CIVMEC LIMITED

(Company Registration No: 201011837H)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 31 DECEMBER 2022

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

	Note	Group 6 months ended 31 December 2022 A$'000	Group 6 months ended 31 December 2021 A$'000
Revenue	4	418,851	389,353
Cost of sales		(367,035)	(347,144)
Gross profit		51,816	42,209
Other income	5	486	1,011
Administrative expenses		(9,993)	(9,186)
Other write-back/(expenses)		-	(122)
Finance costs		(2,125)	(3,356)
Profit before income tax	5	40,184	30,556
Income tax expense	7	(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	8	5.60	4.50
- Diluted	8	5.51	4.50

B. Condensed interim statements of financial position

	Note	Group		Company	
		As at 31 December 2022 A$'000	As at 30 Jun 2022 A$'000	As at 31 December 2022 A$'000	As at 30 Jun 2022 A$'000
ASSETS					
Current assets					
Cash and cash equivalents		62,806	40,841	27	7
Trade and other receivables		60,639	95,030	28,697	34,831
Contract assets		101,928	121,654	-	-
Other current assets		2,860	1,829	26	-
Income tax receivable		2,076	-	2,076	-
		230,309	259,354	30,826	34,838
Non-current assets					
Investment in subsidiaries		-	-	7,579	7,579
Property, plant and equipment		452,007	448,092	-	-
Investment properties	11	16,784	16,805	-	-
Intangible assets		10	10	-	-
Deferred tax assets		820	1,401	35	86
		469,621	466,308	7,614	7,665
TOTAL ASSETS		699,930	725,662	38,440	42,503
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables		97,181	111,671	180	192
Contract liabilities		38,141	43,325	-	-
Lease liabilities		10,691	10,564	-	-
Borrowings	12	50,000	28,000	-	-
Income tax payable		-	3,774	-	3,774
Provisions		10,805	11,350		
		206,818	208,684	180	3,966
Non-current liabilities					
Lease liabilities		47,348	45,357	-	-
Borrowings	12	-	46,000	-	-
Provisions		4,810	4,726	-	-
Deferred tax liabilities		51,754	49,781	-	-
		103,912	145,864	-	-
TOTAL LIABILITIES		310,730	354,548	-	3,966
Capital and Reserves					
Share capital	13	29,807	29,807	29,807	29,807
Treasury shares		(10)	(10)	(10)	(10)
Asset revaluation reserve		117,477	117,477	-	-
Other reserves		11,493	11,570	7,881	7,958
Retained earnings		230,694	212,549	582	782
Total equity attributable to the Owners of the Company		389,461	371,393	38,260	38,537
Non-controlling interest		(261)	(279)	-	-
TOTAL EQUITY		389,200	371,114	38,260	38,537
TOTAL LIABILITIES AND EQUITY		699,930	725,662	38,440	42,503

C. Condensed interim statements of changes in equity

GROUP	Share capital A$'000	Treasury shares A$'000	Asset revaluation reserve A$'000	Other reserves: Merger reserve A$'000	Other reserves: Equity-settled employee benefits reserve A$'000	Other reserves: Other reserves A$'000	Retained earnings A$'000	Total A$'000	Non-controlling interest A$'000	Total A$'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
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

C. Condensed interim statements of changes in equity (continued)

COMPANY	Share capital A$'000	Treasury shares A$'000	Merger reserve A$'000	Other reserves: Equity-settled employee benefits reserve A$'000	Other reserves A$'000	Retained earnings A$'000	Total A$'000
Balance as at 1 July 2022	29,807	(10)	7,578	3,715	(3,335)	782	38,537
Profit for the period	-	-	-	-	-	9,903	9,903
Other comprehensive income for the period:	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	9,903	9,903
Recognition of share based payment	-	-	-	505	-	-	505
Reclassification to cash-settled employee benefits	-	-	-	(582)	-	-	(582)
Dividends paid	-	-	-	-	-	(10,103)	(10,103)
Balance as at 31 December 2022	29,807	(10)	7,578	3,638	(3,335)	582	38,260
Balance as at 1 July 2021	29,807	(10)	7,578	2,280	(3,335)	4,001	40,321
Profit for the period	-	-	-	-	-	2,592	2,592
Other comprehensive income for the period:	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	2,592	2,592
Recognition of share based payment	-	-	-	736	-	-	736
Dividends paid	-	-	-	-	-	(5,024)	(5,024)
Balance as at 31 December 2021	29,807	(10)	7,578	3,016	(3,335)	1,569	38,625

D. Condensed interim consolidated statement of cash flows

	Note	Group 6 months ended 31 December 2022 A$'000	Group 6 months ended 31 December 2021 A$'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	5	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		53,136	43,982
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		84,115	3,289
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		67,219	(20,629)
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 from investing activities		(6,774)	(3,689)
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 generated from/(used in) financing 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		62,806	39,134

E. Notes to the condensed interim consolidated financial statements

1 Company information

Civmec Limited (the "Company") is incorporated and domiciled in Singapore and its shares are publicly traded on the Singapore Exchange and the Australian Stock Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activity of the Company is that of an investment holding company.

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

2 Basis of preparation

The condensed interim financial statements for the six months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 30 June 2022.

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

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions 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.

E. Notes to the condensed interim consolidated financial statements (continued)

2 Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

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

(a) Critical judgements in applying the Group's accounting policies

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

Impairment of trade and other receivables and contract assets

The Group applies the simplified approach to provide for the ECL ("Expected Credit Losses") for all trade receivables and contract assets at an amount equal to the lifetime ECL. ECLs are a probability weighted estimate (based on the Group's historical experience) measured as the present value of all cash shortfalls on default financial assets considering both quantitative and qualitative information and analysis. Factors considered in individual assessment are geographical regions, payment history, past due status and term.

Construction contract revenue

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

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

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

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

E. Notes to the condensed interim consolidated financial statements (continued)

2 Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

(a) Critical judgements in applying the Group's accounting policies (continued)

Legal proceedings

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

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

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

Impairment of property, plant and equipment and investment properties

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

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

Determination of the lease term

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

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

E. Notes to the condensed interim consolidated financial statements (continued)

2 Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

(a) Critical judgements in applying the Group's accounting policies (continued)

Valuation of freehold land and buildings and investment properties

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

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

(b) Key sources of estimation uncertainty

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

Estimation of total contract costs for contracts

The Group has significant ongoing construction contracts as at 31 December 2022 that are non-cancellable. For these contracts, revenue is recognised over time by reference to the Group's progress towards completion of the contract. The measure of progress is determined based on the proportion of contract costs incurred to date to the estimated total contract costs ("input method").

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

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

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

E. Notes to the condensed interim consolidated financial statements (continued)

2 Basis of preparation (continued)

2.2 Use of judgements and estimates (continued)

(b) Key sources of estimation uncertainty (continued)

Estimation of useful lives of property, plant and equipment and investment properties – leasehold land

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

Income taxes

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

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.

3 Seasonal operations

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

4 Segment and revenue information

The Group is organised into the following main business segments:

- Energy
- Resources
- Infrastructure, Marine & Defence

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.

E. Notes to the condensed interim consolidated financial statements (continued)

4 Segment and revenue information (continued)

4.1 Reportable segments

	Group 6 months ended 31 December2022				Group 6 months ended 31 December 2021			
	Energy A$'000	Resources A$'000	Infra-structure, Marine & Defence A$'000	Total A$'000	Energy A$'000	Resources A$'000	Infra-structure, Marine & 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)
Unallocated costs								
Administrative expenses*				(9,907)				(9,071)
Depreciation in admin expense*				(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	-	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**

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

E. Notes to the condensed interim consolidated financial statements (continued)

4 Segment and revenue information (continued)

4.2 Disaggregation of revenue

	Consolidated 6 months ended 31 December 2022				Consolidated 6 months ended 31 December 2021			
	Energy A$'000	Resources A$'000	Infra-structure, Marine & Defence A$'000	Total A$'000	Energy A$'000	Resources A$'000	Infra-structure, Marine & Defence A$'000	Total A$'000
Types of goods or services:								
Construction contracts	16,800	282,835	56,046	355,681	24,293	192,054	66,482	282,829
Rendering of services	507	60,911	843	62,261	936	104,469	567	105,972
Sales of goods	-	909	-	909	-	552	-	552
Total revenue	17,307	344,655	56,889	418,851	25,229	297,075	67,049	389,353
Timing of revenue recognition:								
At a point in time	-	909	843	1,752	-	552	567	1,119
Over time	17,307	343,746	56,046	417,099	25,229	296,523	66,482	388,234
Total revenue	17,307	344,655	56,889	418,851	25,229	297,075	67,049	389,353
Geographical information:								
Australia	17,307	344,655	56,889	418,851	25,229	297,075	67,049	389,353

E. Notes to the condensed interim consolidated financial statements (continued)

5 Profit before income tax

5.1 Significant items

	Group 6 months ended 31 December 2022 A$'000	Group 6 months ended 31 December 2021 A$'000
Other income		
Insurance recoveries	8	587
Fuel tax rebate	56	93
Interest income	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
Depreciation of property, plant and equipment and investment properties – leasehold land		
Included in cost of sales	8,943	7,692
Included in administrative expenses	86	118
	9,029	7,810
Finance costs		
Corporate market loan and line fees	1,573	535
Trade finances	102	23
Lease liabilities	406	401
Secured notes	-	2,350
Other finance costs	44	47
	2,125	3,356
Included in cost of sales:		
Lease liabilities	1,631	1,531
Other (write-back)/expenses		
Trade receivables written off	-	37
Impairment loss on loan to an associate	-	108
Write-back of bad debt	-	(23)
	-	122

E. Notes to the condensed interim consolidated financial statements (continued)

6 Related party transactions

The Group's main related parties are as follows:

Entities exercising control over the Group

The largest shareholders are James Finbarr Fitzgerald and Olive Theresa Fitzgerald (acting as trustees for the JF & OT Fitzgerald Family Trust) (19.35%) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust) (19.33%). Patrick John Tallon is a beneficiary of the Kariong Investment Trust.

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 2022 A$'000	31 December 2021 A$'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
	5,080	4,758

*includes cash-settled share-based payment

E. Notes to the condensed interim consolidated financial statements (continued)

6 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 2022 No.	30 June 2022 No.
Share options		
Directors	-	-
Key management personnel	1,000,000	2,000,000
Performance rights		
Directors	2,774,000	4,380,000
Key management personnel	3,166,000	3,982,000

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 period.

7 Income tax expense

The Group calculates the period income tax expense using the currently enacted tax rates:

	Group	
	6 months ended	
	31 December 2022 A$'000	31 December 2021 A$'000
Current income tax expense	10,702	9,724
Deferred income tax expense	1,216	(1,762)
Total income tax expense	11,918	7,962

E. Notes to the condensed interim consolidated financial statements (continued)

8 Earnings per share

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

9 Net asset value

	Group		Company	
	As at		As at	
	31 December 2022 A$'000	30 Jun 2022 A$'000	31 December 2022 A$'000	30 Jun 2022 A$'000
Net assets attributable to owners	389,461	371,393	38,260	38,537
Net asset value per ordinary share based on issued share capital at the end of the respective periods (A$ cents)	77.10	73.92	7.57	7.67

Net asset value per share is calculated by dividing the net assets attributable to the equity holders of the Company by the number of issued shares as at 31 December 2022 of 505,117,000 (30 June 2022: 502,435,000) and excludes treasury shares of 15,000 (30 June 2022:15,000).

E. Notes to the condensed interim consolidated financial statements (continued)

10 Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to A$6,801,000 (31 December 2021: A$3,967,000).

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

Location	Description/Existing use	Tenure
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.

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

		Group	
		As at	
Description	Borrowings	31 December 2022 A$'000	30 June 2022 A$'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

E. Notes to the condensed interim consolidated financial statements (continued)

11 Investment properties

	Buildings A$'000	Leasehold land A$'000	Total A$'000
31 December 2022			
Cost or valuation			
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
Accumulated depreciation			
At 1 July 2022	-	(41)	(41)
Depreciation for the period	-	(21)	(21)
At 31 December 2022	-	(62)	(62)
Net carrying amount			
At cost	-	1,944	1,944
At valuation	14,840	-	14,840
At 31 December 2022	14,840	1,944	16,784

E. Notes to the condensed interim consolidated financial statements (continued)

11 Investment properties (continued)

	Buildings A$'000	Leasehold land A$'000	Total A$'000
30 June 2022			
Cost or valuation			
At 1 July 2021	-	-	-
Transfer from property, plant and equipment	13,200	1,912	15,112
Addition – ROU	-	94	94
Revaluation increase – recognised in profit or loss	1,640	-	1,640
At cost at 30 June 2022	-	2,006	2,006
At valuation at 30 June 2022	14,840	-	14,840
At 30 June 2022	14,840	2,006	16,846
Accumulated depreciation			
At 1 July 2021	-	-	-
Depreciation for the year	-	(41)	(41)
At 30 June 2022	-	(41)	(41)
Net carrying amount			
At cost	-	1,965	1,965
At valuation	14,840	-	14,840
At 30 June 2022	14,840	1,965	16,805

Buildings carried at fair value

The fair value revaluation 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:

Location	Description/Existing use	Tenure
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 is performed during the period. The fair value measurement for the investment property of A$14,840,000 (30 June 2022: 14,840,000) remained as a level 3 fair value based on the inputs to the valuation technique used.

E. Notes to the condensed interim consolidated financial statements (continued)

11 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%.

(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 2022 A$'000	 31 December 2021 A$'000
Rental income	335	107
Direct operating expenses from investment property that generated rental income	(143)	(126)

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

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

E. Notes to the condensed interim consolidated financial statements (continued)

12 Borrowings

	Group			
	As at		As at	
	31 December 2022 Secured A$'000	31 December 2022 Unsecured A$'000	30 June 2022 Secured A$'000	30 Jun 2022 Unsecured A$'000
Current:				
Corporate market loan	50,000	-	8,000	-
Trade finance	-	-	20,000	-
	50,000	-	28,000	-
Non-current:				
Corporate market loan	-	-	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 10 and Note 11 to the financial statements.

E. Notes to the condensed interim consolidated financial statements (continued)

13 Share capital

Fully paid ordinary shares

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

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.

Treasury shares

As at 31 December 2022, 15,000 shares are held as Treasury Shares (30 June 2022: 15,000).

Shares options

As at 31 December 2022, there were outstanding options for 4,000,000 (30 June 2022: 4,000,000) unissued ordinary shares under the employee share option scheme. The exercise price is Singapore dollars $0.65 per share. These options are exercisable on or before 11 September 2023.

Performance rights

7,950,000 rights remain unvested as at 31 December 2022 (30 June 2022: 9,926,000).

In the period 2,682,000 rights were vested and converted to shares, 2,134,000 rights were issued, and 1,428,000 rights were cancelled.

14 Subsequent events

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

F. Other Information Required by Listing Rule Appendix 7.2

1 Review

These figures have not been audited or reviewed.

2 Review of performance of the Group

Statement of comprehensive income

1H2023 vs 1H2022

Revenue for the six months ended 31 December 2022 ("1H2023") increased 7.6% to A$418.9 million from A$389.4 million for the six months ended 31 December 2021 ("1H2022") mainly due to increased activity levels and the timing of revenue recognition on projects.

Gross profit for 1H2023 increased 22.8% to A$51.8 million from A$42.2 million in 1H2022 reflecting the increase in revenue and improvement in gross profit margins from 10.8% to 12.4%

Other income decreased by 51.9% to A$0.5 million in 1H2023 compared to 1H2022 mainly due to non-recurring insurance claims received in 1H2022.

Administrative expenses increased by 8.8% in 1H2023 compared to 1H2022 mainly due to increase in IT cost and employee benefits resulting from the increased activity of the Group.

Finance costs reduced by 36.7% in 1H2023 compared to 1H2022 reflecting the lower levels of borrowings and lower interest rates payable on bank debt following repayment of the senior secured notes in November 2021.

Net profit attributable to shareholders increased 25.0% to A$28.2 million in 1H2023 from A$22.6 million in 1H2022 as a result of increased revenues and improved gross margins in the period and decrease in finance costs flowing through to the bottom line.

1H2023 vs 2H2022

Revenue for the six months ended 31 December 2022 ("1H2023") slightly decreased 0.3% to A$418.9 million from A$419.9 million for the six months ended 30 June 2022 ("2H2022") mainly due to the timing of revenue recognition on projects.

Gross profit for 1H2023 increased 6.6% to A$51.8 million from A$48.6 million reflecting the improvement in gross profit margins from 11.6% to 12.4%

Net profit attributable to shareholders remained steady at A$28.2 million in 1H2023 compared to A$28.1 million in 2H2022 with an increased gross profits achieved in 1H2023 that is equivalent to the fair value gain from revaluation on investment property and a write-back of revaluation loss on freehold land and buildings realised in 2H2022.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

2 Review of performance of the Group (continued)

Statement of financial position

Total shareholders' equity increased to A$389.5 million as at 31 December 2022 from A$371.4 million as at 30 June 2022 as a result of profit earned in the period which is partially offset by dividends paid.

Trade and other receivables decreased to A$60.6 million as at 31 December 2022 from A$95.0 million as at 30 June 2022 due to timely debt collection at the end of the period.

Contract assets decreased to A$101.9 million as at 31 December 2022 from A$121.7 million as at 30 June 2022 reflecting the timing of payment claims and revenue recognition on current projects.

Trade and other payables decreased to A$97.2 million as at 31 December 2022 from A$111.7 million as at 30 June 2022 due to payments made to creditors. Contract liabilities decreased to A$38.1 million as at 31 December 2022 from A$43.3 million as at 30 June 2022 reflecting the timing of payment claims and revenue recognition on current projects.

Cash and cash equivalent as at 31 December 2022 were A$62.8 million increasing from A$40.8 million as at 30 June 2022 mainly as a result of the increased cash generated from operations in the period.

Property, plant and equipment increased to A$452.0 million as at 31 December 2022 from A$448.1 million as at 30 June 2022 mainly attributable to new right-of-use assets on leasehold properties, re-measurement of existing right-of-use assets and purchase of new assets which is partially offset by the depreciation expenses for the period.

Overall lease liabilities increased to A$58.0 million as at 31 December 2022 from A$55.9 million as at 30 June 2022 as a result of new lease arrangements entered and re-measurement of existing leases due to increased price escalation during the period, offset by the repayment of principal lease liabilities.

Overall borrowings reduced to A$50.0 million as at 31 December 2022 from A$74.0 million as at 30 June 2022 as a result of the increased cash generated from operations in the period.

Statement of cash flows

Overall cashflow before working capital changes was A$53.1 million for the six months ended 31 December 2022 ("1H2023") compared to A$44.0 million for the six months ended 31 December 2021 ("1H2022") reflecting the increased revenue and increased gross profit margin in the period.

Cash generated from operations remained positive at A$84.1 million for 1H2023 compared to A$3.3 million in 1H2021 reflecting changes in working capital requirements in the period. Net cash generated from operating activities was positive at A$67.2 for H12023.

The Group used A$6.8 million for capital expenditure, predominantly to purchase land in Port Hedland and for replacement of ageing plant and equipment with new equipment.

The Group drew down A$35.0 million from the multi-option facility as working capital in the period and repaid A$63.4 million to borrowings and leases. The Group also paid a final dividend of A$10.1 million relating to the financial year ended 30 June 2022.

As at 31 December 2022, the Group's cash and cash equivalents were A$62.8 million an increase from A$40.8 million as at 30 June 2022.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

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

No forecast or prospect statement has previously been disclosed.

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

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

The Group performed well in 1H2023 with growth in both top and bottom lines compared to 1H2022.

Tendering activity remains strong across all sectors that we operate and the Group is focused on securing projects that will allow it to grow the workforce at a sustainable pace. Tendering opportunities remain plentiful and the overall business outlook is positive.

Subsequent to the end of the period, the Group announced several contract wins across the sectors that we operate, including recent announcements for contracts with Rio Tinto for their Western Range project and several maintenance contracts. As at 31 December 2022, the order book stood at A$1.18 billion. This order book secures the majority of the revenue planned for the next 12 months, with a portion of the secured order book extending as far as 2029.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

5 Dividend information

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

Name of Dividend	Interim (Foreign Sourced)
Dividend Type	Cash
Dividend Amount per Share	2.0 Australian Cents
Tax Rate	Tax Exempt
Number of Shares	505,132,000

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

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

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

c) Date payable

14 April 2023

d) Books closure date

Share Transfer Books of Civmec Limited (the "Company") will be closed on 31 March 2023, for the preparation of dividend warrants to the Declared tax exempt (Foreign Sourced) Interim dividend of A$0.02 for the financial year ending 30 June 2023 ("Interim Dividend").

Duly completed registrable transfers in respect of the shares in the Company received up to 5:00 p.m. on 30 March 2023 ("Record Date") by the Company's Singapore Share Registrar, Tricor Barbinder Share Registration Services (a division of Tricor Singapore Pte. Ltd.), 80 Robinson Road, #02-00 Singapore 068898 will be registered to determine Members' entitlements to the Interim Dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares in the Company as at 5:00 p.m. on the Record Date will be entitled to the Interim Dividend.

F. Other Information Required by Listing Rule Appendix 7.2 (continued)

6 Interested person transactions

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

There were no interested person transactions for the period.

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

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

Confirmations by the Board
On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 31 December 2022 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

James Finbarr Fitzgerald
Executive Chairman

9 February 2023