



**CIVMEC LIMITED**

(Company Registration No: 201011837H)

**CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE  
SIX MONTHS ENDED 31 DECEMBER 2021**

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**A. Condensed interim consolidated statement of profit or loss and other comprehensive income**

	<u>Note</u>	<u>Group</u>	
		<u>6 months ended</u>	
		<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
		<u>A\$'000</u>	<u>A\$'000</u>
Sales revenue	4	389,353	305,699
Cost of sales		(347,144)	(271,181)
Gross profit		42,209	34,518
Other income	5	1,011	1,828
Administrative expenses		(9,186)	(9,220)
Other expenses		(122)	(1,745)
Finance costs		(3,356)	(3,470)
Profit before income tax	5	30,556	21,911
Income tax expense	7	(7,962)	(6,889)
Profit for the period		22,594	15,022
Profit attributable to:			
Owners of the Company		22,594	15,048
Non-controlling interest		-	(26)
		22,594	15,022
Total comprehensive income attributable to:			
Owners of the Company		22,594	15,048
Non-controlling interest		-	(26)
		22,594	15,022
Earnings per share attributable to equity holders of the Company (cents per share):			
- Basic	8	4.50	3.00
- Diluted	8	4.50	3.00

**B. Condensed interim statements of financial position**

	Note	Group		Company	
		As at	As at	As at	As at
		<u>31 Dec 2021</u>	<u>30 Jun 2021</u>	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
		A\$'000	A\$'000	A\$'000	A\$'000
<b>ASSET</b>					
<b>Current assets</b>					
Cash and cash equivalents		39,134	48,172	60	28
Trade and other receivables		85,243	87,488	36,402	50,481
Contract assets		103,949	82,642	-	-
Other current assets		6,969	1,903	21	-
		<u>235,295</u>	<u>220,205</u>	<u>36,483</u>	<u>50,509</u>
<b>Non-current assets</b>					
Investment in subsidiaries		-	-	7,579	7,579
Investment in joint ventures		4	57	-	-
Property, plant and equipment		411,187	412,030	-	-
Intangible assets		10	10	-	-
Deferred tax assets		4,812	4,637	26	260
		<u>416,013</u>	<u>416,734</u>	<u>7,605</u>	<u>7,839</u>
<b>TOTAL ASSETS</b>		<u>651,308</u>	<u>636,939</u>	<u>44,088</u>	<u>58,348</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Trade and other payables		105,938	87,413	142	192
Contract liabilities		45,017	80,138	-	-
Lease liabilities		11,762	10,385	-	-
Borrowings	11	34,008	-	-	-
Income tax payable		5,321	14,978	5,321	17,835
Provisions		8,847	8,950	-	-
		<u>210,893</u>	<u>201,864</u>	<u>5,463</u>	<u>18,027</u>
<b>Non-current liabilities</b>					
Lease liabilities		42,751	44,372	-	-
Borrowings	11	50,000	60,000	-	-
Provisions		4,774	4,429	-	-
Deferred tax liabilities		32,716	34,406	-	-
		<u>130,241</u>	<u>143,207</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>		<u>341,134</u>	<u>345,071</u>	<u>5,463</u>	<u>18,027</u>
<b>Capital and Reserves</b>					
Share capital	12	29,807	29,807	29,807	29,807
Treasury shares		(10)	(10)	(10)	(10)
Asset revaluation reserve		80,358	80,358	-	-
Other reserves		10,871	10,135	7,259	6,523
Retained earnings		189,406	171,836	1,569	4,001
<b>Total equity attributable to the Owners of the Company</b>		<u>310,432</u>	<u>292,126</u>	<u>38,625</u>	<u>40,321</u>
Non-controlling interest		(258)	(258)	-	-
<b>TOTAL EQUITY</b>		<u>310,174</u>	<u>291,868</u>	<u>38,625</u>	<u>40,321</u>
<b>TOTAL LIABILITIES AND EQUITY</b>		<u>651,308</u>	<u>636,939</u>	<u>44,088</u>	<u>58,348</u>

**C. Condensed interim statements of changes in equity**

GROUP	Share capital A\$'000	Treasury shares A\$'000	Asset revaluation reserve A\$'000	Merger reserve A\$'000	← Other reserves →		Retained earnings A\$'000	Total A\$'000	Non- controlling interest A\$'000	Total A\$'000
					Equity- settled employee benefits reserve A\$'000	Other reserves A\$'000				
Balance as at 1 July 2021	29,807	(10)	80,358	7,578	2,280	277	171,836	292,126	(258)	291,868
Profit for the period	-	-	-	-	-	-	22,594	22,594	-	22,594
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	22,594	22,594	-	22,594
Share based payment	-	-	-	-	736	-	-	736	-	736
Dividends paid	-	-	-	-	-	-	(5,024)	(5,024)	-	(5,024)
Balance as at 31 December 2021	29,807	(10)	80,358	7,578	3,016	277	189,406	310,432	(258)	310,174
Balance as at 1 July 2020	29,807	(10)	78,487	7,578	240	-	147,086	263,188	(115)	263,073
Profit for the period	-	-	-	-	-	-	15,048	15,048	(26)	15,022
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	15,048	15,048	(26)	15,022
Adjustment on asset revaluation reserve	-	-	309	-	-	-	107	416	-	416
Share based payment	-	-	-	-	742	-	-	742	-	742
Dividends paid	-	-	-	-	-	-	(5,010)	(5,010)	-	(5,010)
Balance as at 31 December 2020	29,807	(10)	78,796	7,578	982	-	157,231	274,384	(141)	274,243

**C. Condensed interim statements of changes in equity (cont'd)**

COMPANY	Share capital	Treasury	Merger	Other reserves	Other	Retained	Total
	A\$'000	shares	reserve	Equity-settled	reserves	earnings	A\$'000
	A\$'000	A\$'000	A\$'000	employee	A\$'000	A\$'000	A\$'000
				benefits			
				reserve			
				A\$'000			
Balance as at 1 July 2021	29,807	(10)	7,578	2,280	(3,335)	4,001	40,321
Profit for the period	-	-	-	-	-	2,592	2,592
Other comprehensive income for the period:	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	2,592	2,592
Share based payment	-	-	-	736	-	-	736
Dividends paid	-	-	-	-	-	(5,024)	(5,024)
Balance as at 31 December 2021	29,807	(10)	7,578	3,016	(3,335)	1,569	38,625
Balance as at 1 July 2020	29,807	(10)	7,578	240	(3,335)	10,014	44,294
Profit for the period	-	-	-	-	-	2,523	2,523
Other comprehensive income for the period:	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	2,523	2,523
Share based payment	-	-	-	742	-	-	742
Dividends paid	-	-	-	-	-	(5,010)	(5,010)
Balance as at 31 December 2020	29,807	(10)	7,578	982	(3,335)	7,527	42,549

**D. Condensed interim consolidated statement of cash flows**

	<u>Note</u>	<u>Group</u>	
		<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
		<u>A\$'000</u>	<u>A\$'000</u>
<b>Cash Flows from Operating Activities</b>			
Profit before income tax		30,556	21,911
Adjustment for:			
Depreciation of property, plant and equipment	5	7,810	7,505
Gain on disposal of property, plant and equipment		(125)	(84)
Share of loss of a joint venture		1	93
Impairment loss on loan to an associate		108	99
Trade receivables written off		37	1,646
Finance cost		4,887	4,888
Interest income		(117)	(120)
Share based payment		736	742
Foreign exchange differences		89	(56)
Operating cash flow before working capital changes		43,982	36,624
Changes in working capital:			
(Increase)/decrease in trade and other receivables		2,100	(8,092)
(Increase)/decrease in contract assets		(21,306)	15,362
(Increase)/decrease in other current assets		(5,066)	(1,475)
Increase/(decrease) in trade and other payables		18,459	(4,245)
Increase/(decrease) in contract liabilities		(35,121)	(4,308)
Increase/(decrease) in provisions		241	1,313
Cash generated from operations		3,289	35,179
Interest received		9	23
Finance cost paid		(4,535)	(3,470)
Income taxes paid		(19,392)	(3,087)
Net cash (used in)/generated from operating activities		(20,629)	28,645
<b>Cash Flows from Investing Activities</b>			
Proceeds from sale of property, plant and equipment		226	165
Purchase of property, plant and equipment		(3,967)	(6,996)
Repayment of loan to a joint venture		-	493
Cash distribution from joint venture		52	89
Net cash (used in)/ generated from investing activities		(3,689)	(6,249)
<b>Cash Flows from Financing Activities</b>			
Proceeds from borrowings		86,008	1,574
Repayment of borrowings		(62,000)	(1,421)
Repayment of principal lease liabilities		(3,710)	(3,229)
Dividends paid		(5,018)	(5,010)
Net cash (used in)/generated from financing activities		15,280	(8,086)
Net (decrease)/increase in cash and cash equivalents		(9,038)	14,310
Cash and cash equivalents at the beginning of the period		48,172	27,712
Cash and cash equivalents at the end of the period		39,134	42,022

## E. Notes to the condensed interim consolidated financial statements

### 1 Company information

Civmec Limited (the “Company”) is incorporated and domiciled in Singapore and its shares are publicly traded on the Singapore Exchange and the Australian Stock Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group). The primary activity of the Company is that of an investment holding company.

The principal activities of the Group include heavy engineering, shipbuilding, modularisation, SMP (structural, mechanical, piping), EIC (electrical, instrumentation and control), precast concrete, site civil works, industrial insulation, maintenance, surface treatment, refractory and access solutions.

### 2 Basis of Preparation

The condensed interim financial statements for the six months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2021.

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

The financial statements are presented in Australia dollars (AUD or A\$), which is the functional currency of the Company. All financial information presented in Australia dollars have been rounded to the nearest thousand, unless otherwise stated.

#### 2.1 New and amended standards adopted by the Group

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

#### 2.2 Use of judgements and estimates

The preparation of the interim condensed consolidated financial statements requires management to make judgements, estimates and assumption that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2021.



**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2.2 Use of judgements and estimates (cont'd)**

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

(a) Critical Judgements in applying the Group's Accounting Policies

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

*Impairment of trade and other receivables and contract assets*

The Group applies the simplified approach to provide for the ECL ("Expected Credit Losses") for all trade receivables and contract assets at an amount equal to the lifetime ECL. 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 considering both quantitative and qualitative information and analysis. Factors considered in individual assessment are geographical regions, payment history, past due status and term.

*Construction contract revenue*

Construction contract revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method"). Costs incurred that are not related to the contract or that do not contribute towards satisfying a performance obligation ("PO") are excluded from the measure of progress and instead are expensed as incurred.

Construction contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work to the extent that is highly probable that a significant reversal in the amount of the cumulative revenue will not occur.

In estimating the variable consideration for contract revenue, the Group uses the expected value amount method to estimate the transaction price. The expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. Management has relied on historical experience and the work of experts, analysed by customers and nature of scope of work, from prior years.

Management has exercised judgement in applying the constraint on the estimated variable consideration that can be included in the transaction price. For variations claims, management has determined that a portion of the estimated variable consideration is subject to the constraint as, based on past experience with the customers, it is highly probable that a significant reversal in the cumulative amount of revenue recognised will occur, and therefore will not be recognised as revenue.

**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2.2 Use of judgements and estimates (cont'd)**

(a) Critical Judgements in applying the Group's Accounting Policies (cont'd)

*Legal proceedings*

The Group is exposed to the risk of claims and litigation which can arise for various reasons, including changes in scope of work, delay and disputes etc. Given the nature of the business, variation orders, additional works and prolongation costs are common. As some of these items could be subjective and hence contentious in nature, the Group may from time to time be involved in adjudication or legal processes.

In making its judgment as to whether it is probable that any such adjudication decisions or litigation will result in a liability and whether any such liability can be measured reliably, management relies on past experience and the opinion of legal advisors and technical experts.

In making that overall judgment, management has included in its consideration the likely outcome of the claims. Although an adverse outcome of those claims could have a material adverse impact on the financial position of the Group, management have taken the view that such a material adverse outcome is very unlikely.

*Impairment of property, plant and equipment*

The Group assesses impairment of property, plant and equipment at each year end by evaluating conditions specific to the Group that may lead to impairment of assets. Adjustments will be made when considered necessary.

Impairment assessment of property, plant and equipment includes considering certain indications such as significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant under performance relative to the expected historical or future operating results and significant negative industry or economic trends.

*Determination of the lease term*

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease term is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects the assessment, and that is within the control of the lessee. For leases of the leasehold land and buildings, the following factors are normally the most relevant:

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2.2 Use of judgements and estimates (cont'd)**

(a) Critical Judgements in applying the Group's Accounting Policies (cont'd)

*Valuation of freehold land and buildings*

The Group carries its freehold land and building at fair values which are determined by an independent real estate valuation expert using the highest-and-best use approach which is generally the sales comparison approach (i.e. the basis of market value). In arriving at the valuation figure, the valuer has taken into consideration the prevailing market conditions and differences between the freehold land and building and the comparables in terms of location, tenure, size, shape, design and layout, age and condition of the building, dates of transactions and other factors affecting their values. The most significant inputs in this valuation approach are the selling price per square meter and the usage of the property. The estimates are based on local market conditions existing at the reporting date.

Fair values of buildings with no available market information are determined by the independent real estate valuation expert using the depreciated replacement cost method, which involves estimating the current replacement cost of the buildings and from which deductions are made to allow for depreciation due to age, condition and functional obsolescence. The replacement cost is then added to the land value to derive the fair value. The land value is determined based on the direct comparison method with transactions of comparable plots of land within the vicinity and elsewhere. In arriving at the valuation figure, the valuation expert has taken into consideration the prevailing market condition and differences between the freehold land and buildings and the comparable in terms of location, tenure, size, shape, design and layout, age and condition, dates of transactions and other factors affecting their values. The most significant inputs into this valuation approach are the estimated construction costs, depreciation rates and developer profit margin.

(b) Key Sources of Estimation Uncertainty

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

*Estimation of total contract costs for construction contracts*

The Group has significant ongoing construction contracts as at 31 December 2021 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

Management has to estimate the total contract costs to complete, which are used in the input method to determine the Group's recognition of construction revenue. When it is probable that the total contract costs will exceed the total construction revenue, a provision for onerous contracts is recognised immediately.

Significant assumptions are used to estimate the total contract sum and the total contract costs which affect the accuracy of revenue recognition based on the percentage-of-completion and completeness of provision for onerous contracts recognised. In making these estimates, management has relied on past experience and the work of specialists.

The Group includes incremental costs of fulfilling the contracts which are the cost of materials and labour required to construct the projects. In estimating the forecast costs, the management exercised judgement in considering costs that relate directly to the contracts.

**E. Notes to the condensed interim consolidated financial statements (cont'd)**

**2 Basis of Preparation (cont'd)**

**2.2 Use of judgements and estimates (cont'd)**

(b) Key Sources of Estimation Uncertainty (cont'd)

*Estimation of useful lives of property, plant and equipment*

The useful lives of assets have been based on historical experience, lease terms and best available information for similar items in the industry. These estimations will affect the depreciation expense recognised in the financial year. There is no change in the estimated useful lives of plant and equipment during the current financial period.

*Income taxes*

The Group has exposure to income taxes of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises receivables or liabilities on expected tax issues based on their best estimates of the likely taxes recoverable or due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax positions in the period in which such determination is made.

*Coronavirus (COVID-19) pandemic*

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

**3 Seasonal operations**

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

**4 Segment and revenue information**

The Group is organised into the following main business segments:

- Energy
- Resources
- Infrastructure and Defence

Although the Operations Management receives separate reports for each project in the Energy, Resources, and Infrastructure and Defence businesses, these have been aggregated into the respective reportable segments as they have similar long-term average gross margins.

#### 4 Segment and revenue information (cont'd)

##### 4.1 Reportable segments

	Consolidated 6 months ended 31 December 2021				Consolidated 6 months ended 31 December 2020			
	Energy	Resources	Infra- Structure and Defence	Total	Energy	Resources	Infra- Structure and Defence	Total
Revenue – external sales	25,229	297,075	67,049	389,353	14,198	254,212	37,289	305,699
Cost of sales (excluding depreciation)	(22,297)	(258,158)	(58,997)	(339,452)	(12,116)	(220,650)	(31,016)	(263,782)
Depreciation expense	(555)	(5,661)	(1,476)	(7,692)	(647)	(3,935)	(2,817)	(7,399)
<b>Segment results</b>	<b>2,377</b>	<b>33,256</b>	<b>6,576</b>	<b>42,209</b>	<b>1,435</b>	<b>29,627</b>	<b>3,456</b>	<b>34,518</b>
Other income				1,011				1,828
Administrative expenses*				(9,071)				(9,114)
Depreciation expense*				(115)				(106)
Other expenses				(122)				(1,745)
Finance costs				(3,356)				(3,470)
Profit before income tax				30,556				21,911
Income tax expense				(7,962)				(6,889)
<b>Net profit for the period</b>				<b>22,594</b>				<b>15,022</b>
				As at 31 Dec 2021				As at 30 Jun 2021
<b>Segment assets:</b>								
Intangible assets	-	10	-	10	-	10	-	10
Unallocated assets:								
Assets				639,517				630,389
Other current assets				6,969				1,903
Deferred tax assets				4,812				4,637
<b>Total assets</b>				<b>651,308</b>				<b>636,939</b>
<b>Segment liabilities:</b>								
Unallocated liabilities								
Liabilities				243,505				271,692
Borrowings				84,008				60,000
Provisions				13,621				13,379
<b>Total liabilities</b>				<b>341,134</b>				<b>345,071</b>

\*Administrative expenses above exclude depreciation which is disclosed separately above.

#### 4 Segment and revenue information (cont'd)

##### 4.2 Disaggregation of revenue

	Consolidated 6 months ended 31 December 2021				Consolidated 6 months ended 31 December 2020			
	Energy	Resources	Infra- Structure and Defence	Total	Energy	Resources	Infra- Structure and Defence	Total
Types of goods or services:								
Construction contract	24,293	192,054	66,482	282,829	13,246	228,688	37,156	279,090
Rendering of services	936	104,469	567	105,972	952	25,156	133	26,241
Sales of goods	-	552	-	552	-	368	-	368
<b>Total revenue</b>	<b>25,229</b>	<b>297,075</b>	<b>67,049</b>	<b>389,353</b>	<b>14,198</b>	<b>254,212</b>	<b>37,289</b>	<b>305,699</b>
Timing of revenue recognition:								
At a point in time	-	552	567	1,119	-	368	-	368
Over time	25,229	296,523	66,482	388,234	14,198	253,844	37,289	305,331
<b>Total revenue</b>	<b>25,229</b>	<b>297,075</b>	<b>67,049</b>	<b>389,353</b>	<b>14,198</b>	<b>254,212</b>	<b>37,289</b>	<b>305,699</b>
Geographical information:								
Australia	25,229	297,075	67,049	389,353	14,198	254,212	37,289	305,699

#### 5 Profit before taxation

##### 5.1 Significant items

	Group 6 months ended	
	31 Dec 2021 A\$'000	31 Dec 2020 A\$'000
<u>Other income</u>		
Gain on disposal of property, plant and equipment	125	84
Insurance recoveries	587	1,541
Interest income	117	121
Share of loss of a joint venture	(1)	(93)
Sundry revenue	183	175
	<b>1,011</b>	<b>1,828</b>
<u>Depreciation expenses</u>		
Included in Cost of sales	7,692	7,399
Included in Administrative expenses	118	106
	<b>7,810</b>	<b>7,505</b>

**5 Profit before taxation (cont'd)**

**5.1 Significant items (cont'd)**

	<u>Group</u>	
	6 months ended	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
<u>Finance cost</u>		
Bank bills and line fees	535	796
Trade finances	23	-
Lease liabilities	401	546
Secured notes	2,350	2,100
Other finance costs	47	28
	<u>3,356</u>	<u>3,470</u>
Included in cost of sales:		
Lease liabilities	<u>1,531</u>	<u>1,418</u>
<u>Other expenses</u>		
Impairment loss on loan to an associate	108	99
Trade receivables written off	37	1,646
Bad debt recovered	(23)	-
	<u>122</u>	<u>1,745</u>

**6 Related party transactions**

The Group's main related parties are as follows:

Entities Exercising Control over the Group

The largest shareholders are James Finbarr Fitzgerald and Olive Theresa Fitzgerald (acting as trustees for the JF & OT Fitzgerald Family Trust) (19.45%) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust) (19.43%).

Key Management Personnel

Any person having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity is considered key management personnel.

**6 Related party transactions (cont'd)**

Key Management Personnel (cont'd)

	<u>Group</u>	
	6 months ended	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
Directors' remuneration		
- Salaries and other related costs	2,109	1,495
- Directors' fees	130	122
Benefits including defined contribution plans	65	62
Other key management personnel		
Salaries and other related costs	1,780	1,303
Benefits including defined contribution plans	111	94
	<u>4,195</u>	<u>3,076</u>

Other Related Parties

Other related parties include immediate family members of key management personnel and entities that are controlled or significantly influenced by those key management personnel, individually or collectively with their immediate family members.

Transactions with Related Parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

	<u>Group</u>	
	6 months ended	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
<u>Purchase of Goods and Services</u>		
Other related parties:		
- Consultant fee paid to a related party (in which a director has an interest in the related party)	-	(15)
	<u>-</u>	<u>(15)</u>



## 7 Taxation

The Group calculates the period income tax expense using the currently enacted tax rates that are applicable to the total earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>	
	6 months ended	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
Current income tax expense	9,724	7,494
Deferred income tax expense relating to origination and reversal of temporary differences	(1,762)	(605)
<b>Total income tax expense</b>	<u>7,962</u>	<u>6,889</u>

## 8 Earnings per share

	<u>Group</u>	
	6 months ended	
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
Profit attributable to owners of the Company	22,594	15,048
Weighted average number of shares		
- Basic	502,031,793	501,051,848
- Diluted	502,055,348	501,051,848
Earnings per ordinary share (A\$ cents)		
- Basic	4.50	3.00
- Diluted	4.50	3.00

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

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options were exercised. As at 31 December 2021, the diluted earnings per share includes the effect of 4,000,000 unissued ordinary shares granted under the Civmec Limited Employee Share Option Scheme ("CESOS") (30 June 2021: 4,000,000, dilutive).

## 9 Net asset value

	<u>Group</u>		<u>Company</u>	
	<u>As at</u>		<u>As at</u>	
	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	<u>A\$'000</u>	<u>A\$'000</u>	<u>A\$'000</u>	<u>A\$'000</u>
Net assets attributable to owners	310,432	292,126	38,625	40,321
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A\$ cents)	61.79	58.30	7.69	8.05

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the number of issued shares as at 31 December 2021 of 502,435,000 (30 June 2021: 501,085,000) and excludes treasury shares of 15,000 (30 June 2021:15,000).

## 10 Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to A\$3,967,000 (31 December 2020: A\$6,996,000).

## 11 Borrowings

	<u>Group</u>		<u>Group</u>	
	<u>As at</u>		<u>As at</u>	
	<u>31 Dec 2021</u>	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>	<u>30 Jun 2021</u>
	<u>Secured</u>	<u>Unsecured</u>	<u>Secured</u>	<u>Unsecured</u>
	<u>A\$'000</u>	<u>A\$'000</u>	<u>A\$'000</u>	<u>A\$'000</u>
Amount repayable in one year or less, or on demand:				
Bank bills	8,000	-	-	-
Trade finance	26,008	-	-	-
	<u>34,008</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amount repayable after one year, or on demand:				
Senior secured notes	-	-	60,000	-
Bank bills	50,000	-	-	-
	<u>50,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>
Total borrowings	<u>84,008</u>	<u>-</u>	<u>60,000</u>	<u>-</u>

### Bank bills

The Group is required by the banks to maintain certain financial ratios such as loan value ratio and interest cover ratio. As at 31 December 2021, the Group met all of these financial covenants.

As at 31 December 2021, the Group has a commercial bank facility amounting to A\$60 million (30 June 2021: A\$40 million) which was 97% utilised (30 June 2021: not utilised). The facility is repaid at an amount of A\$8 million per annum. Interest rates are variable and incurred at 1.31% (2021: 1.34% to 4.13%) per annum during the current financial period.

## 11 Borrowings (cont'd)

### Trade Finance

The Group has a multi-option facility of A\$40 million which can be used for trade financing, bank guarantees and letters of credit. Interest rates are fixed at the time of drawing and incurred at 1.32% per annum during the current financial period.

### Senior Secured Notes

The Group secured a A\$60 million offering of 4-year secured notes ("senior secured notes") on 23 November 2018 to restructure existing finance and provide funding for a portion of a world-class shipbuilding and maintenance facility at Henderson, Western Australia. The senior secured notes were unconditionally and irrevocably guaranteed by the Company and are redeemable after two years at the Company's option.

The notes were repaid in full in November 2021.

### *General Security Deed*

Both the commercial bank and multi-option facilities are secured by certain property, plant and equipment. The carrying amount of property, plant and equipment that are pledged for security are as follows:

<u>Description</u>	<u>Borrowings</u>	<u>Group</u>	
		<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
		<u>A\$'000</u>	<u>A\$'000</u>
Leased plant and equipment	Lease liabilities	29,935	27,472
Remaining property, plant and equipment	Bank bills, multi-option	381,252	384,558
		<u>411,187</u>	<u>412,030</u>

## 12 Share capital

### Fully Paid Ordinary Shares

	<u>31 December 2021</u>		<u>30 June 2021</u>	
	<u>No. of shares</u>	<u>A\$'000</u>	<u>No. of shares</u>	<u>A\$'000</u>
At the beginning and end of the period	501,100,000	29,807	501,000,000	29,807
Share issued during the period				
- Conversion of performance rights	1,350,000	-	100,000	-
At the end of the period	<u>502,450,000</u>	<u>29,807</u>	<u>501,100,000</u>	<u>29,807</u>

There was no change in the issued and paid up capital of the Company since the previous financial year ended 30 June 2021.

During the period, 1,350,000 shares were issued pursuant to vesting and conversion of performance rights held by key management personnel (KMP) and other management.

### Treasury Shares

As at 31 December 2021, 15,000 shares are held as Treasury Shares (30 June 2021: 15,000).

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**12 Share capital (cont'd)**

Shares Options

As at 31 December 2021 there were outstanding options for 4,000,000 (30 June 2021: 4,000,000) unissued ordinary shares under the employee share option scheme.

Performance Rights

9,897,000 rights remain unvested as at 31 December 2021 (30 June 2021: 11,639,000).

In the period 1,350,000 rights were vested and converted to shares, 1,831,000 rights were cancelled and 1,439,000 new rights were issued to key management personnel (KMP) and other management.

There are 334,000 rights approved to be issued to a Director at the Annual General Meeting held on 29 October 2021.

**13 Subsequent events**

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

## F. Other Information Required by Listing Rule Appendix 7.2

### 1 Review

These figures have not been audited or reviewed.

### 2 Review of performance of the Group

#### Statement of Comprehensive Income

##### *1H2022 vs 1H2021*

Revenue for the half-year ended 31 December 2021 ("1H2022") increased 27.4% to A\$389.4 million from A\$305.7 million for the half-year ended 31 December 2020 ("1H2021") mainly due to the timing of revenue recognition on projects.

Gross profit for 1H2022 increased 22.3% to A\$42.2 million from A\$34.5 million in 1H2021 in line with the increase in revenue.

Other income decreased by 44.7% to A\$1.0 million in 1H2022 compared to 1H2021 is mainly due to non-recurring insurance recoveries received for property damages in 1H2021.

Administrative expenses slightly decreased by 0.4% in 1H2022 compared to 1H2021.

Other expenses decreased by 93.0% to A\$0.1 million in 1H2022 compared to 1H2021.

Finance cost decreased by 3.3% to A\$3.4 million in 1H2022 from A\$3.5 million reflecting the lower interest rates payable on bank debt following repayment of the senior secured notes in November 2021.

Net profit attributable to shareholders increased 50.4% to A\$22.6 million in 1H2022 from A\$15.0 million in 1H2021 as a result of increased revenues in the period flowing through to the bottom line.

##### *1H2022 vs 2H2021*

Revenue for the half-year ended 31 December 2021 ("1H2022") increased 5.7% to A\$389.4 million from A\$368.5 million for the half-year ended 30 June 2021 ("2H2021") mainly due to the timing of revenue recognition on projects.

Gross profit for 1H2022 increased 4.2% to A\$42.2 million from A\$40.5 million in 2H2021 in line with the increase in revenue.

Net profit attributable to shareholders increased 14.6% to A\$22.6 million in 1H2022 from A\$19.7 million in 2H2021 as a result of increased revenues in the period flowing through to the bottom line.

## **2 Review of performance of the Group (cont'd)**

### Statement of Financial Position

Total shareholders' equity increased to A\$310.4 million as at 31 December 2021 from A\$292.1 million as at 30 June 2021 as a result of profits earned which is partially offset by dividends paid in the period and share based payment provided.

Trade and other receivables decreased to A\$85.2 million as at 31 December 2021 from A\$87.5 million as at 30 June 2021 due to timely debt collection reflecting the timing of invoicing on contracts.

Contract assets increased to A\$103.9 million as at 31 December 2021 from A\$82.6 million as at 30 June 2021 as activity levels on contracts increased at the end of the period.

Trade and other payables increased to A\$105.9 million as at 31 December 2021 from A\$87.4 million as at 30 June 2021 due to the increased activity levels on contracts. Contract liabilities decreased by A\$35.1 million from A\$80.1 million as at 30 June 2021 to A\$45.0 million as at 31 December 2021 due to contract fulfillment.

Cash and cash equivalent as at 31 December 2021 were A\$39.1 million decreasing from A\$48.2 million as at 30 June 2021 mainly due to the income tax payment.

Property, plant and equipment decreased slightly to A\$411.2 million as at 31 December 2021 from A\$412.0 million as at 30 June 2021 were mainly attributable to depreciation charges for the period.

Overall lease liabilities decreased to A\$54.5 million as at 31 December 2021 from A\$54.8 million as at 30 June 2021 as a result of repayment of the principal lease liabilities which were partially offset by the re-measurement of existing leases due to increased CPI during the period.

Overall borrowings increased to A\$84.0 million as at 31 December 2021 from A\$60.0 million as at 30 June 2021 due to increased reliance on working capital facilities as at the end of the period.

### Statement of Cash Flows

Overall cashflow before working capital changes was A\$44.0 million in 1H2022 compared to A\$36.6 million in 1H2021. Net cash flows from operations was positive at A\$3.3 million.

Tax payment increased to A\$19.4 million in 1H2022 compared to A\$3.1 million in 1H2021 reflecting the timing of tax payments associated with the financial year ended 30 June 2021 ("FY2021") coupled with provisional tax payments made in respect of the financial year ending 30 June 2022 ("FY2022").

The Group used A\$4.0 million in capital expenditure, predominantly to purchase some equipment to support site activities.

The Group drawdown a commercial bank facility of A\$60.0 million to repay the A\$60.0 million of Senior Secured Notes in November 2021. The Group also repaid A\$5.7 million of other borrowings and leases during the period. The Group also paid a final dividend of A\$5.0 million for the financial year ended 30 June 2021.

As at 31 December 2021, the Group's cash and cash equivalents were A\$39.1 million a decrease from A\$48.2 million as at 30 June 2021.

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

No forecast or prospect statement has previously been disclosed.

**4 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months**

Civmec is an integrated multi-disciplinary heavy engineering and construction provider to the Energy, Resources, Infrastructure and Marine & Defence sectors.

The Group performed well in 1H2022 across all operating sectors, with growth in both top and bottom lines compared to both 1H2021 and 2H2021.

The impact of the COVID-19 pandemic on the Group's operations has so far been controlled. There continues to be tightening of labour availability to service projects due to ongoing domestic and international border restrictions in Western Australia. The Omicron outbreak on the east coast of Australia resulted in a brief spike in absentee rates for Civmec's east coast operations, averaging 10% in January. This has since reverted closer to normal levels with only minor disruptions to operations.

The Group is keeping employees, contractors and clients regularly updated on the constantly evolving landscape. With the recent increase in COVID-19 infections, and in anticipation of more caseloads in Western Australia, Civmec has rolled out an application to allow employees and on-site contractors to effectively monitor and report any close contacts they may have at work. This will help minimize any impact on daily operations.

Tendering activity remains strong across all sectors and the Group is focused on securing projects that will allow it to grow the workforce at a sustainable pace given the current labour constraints. Notwithstanding the manpower challenges, opportunities to replenish the order book remain plentiful and the overall business outlook is positive.

During the period, the Group announced several contract wins across the sectors that we operate, which has allowed the order book to grow to A\$1.15 billion at 31 January 2022. This order book secures the majority of the revenue planned for the next 12 months, with a portion of the secured order book extending as far as 2029. This continued replenishment of the order book will underpin the Group's performance in the coming periods, which combined with a continued focus on cost control and reduced interest expenses following the paydown of a secured note, sees Civmec's financial performance for the financial year ending 30 June 2022 ("FY2022") set to exceed that in FY2021, barring unforeseen circumstances

**5 Dividend information**

- a) Any dividend declared for the current financial period reported on?

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	1.0 Australian Cent
Tax Rate	Tax Exempt
Number of Shares	502,435,000

Note: For Australian tax resident shareholders the dividend payable is fully franked.

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share	1.0 Australian Cent
Tax Rate	Tax Exempt
Number of Shares	501,085,000

- c) Date payable

8 April 2022

- d) Books closure date

Share Transfer Books of Civmec Limited (the “Company”) will be closed on 29 March 2022, for the preparation of dividend warrants to the Declared tax exempt (Foreign Sourced) Interim dividend of A\$0.01 for the financial year ended 30 June 2022 (“Interim Dividend”).

Duly completed registrable transfers in respect of the shares in the Company received up to 5:00 p.m. on 28 March 2022 (“Record Date”) by the Company’s Singapore Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00 Singapore 068898 will be registered to determine Members’ entitlements to the Interim Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on the Record Date will be entitled to the Interim Dividend.



**6 Interested person transactions**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

There were no interested person transactions for the period.

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

The company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

**Confirmations by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 31 December 2021 to be false or misleading in any material aspect.

**ON BEHALF OF THE BOARD**

James Finbarr Fitzgerald  
Executive Chairman

14 February 2022