

**Company Registration No: 201011837H**

**CIVMEC LIMITED  
(Incorporated in Singapore)  
AND ITS SUBSIDIARIES  
CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

**CIVMEC LIMITED  
(Incorporated in Singapore)  
AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED  
31 DECEMBER 2021**

<b>CONTENTS</b>	<b>PAGE</b>
Independent Auditors' Review Report	1
Consolidated Statement of Comprehensive Income	2
Consolidated Statement of Financial Position	3
Consolidated Statement of Changes in Equity	4 - 5
Consolidated Statement of Cash Flows	6 - 7
Notes to the Condensed Interim Consolidated Financial Statements	8 - 37



**MOORE**

**MOORE STEPHENS LLP**  
CHARTERED ACCOUNTANTS OF SINGAPORE

**REPORT ON REVIEW OF CONDENSED INTERIM CONSOLIDATED  
FINANCIAL STATEMENTS TO THE MEMBERS OF**

**CIVMEC LIMITED  
(Incorporated in Singapore)**

**Introduction**

We have reviewed the accompanying condensed interim consolidated financial statements of Civmec Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated statement of financial position of the Group as at 31 December 2021 and the related consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year period then ended, and a summary of significant accounting policies and certain explanatory information. Management is responsible for the preparation and fair presentation of this condensed interim consolidated financial statements in accordance with Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34, *Interim Financial Reporting*. Our responsibility is to express a conclusion on this condensed interim consolidated financial statements based on our review.

**Scope of Review**

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, “*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.” A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

**Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial statements do not give a true and fair view of the financial position of the Group as at 31 December 2021, and of its financial performance, its changes in equity and its cash flows for the half-year period then ended in accordance with SFRS(I) 1-34, *Interim Financial Reporting*.

**Moore Stephens LLP**  
Public Accountants and  
Chartered Accountants

Singapore  
14 February 2022

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<u>Note</u>	Consolidated 6 months ended 31 December 2021 A\$'000	Consolidated 6 months ended 31 December 2020 A\$'000
Revenue	2	389,353	305,699
Cost of sales		(347,144)	(271,181)
Gross profit		42,209	34,518
Other income	2	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	3	30,556	21,911
Income tax expense		(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	4	4.50	3.00
- Diluted	4	4.50	3.00

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2021**

	<u>Note</u>	<u>31 December 2021</u> A\$'000	<u>30 June 2021</u> A\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	39,134	48,172
Trade and other receivables	5	85,243	87,488
Contract assets	5(a)	103,949	82,642
Other current assets		6,969	1,903
		235,295	220,205
<b>Non-current assets</b>			
Investment in joint venture	9	4	57
Property, plant and equipment	7	411,187	412,030
Intangible assets		10	10
Deferred tax assets		4,812	4,637
		416,013	416,734
<b>TOTAL ASSETS</b>		651,308	636,939
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	12	105,938	87,413
Contract liabilities	5(a)	45,017	80,138
Lease liabilities	18	11,762	10,385
Borrowings	13	34,008	-
Income tax payable		5,321	14,978
Provisions	14	8,847	8,950
		210,893	201,864
<b>Non-current liabilities</b>			
Lease liabilities	18	42,751	44,372
Borrowings	13	50,000	60,000
Provisions	14	4,774	4,429
Deferred tax liabilities		32,716	34,406
		130,241	143,207
<b>TOTAL LIABILITIES</b>		341,134	345,071
<b>Capital and Reserves</b>			
Share capital	15	29,807	29,807
Treasury shares	15	(10)	(10)
Asset revaluation reserve	16	80,358	80,358
Other reserves	17	10,871	10,135
Retained earnings		189,406	171,836
<b>Total equity attributable to the Owners of the Company</b>		310,432	292,126
Non-controlling interest		(258)	(258)
<b>TOTAL EQUITY</b>		310,174	291,868
<b>TOTAL LIABILITIES AND EQUITY</b>		651,308	636,939

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**

**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

<b>Group</b>	← Other reserves Equity-settled employee benefits reserve AS'000 →									
	<u>Share capital</u> AS'000	<u>Treasury shares</u> AS'000	<u>Asset revaluation reserve</u> AS'000	<u>Merger reserve</u> AS'000	<u>Equity-settled employee benefits reserve</u> AS'000	<u>Other reserves</u> AS'000	<u>Retained earnings</u> AS'000	<u>Total</u> AS'000	<u>Non-controlling interest</u> AS'000	<u>Total</u> AS'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

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

(continued)

<b>Group</b>	← Other reserves →								
	<u>Share capital</u> A\$'000	<u>Treasury shares</u> A\$'000	<u>Asset revaluation reserve</u> A\$'000	<u>Merger reserve</u> A\$'000	<u>Equity-settled employee benefits reserve</u> A\$'000	<u>Retained earnings</u> A\$'000	<u>Total</u> A\$'000	<u>Non-controlling interest</u> A\$'000	<u>Total</u> A\$'000
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

The accompanying notes form an integral part of the condensed interim consolidated financial statements

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

	<u>Note</u>	Consolidated 6 months ended 31 December 2021 A\$'000	Consolidated 6 months ended 31 December 2020 A\$'000
<b>Cash Flows from Operating Activities</b>			
Profit before income tax		30,556	21,911
Adjustment for:			
Depreciation of property, plant and equipment	7	7,810	7,505
Gain on disposal of property, plant and equipment		(125)	(84)
Share of loss of 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)

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**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE HALF-YEAR ENDED 31 DECEMBER 2021**

(continued)

	<u>Note</u>	Consolidated 6 months ended 31 December 2021 A\$'000	Consolidated 6 months ended 31 December 2020 A\$'000
<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 financial period		48,172	27,712
Cash and cash equivalents at the end of the financial period	6	39,134	42,022

The reconciliation of movements of liabilities to cash flows arising from financing activities is presented below:

	Cash flows			Non-cash changes			<u>Closing</u> A\$'000
	<u>Opening</u> A\$'000	<u>Proceeds</u> A\$'000	<u>Repayment</u> A\$'000	<u>Addition</u> A\$'000	Re- <u>measurement</u> A\$'000	<u>Others</u> A\$'000	
	1 Jul 2021						31 Dec 2021
Borrowings	60,000	86,008	(62,000)	-	-	-	84,008
Lease liabilities	54,757	-	(3,710)	1,702	1,548	216	54,513
	1 Jul 2020						31 Dec 2020
Borrowings	62,387	1,574	(1,421)	-	-	-	62,540
Lease liabilities	54,061	-	(3,229)	890	-	-	51,722

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**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

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

**1 Basis of Preparation**

The condensed interim consolidated financial statements of Civmec Limited (the “Company”) and its subsidiaries (the “Group”) for the six-month period ended 31 December 2021 have been prepared on a condensed basis in accordance with Singapore Financial Reporting Standard (International) 1-34, *Interim Financial Reporting*.

The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Group’s audited consolidated financial statements for the year ended 30 June 2021 together with any public announcements made during the six-month period ended 31 December 2021.

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.

**(a) Adoption of Singapore Financial Reporting Standards (International)**

Application of SFRS(I) effective for annual period beginning on or after 1 July 2021

The Group has adopted the new or amended SFRS(I) that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) did not result in substantial changes to the Group’s accounting policies and had no material effect on the amounts reported for the current financial period.

- Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 16 *Interest Rate Benchmark Reform – Phase 2*
- Amendments to SFRS(I) 16 *Leases – Covid-19 Related Rent Concessions Beyond 30 June 2021*

**(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective**

The following are the new or amended SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) which are issued and are relevant to the Group but not yet effective:

- Amendments to SFRS(I) 1-16 *Property, Plant and Equipment (Proceeds before Intended Use)*
- Amendments to SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets (Onerous Contracts—Cost of Fulfilling a Contract)*
- Amendments to SFRS(I) 3 *Business Combination (Reference to the Conceptual Framework)*
- Annual improvements to SFRS(I)s 2018 - 2020
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**1 Basis of Preparation** (continued)

**(b) SFRS(I)s and SFRS(I) INTs issued but not yet effective** (continued)

The following are the new or amended SFRS(I) and SFRS(I) Interpretations (“SFRS(I) INT”) which are issued and are relevant to the Group but not yet effective: (cont’d)

- Amendments to SFRS(I) 1-1 Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 Making Materiality Judgements
- Amendments to SFRS(I) 1-8 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The Group does not expect any significant impact arising from applying these amendments.

**(c) Accounting Estimates and Judgements**

The preparation of the condensed interim 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.

In preparing this condensed interim consolidated financial statement, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were consistent with those disclosed in the 30 June 2021 Civmec Limited’s Annual Report.

**(d) Impact of COVID-19**

In preparing this condensed interim consolidated financial statement, the Directors of the company have considered the impact of COVID-19 on the Group. As the majority of the Group’s customers operate in Australia where the supportive actions are provided by the Government, thus the short-term financial position of the Group has not been materially impacted by COVID-19.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**2 Revenue and Other Income**

	<u>1H22</u>	<u>1H21</u>
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
<b>Revenue</b>		
Over time:		
Construction contract revenue	282,829	279,090
Revenue from the rendering of services	105,405	26,241
	388,234	305,331
At a point in time:		
Revenue from the rendering of services	567	-
Revenue from sales of goods	552	368
	1,119	368
	389,353	305,699
<b>Other Income</b>		
Interest income		
- Bank balances	9	23
- Related party	108	99
	117	122
Gain on disposal of property, plant and equipment	125	84
Fuel tax rebate	93	126
Share of loss of a joint venture	(1)	(93)
Insurance recoveries	587	1,541
Miscellaneous income	90	48
	1,011	1,828
	1,011	1,828

Insurance recoveries

During the current period, the Group recognised other income of A\$587,000 from a non-recurring insurance claim recoveries received for property damages.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**3 Profit before tax**

The following items have been included in arriving at profit before income tax:

	<u>1H22</u>	<u>1H21</u>
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
<b>Included in cost of sales:</b>		
Direct materials	64,119	59,875
Employee benefits	168,719	130,096
Subcontract works	54,513	33,655
Workshop and other overheads	52,101	40,156
Depreciation expenses	7,692	7,399
	<u>347,144</u>	<u>271,181</u>
<b>Included in administrative expenses:</b>		
Audit fees:		
- Auditors of the Company	25	64
- Other auditors	23	68
Non-audit fees:		
- Auditors of the Company	21	20
- Other auditors	81	85
Business development	64	86
Communications	764	1,187
Depreciation expenses	118	106
Directors' fees	130	122
Employee benefits costs	6,277	5,665
Occupancy expenses	503	517
Office costs	242	285
Other administrative expenses	201	96
Other professional fees	341	606
Tax fees	396	313
	<u>9,186</u>	<u>9,220</u>

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**3 Profit before tax (continued)**

The following items have been included in arriving at profit before income tax: (continued)

	<u>1H22</u>	<u>1H21</u>
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
<b>Included in other expenses:</b>		
Impairment loss on loan to an associate	108	99
Trade receivables written off	37	1,646
Bad debt recovered	(23)	-
	122	1,745

**4 Earnings per Share**

Basic earnings per share is calculated by dividing the Group's net profit attributable to ordinary equity holders for the financial period by the weighted average number of ordinary shares issued.

	<u>1H22</u>	<u>1H21</u>
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
Profit attributable to the owners of the Company (A\$'000)	22,594	15,048
Weighted average number of ordinary shares issued		
- 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).

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**5 Trade and Other Receivables**

	<b>Group</b>	
	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
<b>Current:</b>		
Trade receivables		
- Third parties	84,904	87,064
- Retention sum receivables	5	173
Allowance for impairment loss	(11)	(11)
	84,898	87,226
Loan to an associate	2,075	1,967
Allowance for impairment loss	(2,075)	(1,967)
	-	-
Other receivables	345	262
	85,243	87,488

The Group provided working capital funding to a former subsidiary, now a related entity, Civtec Africa Ltd. The loan is unsecured, interest bearing between 9% to 11% (30 June 2021: between 9% to 11%) and repayable on demand.

The movements in allowance for impairment loss of trade and other receivables during the period are as follows:

	<u>Trade</u>	<u>Group</u>	<u>Total</u> A\$'000
	<u>receivables</u> A\$'000	<u>Other</u> <u>receivables</u> A\$'000	
Balance at 1 July 2021	11	1,967	1,978
Impairment loss recognised in profit or loss during the period on:			
- Changes in credit risk	-	108	108
Balance at 31 December 2021	11	2,075	2,086

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**5 Trade and Other Receivables (continued)**

The movements in allowance for impairment loss of trade and other receivables during the period are as follows: (continued)

	<u>Trade receivables</u> A\$'000	<u>Group Other receivables</u> A\$'000	<u>Total</u> A\$'000
Balance at 1 July 2020	911	1,767	2,678
Impairment loss recognised in profit or loss during the period on:			
- Changes in credit risk	-	99	99
- Write off to bad debt	(900)	-	(900)
Balance at 31 December 2020	<u>11</u>	<u>1,866</u>	<u>1,877</u>

The Group's internal credit evaluation practices and basis for recognition and measurement for expected credit losses were consistent with those disclosed in the 30 June 2021 Civmec Limited's Annual Report.

**5(a) Contract Assets and Liabilities**

	<b>Group</b>	
	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
Contract assets	103,949	82,642
Contract liabilities	<u>(45,017)</u>	<u>(80,138)</u>

(i) Significant changes in contract balances

	<b>Group</b>	
	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
<b>Contract assets:</b>		
Contract assets reclassified to trade receivables	(12,252)	(28,740)
Changes in measurement of progress	<u>33,559</u>	<u>16,264</u>
<b>Contract liabilities:</b>		
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period	49,200	51,711
Increase due to cash received, excluding amounts recognised as revenue during the period	<u>(14,079)</u>	<u>(48,583)</u>



**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**6 Cash and Cash Equivalents**

	<b>Group</b>	
	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Cash at bank and in hand	39,134	48,172

A floating charge over cash and cash equivalents has been provided for certain debt.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment**

	Freehold <u>land</u> A\$'000	Leasehold <u>land</u> A\$'000	<u>Buildings</u> A\$'000	Plant and <u>equipment</u> A\$'000	<u>Small tools</u> A\$'000	Motor <u>vehicles</u> A\$'000	Office <u>equipment</u> A\$'000	<u>IT equipment</u> A\$'000	Assets under <u>construction</u> A\$'000	<u>Total</u> A\$'000
2022										
<u>Cost or valuation</u>										
At 1 July 2021	17,950	30,979	314,461	72,658	7,018	7,357	737	3,329	20,102	474,591
Additions	-	-	-	633	492	-	12	22	2,808	3,967
Additions – ROU	-	1,548	-	998	-	555	-	-	-	3,101
Transfer	-	-	-	9,648	218	2	-	-	(9,868)	-
Disposals	-	-	-	(588)	(35)	(294)	-	-	-	(917)
At cost at										
31 December 2021	-	32,527	-	83,349	7,693	7,620	749	3,351	13,042	148,331
At valuation at										
31 December 2021	17,950	-	314,461	-	-	-	-	-	-	332,411
At 31 December 2021	17,950	32,527	314,461	83,349	7,693	7,620	749	3,351	13,042	480,742
<u>Accumulated depreciation</u>										
At 1 July 2021	-	(3,419)	(7,198)	(38,099)	(5,457)	(4,849)	(679)	(2,860)	-	(62,561)
Depreciation for the period	-	(337)	(3,692)	(2,998)	(284)	(379)	(18)	(102)	-	(7,810)
Transfer	-	-	-	(11)	11	-	-	-	-	-
Disposals	-	-	-	500	29	287	-	-	-	816
At 31 December 2021	-	(3,756)	(10,890)	(40,608)	(5,701)	(4,941)	(697)	(2,962)	-	(69,555)

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment (continued)**

	<u>Freehold land</u> A\$'000	<u>Leasehold land</u> A\$'000	<u>Buildings</u> A\$'000	<u>Plant and equipment</u> A\$'000	<u>Small tools</u> A\$'000	<u>Motor vehicles</u> A\$'000	<u>Office equipment</u> A\$'000	<u>IT equipment</u> A\$'000	<u>Assets under construction</u> A\$'000	<u>Total</u> A\$'000
2022 (continued)										
<u>Net carrying amount</u>										
At cost	-	28,771	-	42,752	1,981	2,679	52	389	13,042	89,666
At valuation	17,950	-	303,571	-	-	-	-	-	-	321,521
At 31 December 2021	17,950	28,771	303,571	42,752	1,981	2,679	52	389	13,042	411,187

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment (continued)**

	<u>Freehold land</u> A\$'000	<u>Leasehold land</u> A\$'000	<u>Buildings</u> A\$'000	<u>Plant and equipment</u> A\$'000	<u>Small tools</u> A\$'000	<u>Motor vehicles</u> A\$'000	<u>Office equipment</u> A\$'000	<u>IT equipment</u> A\$'000	<u>Assets under construction</u> A\$'000	<u>Total</u> A\$'000
2021										
<u>Cost or valuation</u>										
At 1 July 2020	19,500	29,310	301,002	70,201	6,342	6,916	712	3,081	11,037	448,101
Additions	-	-	9,236	1,372	1,026	599	25	248	9,110	21,616
Additions – ROU	-	1,669	-	1,928	-	742	-	-	-	4,339
Transfer	-	-	-	185	(140)	-	-	-	(45)	-
Revaluation increase	-	-	4,223	-	-	-	-	-	-	4,223
Revaluation decrease	(1,550)	-	-	-	-	-	-	-	-	(1,550)
Disposals	-	-	-	(1,028)	(210)	(900)	-	-	-	(2,138)
At cost at 30 June 2021	-	30,979	-	72,658	7,018	7,357	737	3,329	20,102	142,180
At valuation at 30 June 2021	17,950	-	314,461	-	-	-	-	-	-	332,411
At 30 June 2021	17,950	30,979	314,461	72,658	7,018	7,357	737	3,329	20,102	474,591
<u>Accumulated depreciation</u>										
At 1 July 2020	-	(2,824)	-	(33,916)	(5,204)	(5,055)	(642)	(2,656)	-	(50,297)
Depreciation for the year	-	(595)	(7,198)	(5,045)	(477)	(618)	(37)	(204)	-	(14,174)
Transfer	-	-	-	(11)	20	(9)	-	-	-	-
Disposals	-	-	-	873	204	833	-	-	-	1,910
At 30 June 2021	-	(3,419)	(7,198)	(38,099)	(5,457)	(4,849)	(679)	(2,860)	-	(62,561)

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment** (continued)

	<u>Freehold land</u> A\$'000	<u>Leasehold land</u> A\$'000	<u>Buildings</u> A\$'000	<u>Plant and equipment</u> A\$'000	<u>Small tools</u> A\$'000	<u>Motor vehicles</u> A\$'000	<u>Office equipment</u> A\$'000	<u>IT equipment</u> A\$'000	<u>Assets under construction</u> A\$'000	<u>Total</u> A\$'000
2021 (continued)										
<u>Net carrying amount</u>										
At cost	-	27,560	-	34,559	1,561	2,508	58	469	20,102	86,817
At valuation	17,950	-	307,263	-	-	-	-	-	-	325,213
At 30 June 2021	17,950	27,560	307,263	34,559	1,561	2,508	58	469	20,102	412,030

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment (continued)**

Depreciation expenses are classified as follows:

	<u>1H22</u>	<u>1H21</u>
	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
Included in cost of sales	7,692	7,399
Included in administrative expenses	118	106
	7,810	7,505

At the balance sheet date, the details of the Group's freehold land and buildings are as follows:

<u>Location</u>	<u>Description/Existing use</u>	<u>Tenure</u>
2-8 Stuart Drive, Henderson, Western Australia	Land and buildings / Operational readiness and logistics support facility	Freehold
16 Nautical Drive, Henderson, Western Australia	Buildings on leasehold land / Undercover waterfront, Manufacturing, Modularisation and Maintenance Facility	Leasehold land leases: i. 34-years lease from August 2010, with further 35 years option ii. 30-years lease from March 2014, with further 35 years option iii. 28-years lease from December 2016, with further 45 years option
35-39 Old Punt Road, Tomago, New South Wales	Land and buildings / Manufacturing facility and modular assembly laydown area	Freehold
Lot 101 Welding Pass, Henderson, Western Australia	Buildings on leasehold land / Submarine rescue facility	Leasehold land leases: 28-years lease from November 2019, with further 22 years option

Freehold land and buildings carried at fair value

An independent valuation was carried out by Griffin Valuation Advisory on the newly constructed Submarine Rescue Facility in Henderson, Western Australia and the existing freehold land and buildings at 35-39 Old Punt Road, Tomago, New South Wales in June 2021. The fair value is determined by the valuer on the highest and best use approach of each asset. Such valuation was determined using the Sales Comparison approach (to market-type properties), Hypothetical Development approach, Income Capitalisation approach and Depreciated Replacement Cost ("DRC") approach (to non-market-type properties). The fair value has been derived through a mix of Level 2 inputs where applicable and Level 3 inputs where the Valuer has deemed Level 2 inputs to be not applicable.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**7 Property, Plant and Equipment** (continued)

Freehold land and buildings carried at fair value (cont'd)

If the freehold land and building were stated on the historical cost basis, the carrying amount would be as follows.

	<u>31 Dec 2021</u> A\$'000	<u>30 June 2021</u> A\$'000
Freehold land	16,254	16,254
Buildings	218,565	218,565
Accumulated depreciation	(24,504)	(21,461)
Net book value	<u>210,315</u>	<u>213,358</u>

Right-of-use assets

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 18.

**8 Investment in Subsidiaries**

On 4 September 2020, shares in Civmec-Mala which were held by Civmec Construction & Engineering Singapore Pte Ltd was transferred to Civmec Construction & Engineering Pty Ltd.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**9 Investment in Joint Venture**

Summarised statement of financial position

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Unquoted cost of investment	57	242
Share of loss for the period/year	(1)	(97)
	56	145
Cash distribution to shareholders	(52)	(88)
	4	57

Details of the Group's joint venture that is accounted for using the equity method at the end of the reporting period is as follows:

<u>Name of Entity</u>	<u>Principal Activities</u>	<u>Country of incorporation</u>	<u>Ownership interest held by the Group</u>	
			<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
			%	%
Held by Civmec Construction & Engineering Pty Ltd				
Australian Maritime Shipbuilding and Export Group Ltd (AMSEG) <sup>(1)</sup>	Shipbuilding	Australia	50	50
Brown & Root Civmec Pty Ltd <sup>(2)</sup>	Engineering and construction services	Australia	49	49

<sup>(1)</sup> Incorporated with Luerssen Australia Pty Ltd on 17 May 2018.

<sup>(2)</sup> Incorporated with Kellogg Brown & Root Pty Ltd on 13 April 2019.

The summarised financial information of the joint ventures are as follows:

**Brown & Root Civmec Pty Ltd**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Group's share of net assets	4	57
Group's share of loss after tax for the period/year	(1)	(97)
Group's share of loss and total comprehensive income for the period/year	(1)	(97)



**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**10 Investment in Associate**

Details of the Group's associate that is accounted for using the equity method at the end of the reporting period are as follows:

<u>Name of Entity</u>	<u>Principal Activities</u>	<u>Country of incorporation</u>	<u>Ownership interest held by the Group</u>	
			<u>31 Dec 2021</u> %	<u>30 Jun 2021</u> %
Held by Civmec Construction & Engineering Uganda Pty Ltd				
Civtec Africa Ltd	Engineering and construction services	Uganda	32	32

The summarised financial information below represents amounts shown in the joint venture's financial statements.

**Civtec Africa Ltd**

	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
Net liabilities	(4,009)	(3,088)
Gross loss	(52)	(252)
Loss for the period/year	(614)	(433)
Total comprehensive loss for the period/year	(614)	(433)

The carrying amount of investment in associate has been reduced to nil on the basis that the associate reported a net liability position as at 31 December 2021.

The cumulative unrecognised loss amount increased to A\$534,000 (30 Jun 2021: A\$338,000) at the reporting date.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**11 Joint Operations**

The Group has interests in the following joint operations which are proportionately consolidated:

<u>Name of Entity</u>	<u>Principal Activities</u>	<u>Country of incorporation</u>	<u>Ownership interest held by the Group</u>	
			<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
			%	%
Black & Veatch Civmec JV (“BCJV”)	Engineering and construction services	Australia	50	50
Amec Foster Wheeler Civmec JV (“ACJV”)	Engineering and construction services	Australia	50	50

BCJV project is for the design and construction of a wastewater treatment plant upgrade.

ACJV is for the design, procurement and installation of a process plant, administration office and warehouse.

The Group is entitled to a proportionate share of the construction contract revenue earned and bears a proportionate share of the joint operations’ expenses.

**12 Trade and Other Payables**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$’000	A\$’000
Trade creditors	46,491	41,293
Sundry payables and accruals	50,772	38,303
Goods and services tax payable	4,478	2,601
Other taxes payable	4,197	5,216
	<u>105,938</u>	<u>87,413</u>

Trade and other payables are usually paid within 45 days.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**13 Borrowings**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
<u>Current:</u>		
Bank bills	8,000	-
Trade finance	26,008	-
	34,008	-
 <u>Non-current:</u>		
Senior secured notes	-	60,000
Bank bills	50,000	-
	50,000	60,000
 Total borrowings	 84,008	 60,000

Finance lease liabilities

Due to the adoption of SFRS(I) 16, the finance lease liabilities are now reclassified as lease liabilities under Note 18.

Bank bills

Banking covenants

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.

Trade finance

The Group has a multi-option facility of A\$40 million which can be used for trade financing, bank guarantees and letter 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.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**13 Borrowings (cont'd)**

*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>
		A\$'000	A\$'000
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>

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**14 Provisions**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
<u>Current:</u>		
Provisions for employee benefits	8,847	8,950
<u>Non-Current:</u>		
Provisions for employee benefits	4,774	4,429
	13,621	13,379

Movements in provisions are as follows:

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
<u>Current:</u>		
At the beginning of the period/year	8,950	6,103
Provisions made during the period/year		
- Included in employee benefits	7,500	16,567
Provisions utilised during the period/year	(7,603)	(13,720)
At the end of the period/year	8,847	8,950
<u>Non-current:</u>		
At the beginning of the period/year	4,429	3,352
Provisions made during the period/year		
- Included in employee benefits	860	1,381
Adjustment due to change in probability %	(333)	(52)
Provisions utilised during the period/year	(182)	(252)
At the end of the period/year	4,774	4,429

Provisions pertain to employee benefits relating to long service leave for employees. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based upon historical data and the discount rate used ranges from 0.62% to 3.11%. (30 June 2021: from 0.18 % to 2.66%).

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**15 Share Capital**

(a) Fully Paid Ordinary Shares

	<b>Group and Company</b>			
	<u>31 Dec 2021</u>		<u>30 Jun 2021</u>	
	No. of shares	A\$'000	No. of shares	A\$'000
At the beginning of the period/year	501,100,000	29,807	501,000,000	29,807
Shares issued during the period/year:				
- Conversion of performance rights	1,350,000	-	100,000	-
At the end of the period/year	<u>502,450,000</u>	<u>29,807</u>	<u>501,100,000</u>	<u>29,807</u>

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share without restrictions at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

On 17 December 2021 the Company paid a Final dividend of 1.0 Australia cents per ordinary share (30 June 2021: 1.0 Australia cents) amounting to A\$5,024,350 for the financial year ended 30 June 2021.

(b) Treasury Shares

	<b>Group and Company</b>			
	<u>31 Dec 2021</u>		<u>30 Jun 2021</u>	
	No. of shares	A\$'000	No. of shares	A\$'000
At the beginning and end of the period/year	<u>15,000</u>	<u>10</u>	<u>15,000</u>	<u>10</u>

Treasury shares relate to ordinary shares of the Company that are held by the Company.

(c) Share Options

	<b>Group and Company</b>			
	<u>31 Dec 2021</u>		<u>30 Jun 2021</u>	
	No. of shares		No. of shares	
At the beginning and end of the period/year	<u>4,000,000</u>	<u>S\$0.65</u>	<u>4,000,000</u>	<u>S\$0.65</u>

These options vested but were not exercised during the reporting period. Share options granted under the Civmec Employee Share Option plan carry no rights to dividends and no voting rights. The exercise price is Singapore dollars \$0.65 per share.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**15 Share Capital (continued)**

(d) 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 were 334,000 rights approved to be issued to a Director at the Annual General Meeting held on 29 October 2021.

The balances of Performance Rights are as follows:

	<u>Issued</u>	<u>Vested</u>	<u>Forfeited /Lapsed /Expired</u>	<u>Balance</u>
Performance Period 1 July 2018 to 30 June 2021 (Granted in FY2020)	3,436,000	(1,350,000)	(2,086,000)	-
Performance Period 1 July 2020 to 30 June 2022 (Granted in FY2021)	4,289,000	-	(60,000)	4,229,000
Performance Period 1 July 2020 to 30 June 2023 (Granted in FY2021)	4,289,000	-	(60,000)	4,229,000
Performance Period 1 July 2021 to 30 June 2024 (Granted in FY2022)	1,439,000	-	-	1,439,000
Balance as at 31 December 2021				<u>9,897,000</u>

For the financial period ended 31 December 2021, the Group has recognised A\$736,000 of share-based payment expense (31 December 2020: A\$742,000).

**16 Asset Revaluation Reserve**

	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
At the beginning of the period/year	80,358	78,487
Gain on revaluation of freehold land and buildings	-	2,673
Deferred tax liability arising on revaluation	-	(802)
At the end of the period/year	<u>80,358</u>	<u>80,358</u>

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**17 Other Reserves**

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Merger reserve (a)	7,578	7,578
Waiver of loan payable to a related party	277	277
Equity-settled employee benefits reserve (b)	3,016	2,280
	10,871	10,135

(a) Merger Reserve

Pursuant to the completion of the Restructuring Exercise, the share capital of Civmec Construction & Engineering Pty Ltd and Controlled Entities is adjusted to merger reserve based on the “pooling of interest method”.

(b) Equity-settled Employee Benefits Reserve

The equity-settled employee benefits reserve relates to share options granted to employees under the employee share option plan and performance rights.

**18 Lease liabilities**

The Group as Lessee

Nature of the Group’s leasing activities

The Group has entered into leases of land and buildings in respect of its offices, facilities and workshops. The Group has the following leases:

- The Henderson land lease at Lot 804 (16) Nautical Drive, Henderson, Western Australia is for a 34-year period from August 2010 with an option to renew for a further 35 years (reasonably certain to be exercised). Rent increases as per the CPI Index.
- The Henderson land lease on extended area at Lot 804 (16) Nautical Drive, Henderson, Western Australia is for a 28-year period from December 2016 with an option to renew for a further 45 years (reasonably certain to be exercised). Rent increases as per the CPI Index.
- A workshop lease at 1 Boys Road, Gladstone in Queensland for 2-year period and 1-year option (reasonably certain to be exercised).
- The Henderson land lease at Lot 101 Welding Pass, Henderson, Western Australia is 28-year lease from November 2019 with further 22 years option (reasonably certain to be exercised). Rent increases as per the CPI Index.



**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**18 Lease liabilities (continued)**

The Group as Lessee (continued)

The Group also leases motor vehicles, workshop equipment and office fitout from non-related parties under finance leases. The Group will obtain the ownership of the leased assets from the lessor at no extra cost at the end of the lease term. The average lease term is between 4 and 5 years.

Arising from the adoption of SFRS(I) 16, the Group has recognised the above as right-of-use assets included as part of property, plant and equipment in Note 7.

The present values of lease liabilities are analysed as follows:

	<u>Minimum lease payments</u> A\$'000	<u>Future finance charges</u> A\$'000	<u>Net present value of minimum lease payments</u> A\$'000
As at 31 December 2021			
Less than one year	15,517	(3,755)	11,762
Between one and five years	41,323	(15,839)	25,484
Later than five years	152,922	(135,655)	17,267
Non-current	194,245	(151,494)	42,751
	209,762	(155,249)	54,513
As at 30 June 2021			
Less than one year	14,060	(3,675)	10,385
Between one and five years	43,272	(15,433)	27,839
Later than five years	97,666	(81,133)	16,533
Non-current	140,938	(96,566)	44,372
	154,998	(100,241)	54,757

Lease liabilities are presented in the statement of financial position as follows:

	<u>31 Dec 2021</u> A\$'000	<u>30 Jun 2021</u> A\$'000
<u>Present value of lease liabilities</u>		
Less than one year	11,762	10,385
Between one and five years	25,484	27,839
Later than five years	17,267	16,533
Non-current	42,751	44,372
	54,513	54,757

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**18 Lease liabilities (continued)**

The Group as Lessee (continued)

The effective interest rate ranges from 2.14% to 8.6% (31 December 2020: 2.28% to 8.6%) per annum.

The carrying amount of right-of-use assets classified within Property, Plant and Equipment (Note 7) is as follows:

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Leasehold land	28,771	27,560
Plant and equipment	28,234	26,138
Motor vehicles	1,701	1,339
Office equipment	-	26
	<u>58,706</u>	<u>55,063</u>

There was an addition of A\$3,101,000 to right-of-use assets during the current financial period.

Amounts recognised in profit or loss

	<u>31 Dec 2021</u>	<u>31 Dec 2020</u>
	A\$'000	A\$'000
Depreciation charged for the period:		
- Small tools	-	32
- Plant and equipment	1,149	863
- Motor vehicles	193	156
- Office equipment	-	13
- Leasehold land	-	273
Interest on lease liabilities		
- Included in cost of sales	1,531	1,418
- Included in finance cost	401	546
	1,932	1,964
Expenses relating to short-term leases	<u>105</u>	<u>116</u>
<u>Other disclosures</u>		
Total cash outflow for leases	<u>3,710</u>	<u>3,229</u>

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**19 Capital Expenditure Commitments**

The Group has contracted capital expenditure commitments at the reporting date but not recognised in the financial statement as follows:

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
Plant and equipment purchases	3,074	1,862
Capital projects	3,015	3,068
	<u>6,089</u>	<u>4,930</u>

**20 Guarantees**

The Group is, in the normal course of business, required to provide guarantees in respect of their contractual performance related obligations. These guarantees and indemnities only give rise to a liability where it fails to perform its contractual obligations.

During the course of business, the Company also provides letters of credit for international trading when required.

As at 31 December 2021, the Group has provided the following:

	<u>31 Dec 2021</u>	<u>30 Jun 2021</u>
	A\$'000	A\$'000
<b>Group</b>		
Bank guarantee	1,879	1,879
Surety bond facility	178,380	160,885
Letter of credit	375	380
	<u>180,634</u>	<u>163,144</u>
<b>Company</b>		
Senior secured notes	<u>-</u>	<u>60,000</u>

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A\$370 million as at 31 December 2021 (30 June 2021: A\$305 million).

The Company provided a guarantee in respect of the senior secured notes issued to a subsidiary.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**21 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.

	1H22 31 Dec 2021 A\$'000	1H21 31 Dec 2020 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.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**21 Related Party Transactions** (continued)

Key Management Personnel (continued)

Transactions with Related Parties (continued)

The following transactions occurred with related parties:

	1H22 31 Dec 2021 A\$'000	1H21 31 Dec 2020 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)
	_____	_____

**22 Financial Information by Segments**

Management has determined the operating segments based on the internal reports which are regularly reviewed by the Operations Management that are used to make strategic decisions.

The Operations Management comprises of the Executive Chairman, Chief Executive Officer, Chief Operations Officer, Chief Financial Officer and the department heads of each operating segment.

The business is managed primarily on the basis of different products and services as the diversification of the Group's operations inherently have notably different risk profiles and performance assessment criteria.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the following:

- the products sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customer for the products or services;
- the distribution method; and
- any external regulatory requirements

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.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**22 Financial Information by Segments** (continued)

The three main reportable segments for the Group are: (1) Energy (2) Resources and (3) Infrastructure and Defence. The business activities include civil construction, fabrication, precast concrete, SMP (Structural, Mechanical and Piping Erection), insulation, maintenance and plant hire.

Basis of Accounting for Purpose of Reporting by Operating Segments

(a) Accounting Policies Adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the consolidated financial statements of the Group.

(b) Inter-Segment Transactions

An internally determined transfer price is set for all inter-segment sales. This price is reviewed quarterly and is based on what would be realised in the event the sale was made to an external party at arm's length. All such transactions are eliminated on consolidation of the Group's financial statements.

Inter-segment loans payable and receivable are initially recognised at the consideration received/to be received net of transaction costs.

(c) Segment Assets and Liabilities

The Group does not identify nor segregate its assets and liabilities in operating segments as these are managed on a "group basis".

Geographical Segments (Secondary Reporting)

The Group currently operates in three geographical areas – Australia (main operations), Papua New Guinea and Uganda.

Major Customers

The Group has a number of customers to whom it provides both products and services. For the period ended 31 December 2021, the Group supplies to a single external customer in Resources segment who accounts for 48.61% of external revenue (31 December 2020: Resources 21.93%). The next most significant clients account for 26.24% and 25.16% (31 December 2020: 16.21% and 13.19%) of external revenue.

**CIVMEC LIMITED**  
**(Incorporated in Singapore)**

**AND ITS SUBSIDIARIES**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**31 DECEMBER 2021**

**22 Financial Information by Segments (continued)**

	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>	<u>2,377</u>	<u>33,256</u>	<u>6,576</u>	<u>42,209</u>	<u>1,435</u>	<u>29,627</u>	<u>3,456</u>	<u>34,518</u>
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				<u>30,556</u>				<u>21,911</u>
Income tax expense				(7,962)				(6,889)
<b>Net profit for the period</b>				<u><b>22,594</b></u>				<u><b>15,022</b></u>
				As at 31 <u>Dec 2021</u>				As at 30 <u>Jun 2021</u>
<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>				<u><b>651,308</b></u>				<u><b>636,939</b></u>
<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>				<u><b>341,134</b></u>				<u><b>345,071</b></u>

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