

Company Registration No: 201011837H

**CIVMEC LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2022**

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

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2022**

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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 2022 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 2022, 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
9 February 2023

CIVMEC LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	Group	
		6 months ended	
		31 December 2022 A\$'000	31 December 2021 A\$'000
Revenue	2	418,851	389,353
Cost of sales		(367,035)	(347,144)
Gross profit		51,816	42,209
Other income	2	486	1,011
Administrative expenses		(9,993)	(9,186)
Other expenses		-	(122)
Finance costs		(2,125)	(3,356)
Profit before income tax	3	40,184	30,556
Income tax expense		(11,918)	(7,962)
Profit for the period		28,266	22,594
Profit attributable to:			
Owners of the Company		28,248	22,594
Non-controlling interest		18	-
		28,266	22,594
Total comprehensive income attributable to:			
Owners of the Company		28,248	22,594
Non-controlling interest		18	-
		28,266	22,594
Earnings per share attributable to equity holders of the Company (cents per share):			
- Basic	4	5.60	4.50
- Diluted	4	5.51	4.50

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	Group	
		31 December 2022 A\$'000	As at 30 June 2022 A\$'000
ASSETS			
Current assets			
Cash and cash equivalents	6	62,806	40,841
Trade and other receivables	5	60,639	95,030
Contract assets	5(a)	101,928	121,654
Other current assets		2,860	1,829
Income tax receivable		2,076	-
		230,309	259,354
Non-current assets			
Property, plant and equipment	7	452,007	448,092
Investment properties	8	16,784	16,805
Intangible assets		10	10
Deferred tax assets		820	1,401
		469,621	466,308
TOTAL ASSETS		699,930	725,662
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	12	97,181	111,671
Contract liabilities	5(a)	38,141	43,325
Lease liabilities	15	10,691	10,564
Borrowings	13	50,000	28,000
Income tax payable		-	3,774
Provisions	14	10,805	11,350
		206,818	208,684
Non-current liabilities			
Lease liabilities	15	47,348	45,357
Borrowings	13	-	46,000
Provisions	14	4,810	4,726
Deferred tax liabilities		51,754	49,781
		103,912	145,864
TOTAL LIABILITIES		310,730	354,548

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CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

(continued)

		Group	
		As at	
	Note	31 December 2022 A\$'000	30 June 2022 A\$'000
Capital and Reserves			
Share capital	16	29,807	29,807
Treasury shares	16	(10)	(10)
Assets revaluation reserve	17	117,477	117,477
Other reserves	18	11,493	11,570
Retained earnings		230,694	212,549
Total equity attributable to the Owners of the Company		389,461	371,393
Non-controlling interest		(261)	(279)
TOTAL EQUITY		389,200	371,114
 TOTAL LIABILITIES AND EQUITY		 699,930	 725,662

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

Group	←	Other reserves		Equity-		settled		employee		→
	<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>benefits reserve</u> A\$'000	<u>Other reserves</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 2022	29,807	(10)	117,477	7,578	3,715	277	212,549	371,393	(279)	371,114
Profit for the period	-	-	-	-	-	-	28,248	28,248	18	28,266
Other comprehensive income for the period:	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	-	28,248	28,248	18	28,266
Recognition of share based payment	-	-	-	-	505	-	-	505	-	505
Reclassification to cash-settled employee benefits	-	-	-	-	(582)	-	-	(582)	-	(582)
Dividends paid	-	-	-	-	-	-	(10,103)	(10,103)	-	(10,103)
Balance as at 31 December 2022	29,807	(10)	117,477	7,578	3,638	277	230,694	389,461	(261)	389,200

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CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

(continued)

Group	←	Other reserves		→						
	Share capital A\$'000	Treasury shares A\$'000	Asset revaluation reserve A\$'000	Merger reserve A\$'000	Equity- settled employee benefits reserve A\$'000	Other reserves A\$'000	Retained earnings A\$'000	Total A\$'000	Non- controlling interest A\$'000	Total 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
Recognition of 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 financial statements

CIVMEC LIMITED
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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	<u>Note</u>	Group	
		6 months ended	
		31 December <u>2022</u> A\$'000	31 December <u>2021</u> A\$'000
Cash Flows from Operating Activities			
Profit before income tax		40,184	30,556
Adjustment for:			
Depreciation of property, plant and equipment and investment properties – leasehold land	7,8	9,029	7,810
Gain on disposal of property, plant and equipment		(25)	(125)
Share of loss of joint venture		-	1
Impairment loss on loan to an associate		-	108
Trade receivables written off		-	37
Finance cost		3,756	4,887
Interest income		(285)	(117)
Expense arising on equity-settled share based payments		505	736
Foreign exchange differences		(28)	89
Operating cash flow before working capital changes		<u>53,136</u>	<u>43,982</u>
Changes in working capital:			
(Increase)/decrease in trade and other receivables		34,391	2,100
(Increase)/decrease in contract assets		19,726	(21,306)
(Increase)/decrease in other current assets		(1,031)	(5,066)
Increase/(decrease) in trade and other payables		(16,462)	18,459
Increase/(decrease) in contract liabilities		(5,184)	(35,121)
Increase/(decrease) in provisions		(461)	241
Cash generated from operations		<u>84,115</u>	<u>3,289</u>
Interest received		285	9
Finance cost paid		(2,813)	(4,535)
Income taxes refund		1,215	-
Income taxes paid		(15,583)	(19,392)
Net cash generated from/(used in) operating activities		<u>67,219</u>	<u>(20,629)</u>
Cash Flows from Investing Activities			
Proceeds from sale of property, plant and equipment		27	226
Purchase of property, plant and equipment		(6,801)	(3,967)
Cash distribution from joint venture		-	52
Net cash used in investing activities		<u>(6,774)</u>	<u>(3,689)</u>

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CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

(continued)

	<u>Note</u>	Group	
		6 months ended	
		31 December <u>2022</u> A\$'000	31 December <u>2021</u> A\$'000
Cash Flows from Financing Activities			
Proceeds from borrowings		35,000	86,008
Repayment of borrowings		(59,000)	(62,000)
Repayment of principal lease liabilities		(4,377)	(3,710)
Dividends paid		(10,103)	(5,018)
Net cash (used in)/generated from operating activities		(38,480)	15,280
Net increase/(decrease) in cash and cash equivalents		21,965	(9,038)
Cash and cash equivalents at the beginning of the period		40,841	48,172
Cash and cash equivalents at the end of the period	6	62,806	39,134

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

	Cash flows			Non-cash changes			Closing A\$'000
	<u>Opening</u> A\$'000	<u>Proceeds</u> A\$'000	<u>Repayment</u> A\$'000	Re- <u>classification</u> A\$'000	<u>Addition</u> A\$'000	<u>Others</u> A\$'000	
	1 Jul 2022						31 Dec 2022
Borrowings	74,000	35,000	(59,000)	-	-	-	50,000
Lease liabilities	55,921	-	(4,377)	-	3,717	2,778	58,039
	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

The accompanying notes form an integral part of the financial statements

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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 2022 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 2022.

The financial statements are presented in Australian dollars (AUD or A\$), which is the functional currency of the Company. All financial information presented in Australian 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 2022

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) 1-16 *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to SFRS(I) 1-37 *Provisions - Onerous Contracts - Cost of Fulfilling a Contract*

(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) 3 *Business Combination – Reference to the Conceptual Framework*
- Annual improvements to SFRS(I)s 2018 – 2020 SFRS(I) 9 *Financial Instruments – Fees in the “10 per cent” test for derecognition*
- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current)*
- 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: *Definition of 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*
- Amendments to SFRS(I) 1-1 *Non-current liabilities with covenants*
- Amendments to SFRS(I) 16 *Lease liability in a sale and leaseback*

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

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

1 Basis of preparation (continued)

(c) Accounting policies, 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.

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 2022.

(d) Impact of COVID-19

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 unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

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31 DECEMBER 2022

2 Revenue and other income

	Group	
	6 months ended	
	31 December 2022	31 December 2021
	A\$'000	A\$'000
Revenue		
Over time:		
Revenue from construction contracts	355,681	282,829
Revenue from the rendering of services	61,418	105,405
	417,099	388,234
At a point in time:		
Revenue from the rendering of services	843	567
Revenue from sales of goods	909	552
	1,752	1,119
	418,851	389,353
Other income		
Insurance recoveries	8	587
Fuel tax rebate	56	93
Interest income		
- Bank balances	285	9
- Related party	-	108
	285	117
Gain on disposal of property, plant and equipment	25	125
Share of loss of a joint venture	-	(1)
Subsidies and incentives	84	90
Net foreign exchange gain	28	-
	486	1,011

Insurance recoveries

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

Subsidies and incentives

The Group received Wage Subsidy and Jobs and Skills WA Employer Incentives from the Government for hiring eligible participants.

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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3 Profit before income tax

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

	Group	
	6 months ended	
	31 December <u>2022</u> A\$'000	31 December <u>2021</u> A\$'000
Included in cost of sales:		
Direct materials	68,010	64,119
Employee benefits	202,873	168,719
Subcontract works	32,836	54,513
Workshop and other overheads	52,742	50,570
Depreciation of property, plant and equipment and investment properties – leasehold land	8,943	7,692
Finance costs on lease liabilities	1,631	1,531
	8,943	7,692
Included in administrative expenses:		
Audit fees:		
- Auditors of the Company	55	25
- Other auditors	71	23
Non-audit fees:		
- Auditors of the Company	22	21
- Other auditors*	108	81
Business development	151	64
Communications	1,482	764
Depreciation of property, plant and equipment and investment properties – leasehold land	86	118
Directors' fees	142	130
Employee benefits	6,612	6,277
Occupancy expenses	210	503
Office costs	416	242
Other administrative expenses	263	201
Tax and other professional fees	375	737
	11,000	10,273
* includes internal audit		
Included in other (write-back)/expenses:		
Impairment loss on loan to an associate	-	108
Trade receivables written off	-	37
Bad debt recovered	-	(23)
	-	122

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NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2022

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.

	Group	
	6 months ended	
	31 December <u>2022</u>	31 December <u>2021</u>
Profit attributable to the owners of the Company (A\$'000)	28,248	22,594
Weighted average number of ordinary shares issued		
- Basic	504,242,859	502,031,793
- Diluted	512,192,859	502,055,348
Earnings per ordinary share (A\$ cents)		
- Basic	5.60	4.50
- Diluted	5.51	4.50

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.

As at 31 December 2022, the diluted earnings per share includes the effect of 7,950,000 unissued ordinary shares granted under CPRP due to the performance targets are likely to be met (30 June 2022: 9,926,000). The effect of the inclusion is dilutive.

As at 31 December 2022, the diluted earnings per share does not include the effect of 4,000,000 (30 June 2022: 4,000,000, anti-dilutive) unissued ordinary shares granted under CESOS. The effect of the inclusion is anti-dilutive.

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31 DECEMBER 2022

5 Trade and other receivables

	Group	
	As at	
	31 December 2022 A\$'000	30 June 2022 A\$'000
Current:		
Trade receivables		
- Third parties	60,072	94,432
- Retention sum receivables	-	5
Allowance for impairment loss	(11)	(11)
	60,061	94,426
Loan to an associate	-	1,766
Allowance for impairment loss	-	(1,766)
	-	-
Other receivables	578	604
	60,639	95,030

The Group provided working capital funding to an associate, Civtec Africa Ltd. The loan balance of A\$1,766,000 (30 June 2022: A\$1,766,000) is written off.

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

	Trade receivables A\$'000	Other receivables A\$'000	Total A\$'000
Group			
<u>31 December 2022</u>			
Balance at 1 July 2022	11	1,766	1,777
Impairment loss recognised in profit or loss during the period on:			
- Written off	-	(1,766)	(1,766)
Balance at 31 December 2022	11	-	-
<u>31 December 2021</u>			
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

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 2022 Civmec Limited's Annual Report.

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31 DECEMBER 2022

5(a) Contract assets and liabilities

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Contract assets	101,928	121,654
Contract liabilities	(38,141)	(43,325)

(i) Significant changes in contract balances

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Contract assets:		
Contract assets reclassified to trade receivables	(36,889)	(12,708)
Changes in measurement of progress	17,163	51,720
Contract liabilities:		
Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period/year	18,510	58,224
Increase due to cash received, excluding amounts recognised as revenue during the period/year	(13,326)	(21,411)

6 Cash and cash equivalents

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Cash at bank and on hand	62,806	40,841

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

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7 Property, plant and equipment

	Freehold land A\$'000	Leasehold land A\$'000	Buildings A\$'000	Plant and equipment A\$'000	Small tools A\$'000	Motor vehicles A\$'000	Office equipment A\$'000	IT equipment A\$'000	Assets under construction A\$'000	Total A\$'000
31 December 2022										
<u>Cost or valuation</u>										
At 1 July 2022	21,200	30,549	328,734	98,321	10,330	8,690	766	3,357	9,543	511,490
Additions	-	-	19	2,287	125	-	23	69	4,278	6,801
Additions – ROU	-	4,774	-	1,191	-	220	-	-	-	6,185
Transfer	-	-	-	3,276	436	-	-	-	(3,712)	-
Reclassified to Cost of Sales	-	-	-	-	-	-	-	-	(61)	(61)
Disposals	-	-	-	-	(14)	(23)	-	-	-	(37)
At cost at										
31 December 2022	-	35,323	-	105,075	10,877	8,887	789	3,426	10,048	174,425
At valuation at										
31 December 2022	21,200	-	328,753	-	-	-	-	-	-	349,953
At 31 December 2022	21,200	35,323	328,753	105,075	10,877	8,887	789	3,426	10,048	524,378
<u>Accumulated depreciation</u>										
At 1 July 2022	-	(4,055)	-	(44,207)	(6,092)	(5,286)	(716)	(3,042)	-	(63,398)
Depreciation for the period	-	(468)	(4,126)	(3,376)	(529)	(418)	(8)	(83)	-	(9,008)
Disposals	-	-	-	-	12	23	-	-	-	35
At 31 December 2022	-	(4,523)	(4,126)	(47,583)	(6,609)	(5,681)	(724)	(3,125)	-	(72,371)

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7 Property, plant and equipment (continued)

	Freehold land A\$'000	Leasehold land 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	Assets under construction A\$'000	<u>Total</u> A\$'000
31 December 2022 (continued)										
<u>Net carrying amount</u>										
At cost	-	30,800	-	57,492	4,268	3,206	65	301	10,048	106,180
At valuation	21,200	-	324,627	-	-	-	-	-	-	345,827
At 31 December 2022	21,200	30,800	324,627	57,492	4,268	3,206	65	301	10,048	452,007

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7 Property, plant and equipment (continued)

	Freehold land A\$'000	Leasehold land A\$'000	Buildings A\$'000	Plant and equipment A\$'000	Small tools A\$'000	Motor vehicles A\$'000	Office equipment A\$'000	IT equipment A\$'000	Assets under construction A\$'000	Total A\$'000
<u>30 June 2022</u>										
<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	-	-	-	3,217	1,512	-	29	6	2,140	6,904
Additions – ROU	-	1,482	-	2,932	85	1,682	-	-	1,999	8,180
Transfer	-	-	(7,901)	20,106	1,769	2	-	22	(13,998)	-
Transferred to investment property	-	(1,912)	(13,200)	-	-	-	-	-	-	(15,112)
Write-off	-	-	-	480	-	-	-	-	(700)	(220)
Revaluation increase	3,250	-	35,374	-	-	-	-	-	-	38,624
Disposals	-	-	-	(1,072)	(54)	(351)	-	-	-	(1,477)
At cost at										
30 June 2022	-	30,549	-	98,321	10,330	8,690	766	3,357	9,543	161,556
At valuation at										
30 June 2022	21,200	-	328,734	-	-	-	-	-	-	349,934
At 30 June 2022	21,200	30,549	328,734	98,321	10,330	8,690	766	3,357	9,543	511,490
<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 year	-	(636)	(7,205)	(6,941)	(771)	(787)	(37)	(182)	-	(16,559)
Transfer	-	-	-	(95)	88	7	-	-	-	-
Revaluation	-	-	14,403	-	-	-	-	-	-	14,403
Disposals	-	-	-	928	48	343	-	-	-	1,319
At 30 June 2022	-	(4,055)	-	(44,207)	(6,092)	(5,286)	(716)	(3,042)	-	(63,398)

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7 Property, plant and equipment (continued)

	Freehold land A\$'000	Leasehold land A\$'000	Buildings A\$'000	Plant and equipment A\$'000	Small tools A\$'000	Motor vehicles A\$'000	Office equipment A\$'000	IT equipment A\$'000	Assets under construction A\$'000	Total A\$'000
30 June 2022 (continued)										
<u>Net carrying amount</u>										
At cost	-	26,494	-	54,114	4,238	3,404	50	315	9,543	98,158
At valuation	21,200	-	328,734	-	-	-	-	-	-	349,934
At 30 June 2022	21,200	26,494	328,734	54,114	4,238	3,404	50	315	9,543	448,092

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7 Property, plant and equipment (continued)

Depreciation expenses are classified as follows:

	Group	
	6 months ended	
	31 December <u>2022</u> A\$'000	31 December <u>2021</u> A\$'000
Included in cost of sales	8,922	7,692
Included in administrative expenses	86	118
	9,008	7,810

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 324 & Lot 325 Hedland Junction, Wedgefield, Port Hedland	Land and buildings / Manufacturing workshop and office facility under construction	Freehold

Freehold land and buildings carried at fair value

The fair value of the freehold land and buildings of the Group was carried out by Griffin Valuation Advisory. 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. No revaluation is performed during the period.

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7 Property, plant and equipment (continued)

Freehold land and buildings carried at fair value (continued)

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

	Group	
	As at	
	31 December	30 June
	<u>2022</u>	<u>2022</u>
	A\$'000	A\$'000
Freehold land	16,254	16,254
Freehold land included in Assets under construction	3,771	-
Buildings	200,943	200,943
Accumulated depreciation	(31,745)	(28,554)
Net book value	189,223	188,643

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 15.

The carrying amount of property, plant and equipment that are pledged for security are as follows:

		Group	
		As at	
Description	Borrowings	31 December	30 June
		<u>2022</u>	<u>2022</u>
		A\$'000	A\$'000
Leased plant and equipment	Lease liabilities	33,588	33,996
Remaining property, plant and equipment	Corporate market loan, multi-option	418,419	414,096
		452,007	448,092

The details of borrowings are disclosed in Note 13.

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8 Investment properties

	<u>Buildings</u> A\$'000	Leasehold land A\$'000	<u>Total</u> A\$'000
31 December 2022			
<u>Cost or valuation</u>			
At cost at the beginning and end of the period	-	2,006	2,006
At valuation at the beginning and end of the period	14,840	-	14,840
At 31 December 2022	14,840	2,006	16,846
 <u>Accumulated depreciation</u>			
At 1 July 2022	-	(41)	(41)
Depreciation for the period	-	(21)	(21)
At 31 December 2022	-	(62)	(62)
 <u>Net carrying amount</u>			
At cost	-	1,944	1,944
At valuation	14,840	-	14,840
At 31 December 2022	14,840	1,944	16,784

Buildings carried at fair value

The fair value of the buildings was carried out by Griffin Valuation Advisory. The fair value is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy due to its specialised nature which is not readily traded in the marketplace.

At the balance sheet date, the investment property held by the Group is as follows:

<u>Location</u>	<u>Description/Existing use</u>	<u>Tenure</u>
1 Welding Pass, Henderson, Western Australia	Buildings on leasehold land / Submarine rescue facility	Leasehold land leases: 28-years lease from April 2020, with further 22 years option Leasehold land sub-lease: 26-years and 4 months lease From July 2021, with 2 options to renew for a further 3 years each

No revaluation was performed during the period. The fair value measurement for the investment property of A\$14,840,000 (30 June 2022: A\$14,840,000) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

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8 Investment properties (continued)

Leasehold land carried at cost

The asset is depreciated on a straight-line basis over its lease term. The depreciation rate used is 2.1%.

(a) Investment property is leased to non-related parties under operating leases.

Amounts recognised in profit or loss for investment properties

	Group	
	6 months ended	
	31 December	31 December
	<u>2022</u>	<u>2021</u>
	A\$'000	A\$'000
Rental income	335	107
Direct operating expenses from investment property that generated rental income	(143)	(126)
	(143)	(126)

(b) The carrying amount of investment properties that are pledged for security is as follows:

		Group	
		As at	
Description	Borrowings	31 December	30 June
		<u>2022</u>	<u>2022</u>
		A\$'000	A\$'000
Investment properties	Corporate market loan, multi-option	16,784	16,805
		16,784	16,805

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9 Investment in joint venture

The summarised statement of financial position is as follows:

	Group	
	As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Unquoted cost of investment	-	57
Share of loss for the period/year	-	(5)
	-	52
Cash distribution to shareholders	-	(52)
	-	-

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>	Ownership interest held by the Group	
			As at	
			31 December <u>2022</u> %	30 June <u>2022</u> %
Held by Civmec Construction & Engineering Pty Ltd				
Australian Maritime Shipbuilding and Export Group Ltd (AMSEG) ⁽¹⁾	Shipbuilding	Australia	50	50

⁽¹⁾ Not a significant component.

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>	Ownership interest held by the Group	
			As at	
			31 December <u>2022</u> %	30 June <u>2022</u> %
Held by Civmec Construction & Engineering Uganda Pty Ltd				
Civtec Africa Ltd	Engineering and construction services	Uganda	32	32

Civtec Africa Ltd

A settlement agreement was entered on 29 November 2021 for the exit of Civmec Group from Civtec Africa Ltd upon the fulfillment of the terms and conditions by Civtec Africa Ltd.

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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>	
			31 December <u>2022</u> %	30 June <u>2022</u> %
Black & Veatch Civmec JV ("BCJV") ⁽¹⁾	Engineering and construction services	Australia	50	50
Civmec Construction & Engineering Pty Ltd and Seymour Whyte Constructions Pty Ltd and WSP Australia Pty Ltd ("Causeway Link Alliance") ⁽²⁾	Engineering and construction services	Australia	53.78	-

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

(2) Causeway Link Alliance is for the design and construction of the Causeway Pedestrian and Cyclist Bridge in the Perth metropolitan area.

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>Group</u>	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Trade creditors	39,269	57,303
Sundry payables and accruals	48,345	44,605
Goods and services tax payable	4,134	3,524
Other taxes payable	5,433	6,239
	<u>97,181</u>	<u>111,671</u>

Trade and other payables are usually paid within 45 days.

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13 Borrowings

	Group	
	As at	
	31 December 2022	30 June 2022
	A\$'000	A\$'000
<u>Current:</u>		
Corporate market loan – secured	50,000	8,000
Trade finance	-	20,000
	50,000	28,000
<u>Non-current:</u>		
Corporate market loan – secured	-	46,000
Total borrowings	50,000	74,000

Corporate market loan

The Group is required by the banks to maintain certain financial ratios such as leverage ratio, tangible net worth and debt service cover ratio. As at 31 December 2022, the Group met all of these financial covenants.

As at 31 December 2022, the Group has a commercial bank facility amounting to A\$50 million (30 June 2022: A\$54 million) which was fully utilised (30 June 2022: fully utilised) with a renewal maturity date in November 2023. Subsequent to the period ended, the facility has been increased to A\$74 million and the maturity date is extended to November 2024. The facility is repaid at an amount of A\$8 million per annum. Interest rates are variable and ranged between 1.53 % to 4.36% (31 December 2021: 1.31%) per annum during the current financial period.

Trade finance

The Group has a multi-option facility of A\$40 million which was not utilised as at 31 December 2022 (30 June 2022: 50% utilised). It can be used for trade financing, bank guarantees and letters of credit. Interest rates are fixed at the time of drawing and ranged between 2.59% to 3.99% per annum during the current financial period (31 December 2021: 1.32%). Subsequent to the period ended, the facility has been increased to A\$65 million.

General security deed

Both the commercial bank and multi-option facilities are secured by certain property, plant and equipment and investment properties as disclosed in Note 7 and Note 8 to the financial statements.

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14 Provisions

	Group	
	As at	
	31 December 2022 A\$'000	30 June 2022 A\$'000
<u>Current:</u>		
Provisions for employee benefits	10,805	11,350
<u>Non-Current:</u>		
Provisions for employee benefits	4,810	4,726
	15,615	16,076

Movements in provisions are as follows:

	Group	
	As at	
	31 December 2022 A\$'000	30 June 2022 A\$'000
<u>Current:</u>		
At the beginning of the period/year	11,350	8,950
Provisions made during the period/year		
- Included in employee benefits	15,009	28,035
Provisions utilised during the period/year	(15,554)	(25,635)
At the end of the period/year	10,805	11,350
<u>Non-current:</u>		
At the beginning of the period/year	4,726	4,429
Provisions made during the period/year		
- Included in employee benefits	913	1,792
Adjustment due to change in probability %	(274)	(916)
Provisions utilised during the period/year	(555)	(579)
At the end of the period/year	4,810	4,726

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 4.38% to 6.21% (31 December 2021: 0.62% to 3.11%)

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15 Leases

(a) 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.
- The Henderson land lease at Lot 101 (1) 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.
- A workshop lease at 4/379 Spearwood Avenue, Bibra Lake, Western Australia is for a 3-year lease from July 2022 with a first further 2 years option and a second further 3 years option (reasonably certain to be exercised). Rent increases 2.5% on each anniversary of the start date from the initial lease term and subsequently increases as per the CPI index.
- A workshop lease at 1 Boys Road, Gladstone in Queensland renegotiated for a 1-year period and 6 months option.

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.

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 2022			
Within one year	14,666	(3,975)	10,691
Between two and five years	45,974	(17,276)	28,698
Later than five years	160,615	(141,965)	18,650
	206,589	(159,241)	47,348
	221,255	(163,216)	58,039
As at 30 June 2022			
Within one year	14,340	(3,776)	10,564
Between two and five years	44,234	(16,128)	28,106
Later than five years	151,444	(134,193)	17,251
	195,678	(150,321)	45,357
	210,018	(154,097)	55,921

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15 Leases (continued)

(a) The Group as Lessee (continued)

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

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
<u>Present value of lease liabilities</u>		
Within one year	10,691	10,564
Between two and five years	28,698	28,106
Later than five years	18,650	17,251
	47,348	45,357
	58,039	55,921

The effective interest rate ranges from 2.14% to 8.6% (31 December 2021: 2.14% to 8.6%) per annum.

Carrying amount of right-of-use assets within Property, plant and equipment

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Leasehold land & buildings	30,800	26,494
Small tools	833	885
Plant and equipment	30,473	30,597
Motor vehicles	2,283	2,514
	64,389	60,490

There was an addition of A\$6,185,000 to right-of-use assets during the current financial period (Note 7).

Carrying amount of right-of-use assets within Investment Properties

	Group As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Leasehold land	1,944	1,965

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15 Leases (continued)

(a) The Group as Lessee (continued)

Amounts recognised in profit or loss

	Group	
	6 months ended	
	31 December <u>2022</u> A\$'000	31 December <u>2021</u> A\$'000
Depreciation charged for the period:		
- Small tools	51	-
- Plant and equipment	1,192	1,149
- Motor vehicles	242	193
- Leasehold land	489	-
Interest on lease liabilities	2,036	1,932
Expenses relating to short-term leases	171	105
<u>Other disclosures</u>		
Total cash outflow for leases	4,377	3,710

(b) The Group as lessor

The Group sub-leased its investment property under an operating lease which also included pay to build and occupy conditions. A net amount of A\$9,236,000 was received in advance during the year ended 30 June 2021 from the sub-lessee as part of the pay to build conditions. Revenue from the advance is being recognised over the tenure of the land. The sub-lessee does not have an option to purchase the property at the expiry of the lease period. This lease is classified as an operating lease because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Rental income from investment properties is disclosed in Note 8.

Future minimum rental receivables under non-cancellable operating leases as at the end of the reporting period are as follows:

	Group	
	As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
<i>Present value of rental receivables</i>		
Within one year	214	214
Between one year and two years	207	207
Between two years and three years	184	184
Between three years and four years	184	184
Between four years and five years	184	184
Later than five years	1,699	1,724
	2,672	2,697

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16 Share capital

(a) Fully paid ordinary shares

	Group and Company			
	As at			
	<u>31 December 2022</u>		<u>30 June 2022</u>	
	No. of shares	A\$'000	No. of shares	A\$'000
At the beginning of the period/year	502,450,000	29,807	501,100,000	29,807
Shares issued during the period/year:				
- Conversion of performance rights	2,682,000	-	1,350,000	-
At the end of the period/year	505,132,000	29,807	502,450,000	29,807

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.

During the period, 2,682,000 shares were issued pursuant to vesting and conversion of performance rights held by key management personnel (KMP) and other management.

On 13 December 2022 the Company paid a final dividend of 2.0 Australia cents per ordinary share (30 June 2022: 1.0 Australia cents) amounting to A\$10,102,640 for the financial year ended 30 June 2022.

(b) Treasury shares

	Group and Company			
	As at			
	<u>31 December 2022</u>		<u>30 June 2022</u>	
	No. of shares	A\$'000	No. of shares	A\$'000
At the beginning and end of the period/year	15,000	10	15,000	10

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

(c) Share options

	Group and Company			
	As at			
	<u>31 December 2022</u>		<u>30 June 2022</u>	
	No. of shares		No. of shares	
At the beginning and end of the period/year	4,000,000	S\$0.65	4,000,000	S\$0.65

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. The options are exercisable on or before 11 September 2023.

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16 Share capital (continued)

(d) Performance rights

The Civmec Limited Performance Rights Plan (the “CPRP”) for key senior executives of the Group was approved and adopted by shareholders at the Annual General meeting held on 25 October 2019.

A Performance Right refers to a right to one issued ordinary share of the Company granted under the scheme for no consideration. To the extent the gateway hurdles are satisfied, 100% of the vesting will be based on the absolute earnings per share (aEPS) outcome. aEPS is based on the achievement of certain predetermined performance targets determined by the Remuneration Committee. The Remuneration Committee has the discretion to determine whether the performance targets have been met.

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)	3,061,000	(1,350,000)	(1,711,000)	-
Performance Period 1 July 2020 to 30 June 2022 (Granted in FY2021)	4,289,000	(2,682,000)	(1,607,000)	-
Performance Period 1 July 2020 to 30 June 2023 (Granted in FY2021)	4,289,000	-	(179,000)	4,110,000
Performance Period 1 July 2021 to 30 June 2024 (Granted in FY2022)	1,773,000	-	(67,000)	1,706,000
Performance Period 1 July 2022 to 30 June 2025 (Granted in FY2023)	2,134,000	-	-	2,134,000
Balance as at 31 December 2022				<u>7,950,000</u>

For the financial period ended 31 December 2022, the Group has recognised A\$505,000 of equity-settled share-based payment expense (31 December 2021: A\$736,000).

17 Asset revaluation reserve

	<u>Group</u>	
	As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
At the beginning of the period/year	117,477	80,358
Gain on revaluation of freehold land and buildings	-	53,027
Deferred tax liability arising on revaluation	-	(15,908)
At the end of the period/year	<u>117,477</u>	<u>117,477</u>

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18 Other reserves

	Group	
	As at	
	31 December 2022 A\$'000	30 June 2022 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)	3,638	3,715
	11,493	11,570

(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.

19 Capital expenditure commitments

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

	Group	
	As at	
	31 December 2022 A\$'000	30 June 2022 A\$'000
Plant and equipment purchases	1,002	816
Capital projects	3,718	3,013
	4,720	3,829

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20 Guarantees

Group

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 in the event that it is unable to perform its contractual obligations.

Company

The Company also provides parent company guarantee to clients from time to time when a subsidiary enters into a contractual agreement. These guarantees and indemnities only give rise to a liability in the event that the subsidiary is unable 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 2022, the Group has provided the following:

	Group	
	As at	
	31 December <u>2022</u> A\$'000	30 June <u>2022</u> A\$'000
Group		
Bank guarantees	1,540	1,567
Surety bond facility	133,520	163,192
Letter of credit	-	60
	<u>135,060</u>	<u>164,819</u>

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A\$425 million as at 31 December 2022 (30 June 2022: A\$370 million).

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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) (19.35%) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust) (19.33%).

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.

	Group	
	6 months ended	
	31 December	31 December
	<u>2022</u>	<u>2021</u>
	A\$'000	A\$'000
Directors' remuneration		
- Salaries and other related costs	2,232	2,109
- Directors' fees	142	130
- Share-based payment*	476	345
- Benefits including defined contribution plans	68	65
Other key management personnel		
- Salaries and other related costs	1,821	1,780
- Share-based payment	225	218
- Benefits including defined contribution plans	116	111
	<u>5,080</u>	<u>4,758</u>

*includes cash-settled share-based payment

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21 Related party transactions (continued)

Directors' interest in employee share benefit plans

At the end of the reporting date, the total number of outstanding share options and performance rights that were issued/allocated to the directors and key management personnel under existing employee benefit schemes is given below:

	Group	
	As at	
	31 December	30 June
	<u>2022</u>	<u>2022</u>
	A\$'000	A\$'000
Share options		
Directors	-	-
Key management personnel	1,000,000	2,000,000
	<u>1,000,000</u>	<u>2,000,000</u>
Performance rights		
Directors	2,774,000	4,380,000
Key management personnel	3,166,000	3,982,000
	<u>3,166,000</u>	<u>3,982,000</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.

There was no transaction with related parties during the current financial period (31 December 2021: Nil).

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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, Acting 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.

The Group is organised into the following main business segments:

- Energy
- Resources
- Infrastructure, Marine & Defence

The business activities 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.

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

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.

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22 Financial information by segments (continued)

Basis of Accounting for Purpose of Reporting by Operating Segments (continued)

(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)

Revenue is based on the location of customers regardless of where the services are rendered. Non-current assets are based on the location of those assets:

	<u>Revenue</u>		<u>Non-current assets</u>	
	6 months ended		As at	
	31 December <u>2022</u>	31 December <u>2021</u>	31 December <u>2022</u>	30 June <u>2022</u>
			A\$'000	A\$'000
Australia	418,851	389,353	469,621	466,308

Major Customers

The Group has a number of customers to whom it provides both products and services. For the period ended 31 December 2022, the Group supplies to a single external customer in the Resources segment who accounts for 33.0% of external revenue (31 December 2021: Resources 48.61%). The next most significant clients account for 15.5% and 8.5% respectively (31 December 2021: 26.24% and 25.16%) of external revenue.

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22 Financial information by segments (continued)

	Group 6 months ended 31 December 2022				Group 6 months ended 31 December 2021			
	Energy A\$'000	Resources A\$'000	Infra- Structure, Marine and Defence A\$'000	Total A\$'000	Energy A\$'000	Resources A\$'000	Infra- Structure, Marine and Defence A\$'000	Total A\$'000
Revenue	17,307	344,655	56,889	418,851	25,229	297,075	67,049	389,353
Cost of sales (excluding depreciation)	(15,740)	(291,912)	(50,440)	(358,092)	(22,297)	(258,158)	(58,997)	(339,452)
Depreciation expense	(306)	(7,631)	(1,006)	(8,943)	(555)	(5,661)	(1,476)	(7,692)
Segment results	1,261	45,112	5,443	51,816	2,377	33,256	6,576	42,209
Other income				486				1,012
Share of loss of joint venture				-				(1)
Administrative expenses*				(9,907)				(9,071)
Depreciation in admin expenses*				(86)				(115)
Finance costs				(2,125)				(3,356)
Other expenses				-				(122)
Profit before income tax				40,184				30,556
Income tax expense				(11,918)				(7,962)
Net profit for the period				28,266				22,594
				As at 31 December 2022				As at 30 June 2022
Segment assets:								
Intangible assets	-	10	-	10				10
Unallocated assets:								
Assets				696,240				722,422
Other current assets				2,860				1,829
Deferred tax assets				820				1,401
Total assets				699,930				725,662
Segment liabilities:								
Unallocated liabilities								
Liabilities				245,115				264,472
Borrowings				50,000				74,000
Provisions				15,615				16,076
Total liabilities				310,730				354,548
Other segment information								
Capital expenditure during the period				6,801				3,967

*Administrative expenses above exclude depreciation which is disclosed separately above