation differences	**(2,304)**	607
End of the year (note 18)	**24,669**	26,481

The Group has an unsecured loan with Ezion, a substantial shareholder of the Company which is denominated in USD. The amount outstanding as at 30 June 2021 was US$18.5 million, equivalent to AU$24.7 million (2020: US$18.2 million, equivalent to AU$26.5 million). This loan accrues interest at 2.0% (2020: 2.0%) per annum capitalised to the loan balance. Repayment of the loan is due on 30 October 2023.

32 Segment information

The following summary describes the operations of each reportable segment.

Description of segments

Management has determined the operating segments based on the reports reviewed by the Senior Management Team that are used to make strategic decisions. The Senior Management Team has been identified as the chief operating decision maker and comprises the Chief Executive Officer, the Chief Financial Officer, the General Manager - Maintenance, the General Manager - Resources and the General Manager - Operations.

The Senior Management Team considers the business from both a business segment and geographic perspective. Management manages and monitors the business primarily based on business segment. Previously the operations of Fabrication and Manufacturing were further split geographically between Australia and Singapore. Inter-segment revenue transactions are performed on an arms-length basis and eliminated on consolidation. Other services included within the Group are investment holding and the provision of support services. The results of these operations are included in the "Corporate / Unallocated" column.

32 Segment information (continued)

The Senior Management Team assesses the performance of the operating segments based on a measure of earnings before interest, tax, depreciation, amortisation and impairment ("adjusted EBITDA").

Reportable Segments	Operations
Projects	Provides construction services include structural, mechanical, piping (SMP), painting, insulation and fireproofing (PIF) and engineering procurement and construction (EPC). Revenue from Projects segment is recognised in contract revenue.
Access Services	Provides access services include scaffolding, engineering and design, labour supply and stock control, logistics, transportation and rope services. Revenue from Access Services segment is recognised in contract revenue, sales of goods and hire revenue.
Fabrication and manufacturing	Provides turnkey solutions to the oil and gas sector through all phases of the asset life-cycle from exploration, construction, commissioning and operation through to maintenance and repair and decommissioning. Revenue from Fabrication and manufacturing segment is recognised in contract revenue. The Singapore segment is now discontinued (refer Note 29).
Maintenance Services	Provides preventative and breakdown maintenance services as well as shut down services and sustaining capital works. Revenue from the Maintenance Services segment is recognised in contract revenue.
Port & Marine Services	Provides a full range of support services to the local wood chipping business and the offshore oil and gas industry through the provision of diesel fuel, port laydown, logistics and transportation of high, wide and heavy cargoes to remote and environmentally sensitive locations. Revenue from Port & Marine Services segment is recognised in Port & Marine revenue.

(a) *Segment information provided to the Senior Management Team for the reportable segments for the year ended 30 June is as follows:*

Group 2021	Projects	Access Services	Fabrication & Manufacturing - Australia	Maintenance Services	Port & Marine Services	Corporate/ Unallocated	Total
	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000
TOTAL REVENUE							
Revenue from external customers	22,945	25,185	31,365	112,490	3,075	–	**195,060**
RESULTS							
Adjusted EBITDA	3,281	2,528	1,323	8,891	(277)	(2,302)	**13,444**
Depreciation and amortisation	(5)	(2,494)	(1,245)	–	(2,638)	(1,255)	**(7,637)**
Interest income	–	1	–	–	–	65	**66**
Interest expense	(1)	(67)	(117)	–	(3,503)	(436)	**(4,124)**
Impairment losses	(8)	(202)	–	–	–	(7)	**(217)**
Profit / (loss) before tax	3,267	(234)	(39)	8,891	(6,418)	(3,935)	**1,532**
ASSETS							
Total segment assets	**2,966**	**37,271**	**17,074**	**32,990**	**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							
Total segment liabilities	**650**	**4,605**	**3,703**	**9,262**	**17,014**	**81,647**	**116,881**

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

32 Segment information (continued)

(a) *Segment information provided to the Senior Management Team for the reportable segments for the year ended 30 June is as follows: (continued)*

Group 2020	Projects	Access Services	Fabrication & Manufacturing - Australia	Fabrication & Manufacturing - Singapore (Discontinued)	Maintenance Services	Port & Marine Services (including discontinued entities)	Corporate/ Unallocated	Total
	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000	AU$'000
TOTAL REVENUE								
Revenue from external customers	71,439	25,955	37,320	–	122,752	4,779	–	262,245
RESULTS								
Adjusted EBITDA	2,893	4,740	1,032	4,606	6,710	(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
Interest expense	(1)	(46)	(102)	–	–	(4,183)	(1,459)	(5,791)
Impairment losses	(10)	(484)	–	–	(322)	(50,049)	(35)	(50,900)
Profit / (loss) before tax	2,862	1,666	(100)	4,606	6,388	(59,658)	(14,353)	(58,589)
ASSETS								
Total segment assets	6,106	33,002	17,171	–	17,018	53,183	28,896	155,376
Additions to non-current assets (other than financial assets and deferred tax)	–	867	300	–	463	–	531	2,161
LIABILITIES								
Total segment liabilities	776	3,716	3,718	–	3,009	21,087	88,050	120,356

The Group's wholly-owned Australian entities have implemented the tax consolidation legislation. As a consequence, the Australian entities are taxed as a single entity and deferred tax assets and liabilities of these entities are set off in the consolidated financial statements. The deferred tax assets and liabilities relate to the tax consolidated group as a whole and are not treated as assets and liabilities belonging to the individual segments but as unallocated assets and liabilities.

(b) *Segment assets for reportable segments*

The amounts provided to the Senior Management Team with respect to total assets are measured in a manner consistent with the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Senior Management Team monitors the property, plant and equipment, intangible assets, inventories and receivables attributable to each segment.

Reportable segments' assets are reconciled to total assets as follows:

	Group	
	2021 AU$'000	2020 AU$'000
Segment assets for reportable segments	**140,435**	126,480
Cash and cash equivalents	**7,616**	21,566
Other receivables and prepayments	**4,069**	4,650
Property, plant and equipment	**2,754**	1,834
Intangible assets	**1,940**	846
	156,814	155,376

32 Segment information (continued)

(c) *Segment liabilities for reportable segments*

The amounts provided to the Senior Management Team with respect to total liabilities are measured in a manner consistent with the financial statements. For the purposes of monitoring segment performance and allocating resources between segments, the Senior Management Team monitors the trade payables, other payables, borrowings and accruals attributable to each segment.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	Group	
	2021 AU$'000	2020 AU$'000
Segment liabilities for reportable segments	**35,234**	32,306
Trade payables	**2,250**	1,531
Other payables	**6,725**	5,973
Borrowings	**66,049**	75,396
Accruals for other liabilities and charges	**3,311**	2,651
Deferred tax liabilities and current tax payable (including set off of deferred tax pursuant to set-off provisions)	**496**	731
Lease liabilities	**2,816**	1,768
	116,881	120,356

(d) *Other segment information*

	Revenue AU$'000	%	**Segment assets AU$'000**	%	**Non-current assets (Exclude deferred tax assets) AU$'000**	%
2021						
Australia	**192,845**	**98.9%**	**149,975**	**95.6%**	**82,049**	**96.3%**
Singapore	**905**	**0.5%**	**3,738**	**2.4%**	**2,916**	**3.4%**
Thailand	**1,310**	**0.7%**	**1,741**	**1.1%**	**244**	**0.3%**
Malaysia	**–**	**–%**	**1,360**	**0.9%**	**–**	**–%**
Total	**195,060**	**100.0%**	**156,814**	**100.0%**	**85,209**	**100.0%**
	–	–%	–	–%	–	–%
2020						
Australia	258,164	98.4%	149,272	96.0%	85,585	95.8%
Singapore	893	0.4%	3,741	2.4%	3,687	4.2%
Thailand	3,188	1.2%	813	0.6%	14	–%
Malaysia	–	–%	1,550	1.0%	–	–%
Total	262,245	100.0%	155,376	100.0%	89,286	100.0%

Major customer

Revenue from one customer of the Group's Maintenance Services segment represents approximate AU$127.2 million (2020: AU$135.8 million) of the Group's total revenues.

Notes to the Consolidated Financial Statements *CONTINUED*

For the financial year ended 30 June 2021

33 Events occurring after the reporting period

COVID-19 has led to volatile market conditions and the unknown longevity of the impacts stemming from this pandemic may have an impact on the Group in FY2022.

No further matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

34 Litigation and claims

The Group has the normal contractor's liability in relation to its current and completed contracts (for example, liability related to design, workmanship and damage), as well as liability for personal injury and property damage during a project. 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. The Group is currently managing a claim in relation to its contract.

Shareholdings Statistics

As at 17 September 2021

Class of equity securities	:	Ordinary share
No. of equity securities	:	3,063,230,431
No. of treasury shares	:	Nil
No. of subsidiary holdings	:	Nil
Voting rights	:	One vote per share

Analysis of Shareholdings

Range of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	12	0.16	397	0.00
100 – 1,000	139	1.82	118,547	0.01
1,001 - 10,000	2,386	31.27	17,264,412	0.56
10,001 - 1,000,000	4,923	64.52	643,622,963	21.01
1,000,001 and above	170	2.23	2,402,224,112	78.42
	7,630	100.00	3,063,230,431	100.00

Top 20 Shareholders

No.	Name of Shareholders	No. of Shares	%
1	DBS Nominees Pte Ltd	709,262,520	23.15
2	Raffles Nominees(Pte) Limited	593,810,612	19.39
3	Ezion Holdings Limited	409,232,604	13.36
4	Poh Boon Kher Melvin (Fu Wenke Melvin)	100,000,000	3.26
5	Phillip Securities Pte Ltd	31,094,800	1.02
6	Citibank Nominee Singapore Pte Ltd	25,299,759	0.83
7	Barry Alfred Carson and Jennifer Margaret Carson	20,651,518	0.67
8	IFast Financial Pte Ltd	20,598,050	0.67
9	Maybank Kim Eng Securities Pte Ltd	19,640,610	0.64
10	Gea Ban Guan	18,300,000	0.60
11	Shane Francis Kimpton	15,000,000	0.49
12	United Overseas Bank Nominees Pte Ltd	14,543,914	0.47
13	Ng Kim Choon	14,336,400	0.47
14	UOB Kay Hian Pte Ltd	14,240,900	0.46
15	Ip Yuen Kwong	14,000,000	0.46
16	Ang Ah Lek @ An Ah Lek	10,000,000	0.33
17	OCBC Nominees Singapore Pte Ltd	9,124,300	0.30
18	Suharni Binte Ahmad	9,000,000	0.29
19	OCBC Securities Pte Ltd	8,805,400	0.29
20	Lim Ah Kaw @ Lim Lan Ching	7,022,000	0.23
		2,063,963,387	67.38

Shareholdings Statistics *CONTINUED*

As at 17 September 2021

Shareholdings Held in Hands of Public

Based on information available to the Company and to the best knowledge of the Company as at 17 September 2021, approximately 48.19% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by SGX-ST is complied with.

There are no treasury shares and subsidiary holdings held in the issued capital of the Company.

Substantial Shareholders

(As recorded in the Register of Substantial Shareholders as at 17 September 2021)

Names of Substantial Shareholders	No. of shares in which shareholders have a direct interest	%	No. of shares in which shareholders are deemed to have an interest	%
Ezion Holdings Limited	409,232,604	13.36	–	–
Bernard Toh Bee Yong [1]	356,093,525	11.62	–	–
Poh Boon Kher Melvin [2]	299,799,712	9.79	–	–
Asdew Acquisitions Pte. Ltd.	522,076,974	17.04	–	–
Wang Yu Huei [3]	–	–	522,076,974	17.04

Notes:

(1) 156,093,525 shares of the total number of shares held by Bernard Toh Bee Yong are registered in the name of DBS Nominees Pte Ltd.

(2) 199,799,712 shares of the total number of shares held by Poh Boon Kher Melvin are registered in the name of DBS Nominees Pte Ltd.

(3) Wang Yu Huei is a majority shareholder and director of Asdew Acquisitions Pte. Ltd. and is therefore deemed to have interest in the shares held by Asdew Acquisitions Pte. Ltd. by virtue of the provisions of Section 4 of the Securities and Futures Act (Chapter 289) of Singapore.

Company Information

Board of Directors
Mr Wu Yu Liang
Independent Director and Non-Executive Chairman

Mr Shane Francis Kimpton
Managing Director and Chief Executive Officer

Mr Eng Chiaw Koon
Non-Independent and Non-Executive Director

Mr Chew Heng Ching
Independent Non-Executive Director

Ms Ooi Chee Kar
Independent Non-Executive Director

Mr Melvin Poh Boon Kher
Non-Independent and Non-Executive Director

Mr Wang Yu Huei
Non-Independent and Non-Executive Director

Mr Toh Shi Jie
Non-Independent and Non-Executive Director

Audit Committee
Ms Ooi Chee Kar (Chair)
Mr Wu Yu Liang
Mr Chew Heng Ching

Nominating Committee
Mr Chew Heng Ching (Chair)
Ms Ooi Chee Kar
Mr Wu Yu Liang

Remuneration and Human Capital Committee
Mr Chew Heng Ching (Chair)
Mr Wu Yu Liang
Ms Ooi Chee Kar

Company Secretary
Mr Chin Bo Wui

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438B Alexandra Road #05-08/09
Alexandra Technopark
Singapore 119968
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F +65 6222 7848
E info@ausgroupltd.com

Share Registrar and Share Transfer Office
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Company Registration Number
200413014R

Website
www.ausgroupltd.com

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West Perth Western Australia 6005
Australia
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F +61 8 6210 4501
E info@ausgroupltd.com

Auditors
KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-Charge: Chiang Yong Torng
Date of Appointment: 17 May 2016

Internal Auditors
Deloitte Touche Tohmatsu
Tower 2, Brookfield Place
123 St Georges Terrace
Perth, Western Australia 6000
Australia

Solicitors
Morgan Lewis Stamford LLC
10 Collyer Quay
#27-00 Ocean Financial Centre
Singapore 049315

Bankers
DBS Bank Ltd
12 Marina Boulevard
Level 46, DBS Asia Central @ Marina Bay Financial
Centre Tower 3
Singapore 018982

AusGroup

Specialist Fabrication

Mechanical

Industrial Insulation

Painting and Fireproofing

Electrical and Instrumentation

Access

Specialist Welding

Fuel Supply

Vessel Services

Industrial Precinct & Laydown

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