

Company Registration No: 201011837H

**CIVMEC LIMITED
(Incorporated in Singapore)
AND ITS SUBSIDIARIES
CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

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

**CONDENSED INTERIM CONSOLIDATED
FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

| CONTENTS | PAGE |
|--|-------------|
| Independent Auditors' Review Report | 1 |
| Condensed Interim Consolidated Statement of Comprehensive Income | 2 |
| Condensed Interim Consolidated Statement of Financial Position | 3 - 4 |
| Condensed Interim Consolidated Statement of Changes in Equity | 5 - 6 |
| Condensed Interim Consolidated Statement of Cash Flows | 7 - 8 |
| Notes to the Condensed Interim Consolidated Financial Statements | 9 - 38 |

**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 2023 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 2023, 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 AccountantsSingapore
14 February 2024

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | <u>Note</u> | Group | |
|--|-------------|---------------------------------------|---------------------------------------|
| | | 6 months ended | |
| | | 31 December <u>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Revenue | 2 | 492,346 | 418,851 |
| Cost of sales | | (432,055) | (367,035) |
| Gross profit | | 60,291 | 51,816 |
| Other income | 2 | 1,976 | 486 |
| Administrative expenses | | (14,185) | (9,993) |
| Finance costs | | (2,965) | (2,125) |
| Profit before income tax | | 45,117 | 40,184 |
| Income tax expense | 3 | (13,224) | (11,918) |
| Profit for the period | | 31,893 | 28,266 |
| Profit attributable to: | | | |
| Owners of the Company | | 31,894 | 28,248 |
| Non-controlling interest | | (1) | 18 |
| | | 31,893 | 28,266 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 31,894 | 28,248 |
| Non-controlling interest | | (1) | 18 |
| | | 31,893 | 28,266 |
| Earnings per share attributable to equity holders of the Company (cents per share): | | | |
| - Basic | 4 | 6.29 | 5.60 |
| - Diluted | 4 | 6.23 | 5.51 |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

| | <u>Note</u> | Group | |
|--------------------------------|-------------|---------------------------------------|-----------------------------------|
| | | As at | |
| | | 31 December <u>2023</u> A\$'000 | 30 June <u>2023</u> A\$'000 |
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 6 | 143,131 | 70,381 |
| Trade and other receivables | 5 | 33,447 | 108,243 |
| Contract assets | 5(a) | 129,560 | 100,093 |
| Other current assets | | 1,920 | 2,274 |
| | | 308,058 | 280,991 |
| Non-current assets | | | |
| Property, plant and equipment | 7 | 481,958 | 476,302 |
| Investment properties | 8 | 17,753 | 17,184 |
| Intangible assets | | 10 | 10 |
| Deferred tax assets | | 555 | 47 |
| | | 500,276 | 493,543 |
| TOTAL ASSETS | | 808,334 | 774,534 |
| LIABILITIES AND EQUITY | | | |
| Current liabilities | | | |
| Trade and other payables | 11 | 116,838 | 117,671 |
| Contract liabilities | 5(a) | 55,994 | 44,706 |
| Lease liabilities | 14 | 6,331 | 6,816 |
| Borrowings | 12 | - | 8,000 |
| Income tax payable | | 4,107 | 673 |
| Provisions | 13 | 13,998 | 16,175 |
| | | 197,268 | 194,041 |
| Non-current liabilities | | | |
| Lease liabilities | 14 | 52,268 | 50,519 |
| Borrowings | 12 | 60,000 | 48,500 |
| Provisions | 13 | 2,642 | 2,411 |
| Deferred tax liabilities | | 58,546 | 58,454 |
| | | 173,456 | 159,884 |
| TOTAL LIABILITIES | | 370,724 | 353,925 |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

(continued)

| | | Group | |
|--|------|--------------------------------|----------------------------|
| | | As at | |
| | Note | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| Capital and Reserves | | | |
| Share capital | 15 | 29,918 | 29,807 |
| Treasury shares | 15 | (10) | (10) |
| Assets revaluation reserve | 16 | 129,577 | 129,577 |
| Other reserves | 17 | 11,722 | 11,497 |
| Retained earnings | | 266,665 | 249,999 |
| Total equity attributable to the Owners of the Company | | 437,872 | 420,870 |
| Non-controlling interest | | (262) | (261) |
| TOTAL EQUITY | | 437,610 | 420,609 |
| TOTAL LIABILITIES AND EQUITY | | 808,334 | 774,534 |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| Group | ← | | Other reserves | | → | | | | | |
|---|---------------------------------|-----------------------------------|---|----------------------------------|--|----------------------------------|-------------------------------------|-------------------------|--|-------------------------|
| | <u>Share capital</u> A\$'000 | <u>Treasury shares</u> A\$'000 | <u>Asset revaluation reserve</u> A\$'000 | <u>Merger reserve</u> A\$'000 | <u>Equity-settled employee benefits reserve</u> A\$'000 | <u>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 2023 | 29,807 | (10) | 129,577 | 7,578 | 3,642 | 277 | 249,999 | 420,870 | (261) | 420,609 |
| Profit for the period | - | - | - | - | - | - | 31,894 | 31,894 | (1) | 31,893 |
| Other comprehensive income for the period: | - | - | - | - | - | - | - | - | - | - |
| Total comprehensive income for the period | - | - | - | - | - | - | 31,894 | 31,894 | (1) | 31,893 |
| Share options exercised: issuance of new ordinary shares | 111 | - | - | - | - | - | - | 111 | - | 111 |
| Recognition of share based payment | - | - | - | - | 225 | - | - | 225 | - | 225 |
| Dividends paid | - | - | - | - | - | - | (15,228) | (15,228) | - | (15,228) |
| Balance as at 31 December 2023 | 29,918 | (10) | 129,577 | 7,578 | 3,867 | 277 | 266,665 | 437,872 | (262) | 437,610 |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

(continued)

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

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

| | <u>Note</u> | <u>Group</u> | |
|---|-------------|---------------------------------------|---------------------------------------|
| | | 6 months ended | |
| | | 31 December <u>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Cash Flows from Operating Activities | | | |
| Profit before income tax | | 45,117 | 40,184 |
| Adjustment for: | | | |
| Depreciation of property, plant and equipment and investment properties – leasehold land | 7,8 | 9,838 | 9,029 |
| Gain on disposal of property, plant and equipment | | (79) | (25) |
| Finance cost | | 4,687 | 3,756 |
| Interest income | | (1,786) | (285) |
| Expense arising on equity-settled share based payments | | 225 | 505 |
| Foreign exchange differences | | 73 | (28) |
| Operating cash flow before working capital changes | | <u>58,075</u> | <u>53,136</u> |
| Changes in working capital: | | | |
| (Increase)/decrease in trade and other receivables | | 74,958 | 34,391 |
| (Increase)/decrease in contract assets | | (29,467) | 19,726 |
| (Increase)/decrease in other current assets | | 354 | (1,031) |
| Increase/(decrease) in trade and other payables | | (2,080) | (16,462) |
| Increase/(decrease) in contract liabilities | | 11,288 | (5,184) |
| Increase/(decrease) in provisions | | (1,946) | (461) |
| Cash generated from operations | | <u>111,182</u> | <u>84,115</u> |
| Interest received | | 1,786 | 285 |
| Finance cost paid | | (3,433) | (2,813) |
| Income taxes refund | | 1,781 | 1,215 |
| Income taxes paid | | (11,939) | (15,583) |
| Net cash generated from operating activities | | <u>99,377</u> | <u>67,219</u> |
| Cash Flows from Investing Activities | | | |
| Proceeds from sale of property, plant and equipment | | 96 | 27 |
| Purchase of property, plant and equipment | | (10,874) | (6,801) |
| Net cash used in investing activities | | <u>(10,778)</u> | <u>(6,774)</u> |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

(continued)

| | Group | |
|--|----------------|-------------|
| | 6 months ended | |
| | 31 December | 31 December |
| | <u>2023</u> | <u>2022</u> |
| | A\$'000 | A\$'000 |
| | <u>Note</u> | |
| Cash Flows from Financing Activities | | |
| Proceeds from borrowings | 7,500 | 35,000 |
| Repayment of borrowings | (4,000) | (59,000) |
| Repayment of principal lease liabilities | (4,232) | (4,377) |
| Proceeds from share options exercised | 111 | - |
| Dividends paid | (15,228) | (10,103) |
| Net cash used in operating activities | (15,849) | (38,480) |
| Net increase in cash and cash equivalents | 72,750 | 21,965 |
| Cash and cash equivalents at the beginning of the period | 70,381 | 40,841 |
| Cash and cash equivalents at the end of the period | 6 143,131 | 62,806 |

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

| | Cash flows | | | Non-cash changes | | Closing A\$'000 31 December <u>2023</u> |
|-------------------|--|----------------------------|-----------------------------|----------------------------|--------------------------|--|
| | <u>Opening</u> A\$'000 1 July <u>2023</u> | <u>Proceeds</u> A\$'000 | <u>Repayment</u> A\$'000 | <u>Addition</u> A\$'000 | <u>Others</u> A\$'000 | |
| Borrowings | 56,500 | 7,500 | (4,000) | - | - | 60,000 |
| Lease liabilities | 57,335 | - | (4,232) | 2,758 | 2,738 | 58,599 |
| | | | | | | |
| | <u>1 July</u> <u>2022</u> | | | | | <u>31 December</u> <u>2022</u> |
| Borrowings | 74,000 | 35,000 | (59,000) | - | - | 50,000 |
| Lease liabilities | 55,921 | - | (4,377) | 3,717 | 2,778 | 58,039 |
| | | | | | | |

The accompanying notes form an integral part of the financial statements

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023 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 2023.

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.

Pending change of domicile of the head company of the Group

On 27 October 2023, the Company has entered into an implementation agreement with Civmec Australia Limited (the “NewCo”) with the intention to change the domicile of the head company of the Group from the Company (domiciled in Singapore) to the NewCo (domiciled in Australia). The Change of Domicile will be achieved through a restructuring of the Company by way of a scheme of arrangement in accordance with Section 210 of the Companies Act 1967 of Singapore.

Details of the proposed restructure are outlined on Company Announcements dated 27 October 2023 on Singapore Exchange (“SGX”).

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

Application of SFRS(I) effective for annual period beginning on or after 1 July 2023

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) 1-1: *Disclosure of Accounting Policies and SFRS(I) Practice Statement 2 Making Materiality Judgements*
- Amendments to SFRS(I) 1-18: *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) 1-12 *International tax reform – Pillar Two Model Rule*

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

1 Basis of preparation (continued)

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

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

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements (Classification of Liabilities as Current or Non-current) and Non-current liabilities with Covenants*
- Amendments to SFRS(I) 16 *Lease liability in a sale and leaseback*
- Amendments to SFRS(I) 1-7 *Statement of Cash Flows* and SFRS(I) 7 *Financial Instruments: Disclosures: Supplier Finance Arrangements*

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

(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 2023.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

2 Revenue and other income

| | Group | |
|---|----------------|-------------|
| | 6 months ended | |
| | 31 December | 31 December |
| | <u>2023</u> | <u>2022</u> |
| | A\$'000 | A\$'000 |
| Revenue | | |
| Over time: | | |
| Revenue from construction contracts | 447,455 | 355,681 |
| Revenue from the rendering of services | 43,283 | 61,418 |
| | 490,738 | 417,099 |
| At a point in time: | | |
| Revenue from the rendering of services | 766 | 843 |
| Revenue from sales of goods | 842 | 909 |
| | 1,608 | 1,752 |
| | 492,346 | 418,851 |
| Other income | | |
| Insurance recoveries | 4 | 8 |
| Fuel tax rebate | 86 | 56 |
| Interest income | 1,786 | 285 |
| Gain on disposal of property, plant and equipment | 79 | 25 |
| Subsidies and incentives | 18 | 84 |
| Net foreign exchange gain | - | 28 |
| Sundry revenue | 3 | - |
| | 1,976 | 486 |

Subsidies and incentives

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

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Included in cost of sales: | | |
| Direct materials | 61,399 | 68,010 |
| Employee benefits | 235,784 | 202,873 |
| Subcontract works | 65,769 | 32,836 |
| Workshop and other overheads | 57,597 | 52,742 |
| Depreciation of property, plant and equipment and investment properties – leasehold land | 9,784 | 8,943 |
| Finance costs on lease liabilities | 1,722 | 1,631 |
| | 9,784 | 8,943 |
| Included in administrative expenses: | | |
| Audit fees: | | |
| - Auditors of the Company | 48 | 55 |
| - Other auditors | 72 | 71 |
| Non-audit fees: | | |
| - Auditors of the Company | 22 | 22 |
| - Other auditors* | 122 | 108 |
| Business development | 311 | 151 |
| Communications | 1,559 | 1,482 |
| Depreciation of property, plant and equipment and investment properties – leasehold land | 54 | 86 |
| Directors' fees | 163 | 142 |
| Employee benefits | 9,242 | 6,612 |
| Occupancy expenses | 248 | 210 |
| Office costs | 668 | 416 |
| Other administrative expenses | 169 | 263 |
| Tax and other professional fees | 1,434 | 375 |
| Net foreign exchange loss | 73 | - |
| | 17,113 | 15,710 |

* includes internal audit

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

4 Earnings per share

| | Group | |
|--|----------------------------|----------------------------|
| | 31 December <u>2023</u> | 31 December <u>2022</u> |
| Profit attributable to the owners of the Company (A\$'000) | 31,894 | 28,248 |
| Weighted average number of ordinary shares issued | | |
| - Basic | 506,778,467 | 504,242,859 |
| - Diluted | 512,067,467 | 512,192,859 |
| Earnings per ordinary share (A\$ cents) | | |
| - Basic | 6.29 | 5.60 |
| - Diluted | 6.23 | 5.51 |

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 2023, the diluted earnings per share includes the effect of 5,289,000 unissued ordinary shares granted under CPRP due to the performance targets are likely to be met. The effect of the inclusion is dilutive (30 June 2023: 7,950,000, dilutive).

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

5 Trade and other receivables

| | Group | |
|-----------------------------|-------------|---------|
| | As at | |
| | 31 December | 30 June |
| | 2023 | 2023 |
| | A\$'000 | A\$'000 |
| Current: | | |
| Trade receivables | | |
| - Third parties | 32,906 | 107,650 |
| - Retention sum receivables | 12 | 12 |
| | 32,918 | 107,662 |
| Other receivables | 529 | 581 |
| | 33,447 | 108,243 |

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are non-interest bearing and generally due for settlement within 60 days and therefore are all classified as current.

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 2023 Civmec Limited's Annual Report.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

5(a) Contract assets and liabilities

| | Group As at | |
|----------------------|--------------------------------|----------------------------|
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| Contract assets | 129,560 | 100,093 |
| Contract liabilities | (55,994) | (44,706) |

(i) Significant changes in contract balances

| | Group As at | |
|--|--------------------------------|----------------------------|
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| Contract assets: | | |
| Contract assets reclassified to trade receivables | (30,066) | (51,530) |
| Changes in measurement of progress | 59,533 | 29,969 |
| Contract liabilities: | | |
| Revenue recognised in the current period that was included in the contract liability balance at the beginning of the period/year | 14,426 | 34,180 |
| Increase due to cash received, excluding amounts recognised as revenue during the period/year | (25,714) | (35,561) |

6 Cash and cash equivalents

| | Group As at | |
|--------------------------|--------------------------------|----------------------------|
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| Cash at bank and on hand | 143,131 | 70,381 |

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

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023 | | | | | | | | | | |
| <u>Cost or valuation</u> | | | | | | | | | | |
| At 1 July 2023 | 22,045 | 35,410 | 341,470 | 112,851 | 11,161 | 9,691 | 849 | 3,426 | 12,599 | 549,502 |
| Additions | - | - | - | 1,695 | 286 | 273 | - | 13 | 8,607 | 10,874 |
| Additions – ROU | - | 2,212 | - | 1,148 | - | 1,255 | - | - | - | 4,615 |
| Transfer | 3,355 | - | - | 505 | (386) | - | - | - | (3,474) | - |
| Disposals | - | - | - | (37) | (5) | (452) | - | - | - | (494) |
| At cost at | | | | | | | | | | |
| 31 December 2023 | - | 37,622 | - | 116,162 | 11,056 | 10,767 | 849 | 3,439 | 17,732 | 197,627 |
| At valuation at | | | | | | | | | | |
| 31 December 2023 | 25,400 | - | 341,470 | - | - | - | - | - | - | 366,870 |
| At 31 December 2023 | 25,400 | 37,622 | 341,470 | 116,162 | 11,056 | 10,767 | 849 | 3,439 | 17,732 | 564,497 |
| <u>Accumulated depreciation</u> | | | | | | | | | | |
| At 1 July 2023 | - | (5,005) | - | (51,023) | (7,138) | (6,079) | (738) | (3,217) | - | (73,200) |
| Depreciation for the period | - | (528) | (4,378) | (3,774) | (598) | (476) | (15) | (47) | - | (9,816) |
| Transfer | - | - | - | (373) | 373 | - | - | - | - | - |
| Disposals | - | - | - | 30 | 5 | 442 | - | - | - | 477 |
| At 31 December 2023 | - | (5,533) | (4,378) | (55,140) | (7,358) | (6,113) | (753) | (3,264) | - | (82,539) |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023 (continued) | | | | | | | | | | |
| <u>Net carrying amount</u> | | | | | | | | | | |
| At cost | - | 32,089 | - | 61,022 | 3,698 | 4,654 | 96 | 175 | 17,732 | 119,466 |
| At valuation | 25,400 | - | 337,092 | - | - | - | - | - | - | 362,492 |
| At 31 December 2023 | 25,400 | 32,089 | 337,092 | 61,022 | 3,698 | 4,654 | 96 | 175 | 17,732 | 481,958 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023</u> | | | | | | | | | | |
| <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 | 245 | - | 4,237 | 3,685 | 237 | - | 83 | 69 | 11,324 | 19,880 |
| Additions – ROU | - | 4,861 | - | 3,599 | - | 1,040 | - | - | - | 9,500 |
| Transfer | - | - | 22 | 7,537 | 649 | - | - | - | (8,208) | - |
| Reclassification | - | - | - | - | - | - | - | - | (60) | (60) |
| Revaluation increase | 600 | - | 8,477 | - | - | - | - | - | - | 9,077 |
| Disposals | - | - | - | (291) | (55) | (39) | - | - | - | (385) |
| At cost at | | | | | | | | | | |
| 30 June 2023 | - | 35,410 | - | 112,851 | 11,161 | 9,691 | 849 | 3,426 | 12,599 | 185,987 |
| At valuation at | | | | | | | | | | |
| 30 June 2023 | 22,045 | - | 341,470 | - | - | - | - | - | - | 363,515 |
| At 30 June 2023 | 22,045 | 35,410 | 341,470 | 112,851 | 11,161 | 9,691 | 849 | 3,426 | 12,599 | 549,502 |
| <u>Accumulated depreciation</u> | | | | | | | | | | |
| At 1 July 2022 | - | (4,055) | - | (44,207) | (6,092) | (5,286) | (716) | (3,042) | - | (63,398) |
| Depreciation for the year | - | (950) | (8,287) | (7,013) | (1,099) | (831) | (22) | (175) | - | (18,377) |
| Revaluation | - | - | 8,287 | - | - | - | - | - | - | 8,287 |
| Disposals | - | - | - | 197 | 53 | 38 | - | - | - | 288 |
| At 30 June 2023 | - | (5,005) | - | (51,023) | (7,138) | (6,079) | (738) | (3,217) | - | (73,200) |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

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 2023 (continued) | | | | | | | | | | |
| <u>Net carrying amount</u> | | | | | | | | | | |
| At cost | - | 30,405 | - | 61,828 | 4,023 | 3,612 | 111 | 209 | 12,599 | 112,787 |
| At valuation | 22,045 | - | 341,470 | - | - | - | - | - | - | 363,515 |
| At 30 June 2023 | 22,045 | 30,405 | 341,470 | 61,828 | 4,023 | 3,612 | 111 | 209 | 12,599 | 476,302 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

7 Property, plant and equipment (continued)

Depreciation expenses are classified as follows:

| | Group | |
|-------------------------------------|--|--|
| | 6 months ended 31 December 2023 A\$'000 | 6 months ended 31 December 2022 A\$'000 |
| Included in cost of sales | 9,762 | 8,922 |
| Included in administrative expenses | 54 | 86 |
| | 9,816 | 9,008 |

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-year lease from August 2010, with further 35 years option ii. 30-year lease from March 2014, with further 35 years option iii. 28-year 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. This property is currently classified under Asset under construction | Freehold |
| 10 Eucla Close, South Hedland, Western Australia | Land and buildings / Accommodation support | 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 Asset 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.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

7 Property, plant and equipment (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>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Freehold land | 19,854 | 16,499 |
| Buildings | 204,375 | 207,730 |
| Accumulated depreciation | <u>(38,337)</u> | <u>(35,077)</u> |
| Net book value | <u>185,892</u> | <u>189,152</u> |

Right-of-use assets

Right-of-use assets acquired under leasing arrangement are presented together with the owned assets of the same class. Details of such leased assets are disclosed in Note 14.

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

| Description | Borrowings | Group | |
|---|-------------------------------------|----------------|----------------|
| | | As at | |
| | | 31 December | 30 June |
| | | <u>2023</u> | <u>2023</u> |
| | | A\$'000 | A\$'000 |
| Leased plant and equipment | Lease liabilities | 35,957 | 35,250 |
| Remaining property, plant and equipment | Corporate market loan, multi-option | 446,001 | 441,052 |
| | | <u>481,958</u> | <u>476,302</u> |

The details of borrowings are disclosed in Note 12.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

8 Investment properties

| | <u>Buildings</u> A\$'000 | Leasehold <u>land</u> A\$'000 | <u>Total</u> A\$'000 |
|---------------------------------|-----------------------------|-------------------------------------|-------------------------|
| 31 December 2023 | | | |
| <u>Cost or valuation</u> | | | |
| At the beginning of the period | 15,260 | 2,006 | 17,266 |
| Addition – ROU | - | 591 | 591 |
| At 31 December 2023 | 15,260 | 2,597 | 17,857 |
| <u>Accumulated depreciation</u> | | | |
| At 1 July 2023 | - | (82) | (82) |
| Depreciation for the period | - | (22) | (22) |
| At 31 December 2023 | - | (104) | (104) |
| <u>Net carrying amount</u> | | | |
| At 31 December 2023 | 15,260 | 2,493 | 17,753 |

| | <u>Buildings</u> A\$'000 | Leasehold <u>land</u> A\$'000 | <u>Total</u> A\$'000 |
|---|-----------------------------|-------------------------------------|-------------------------|
| 30 June 2023 | | | |
| <u>Cost or valuation</u> | | | |
| At 1 July 2022 | 14,840 | 2,006 | 16,846 |
| Revaluation increase – recognised in profit or loss | 420 | - | 420 |
| At 30 June 2023 | 15,260 | 2,006 | 17,266 |
| <u>Accumulated depreciation</u> | | | |
| At 1 July 2022 | - | (41) | (41) |
| Depreciation for the year | - | (41) | (41) |
| At 30 June 2023 | - | (82) | (82) |
| <u>Net carrying amount</u> | | | |
| At 30 June 2023 | 15,260 | 1,924 | 17,184 |

Buildings carried at fair value

The fair value of the buildings was carried out by Asset 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.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

8 Investment properties (continued)

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-year lease from April 2020, with further 22 years option Leasehold land sub-lease: 26-year 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\$15,260,000 (30 June 2023: A\$15,260,000) has been categorized as a level 3 fair value based on the inputs to the valuation technique used.

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

| | <u>Group</u> | |
|---|---|---------------------------------------|
| | 6 months ended 31 December <u>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Rental income | 175 | 335 |
| Direct operating expenses from investment property that generated rental income | (149) | (143) |

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

| Description | Borrowings | <u>Group</u> | |
|-----------------------|-------------------------------------|---------------------------------------|--|
| | | 31 December <u>2023</u> A\$'000 | As at 30 June <u>2023</u> A\$'000 |
| Investment properties | Corporate market loan, multi-option | 17,753 | 17,184 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

9 Investment in subsidiaries

During the current financial period, Civmec Mala PNG Ltd (88% held by Civmec Construction and Engineering Pty Ltd) was de-registered and Civmec Construction and Engineering Uganda Ltd (100% held by Civmec Construction and Engineering Africa Ltd) was dissolved.

10 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> | |
|---|---------------------------------------|---------------------------------|---|-----------------------------------|
| | | | As at <u>31 December 2023</u> % | As at <u>30 June 2023</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 | 53.78 |

Notes:

- (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 Bridges in the Perth metropolitan area.

11 Trade and other payables

| | <u>Group</u> | |
|--------------------------------|---|---|
| | As at <u>31 December 2023</u> A\$'000 | As at <u>30 June 2023</u> A\$'000 |
| Trade creditors | 32,566 | 45,972 |
| Sundry payables and accruals | 73,728 | 58,504 |
| Goods and services tax payable | 5,152 | 6,765 |
| Other taxes payable | 5,392 | 6,430 |
| | <u>116,838</u> | <u>117,671</u> |

Trade and other payables are usually paid within 45 days.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

12 Borrowings

| | Group | |
|---------------------------------|--------------------------------|----------------------------|
| | As at | |
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| <u>Current:</u> | | |
| Corporate market loan – secured | - | 8,000 |
| | | |
| <u>Non-current:</u> | | |
| Corporate market loan – secured | 60,000 | 48,500 |
| | | |
| Total borrowings | 60,000 | 56,500 |

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 2023, the Group met all of these financial covenants.

As at 31 December 2023, the Group has a general capital expenditure commercial bank facility amounting to A\$68 million (30 June 2023: A\$70 million) which was 82.4% utilised (30 June 2023: 81% utilised). The facility limit is reduced by A\$2 million on each quarter end date. Interest rates are variable and ranged between 5.02% to 5.65% (31 December 2022: 1.53% to 4.36%) per annum during the current financial period.

Multi-option facility

The Group has a multi-option facility of A\$70 million which was 7.8% utilised as at 31 December 2023 (30 June 2023: 2% utilised). It can be used for revolving commercial market loan, trade financing, bank guarantees and letters of credit. The interest rates are mix of fixed and variable at the time of utilisation depending on the type of loan utilised. The interest rate was at 5.47% per annum during the current financial period.

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.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

13 Provisions

| | Group As at | |
|----------------------------------|--------------------------------|----------------------------|
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| <u>Current:</u> | | |
| Provisions for employee benefits | 13,998 | 16,175 |
| <u>Non-Current:</u> | | |
| Provisions for employee benefits | 2,642 | 2,411 |
| | 16,640 | 18,586 |

Movements in provisions are as follows:

| | Group As at | |
|---|--------------------------------|----------------------------|
| | 31 December 2023 A\$'000 | 30 June 2023 A\$'000 |
| <u>Current:</u> | | |
| At the beginning of the period/year | 16,175 | 11,350 |
| Provisions made during the period/year | | |
| - Included in employee benefits | 13,528 | 21,760 |
| Provisions utilised during the period/year | (16,094) | (19,252) |
| Reclassified from non-current | 389 | 2,317 |
| At the end of the period/year | 13,998 | 16,175 |
| <u>Non-current:</u> | | |
| At the beginning of the period/year | 2,411 | 4,726 |
| Provisions made during the period/year | | |
| - Included in employee benefits | 1,419 | 1,274 |
| Provisions utilised/reversed during the period/year | (799) | (1,272) |
| Reclassified to current | (389) | (2,317) |
| At the end of the period/year | 2,642 | 2,411 |

Short-term benefits

The provisions pertain to employee benefits for annual leave, rostered days off and non-verting personal leave that are expected to be settled within 12 months of the reporting date. The liability of long service leave that is payable to employees who have completed at least 7 years of continuous employment is also classified as current. They are measured at the amounts expected to be paid when the liability is settled.

Long-term benefits

The provisions mainly pertain to employee benefits relating to long service leave. The liability is measured as the present value of the expected future payments to be made. The probability of long service leave being taken is based upon historical data and the discount rate used ranges from 4.67% to 5.20% (30 June 2023: 5.16% to 5.61%)

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

14 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 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 on the initial lease term and subsequently increases as per CPI index.
- An office lease at Level 3, 200 Adelaide Terrace, Perth, Western Australia is for 2-year lease expiring 31 August 2025 with a first further 1 year option, a second further 1 year option and a third further 1 year option. Rent increases as per the CPI Index.

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 2023 | | | |
| Within one year | 10,560 | (4,229) | 6,331 |
| Between two and five years | 26,069 | (14,918) | 11,151 |
| Later than five years | 191,858 | (150,741) | 41,117 |
| | 217,927 | (165,659) | 52,268 |
| | 228,487 | (169,888) | 58,599 |
| As at 30 June 2023 | | | |
| Within one year | 10,818 | (4,002) | 6,816 |
| Between two and five years | 28,266 | (14,068) | 14,198 |
| Later than five years | 179,935 | (143,614) | 36,321 |
| | 208,201 | (157,682) | 50,519 |
| | 219,019 | (161,684) | 57,335 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

14 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 | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| <u>Present value of lease liabilities</u> | | |
| Within one year | 6,331 | 6,816 |
| Between two and five years | 11,151 | 14,198 |
| Later than five years | 41,117 | 36,321 |
| | 52,268 | 50,519 |
| | 58,599 | 57,335 |

The effective interest rate ranges from 2.14% to 8.6% (31 December 2022: 2.14% to 8.6%) per annum.

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

| | Group As at | |
|----------------------------|----------------|-------------|
| | 31 December | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Leasehold land & buildings | 32,089 | 30,405 |
| Small tools | 731 | 782 |
| Plant and equipment | 31,434 | 31,625 |
| Motor vehicles | 3,757 | 2,842 |
| | 68,011 | 65,654 |

There was an addition of A\$4,615,000 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 | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Leasehold land | 2,493 | 1,924 |

There was an addition of A\$591,000 to right-of-use assets during the current financial period (Note 8).

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

14 Leases (continued)

(a) The Group as Lessee (continued)

Amounts recognised in profit or loss

| | Group | |
|--|---------------------------------------|---------------------------------------|
| | 6 months ended | |
| | 31 December <u>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Depreciation charged for the period: | | |
| - Small tools | 51 | 51 |
| - Plant and equipment | 1,340 | 1,192 |
| - Motor vehicles | 339 | 242 |
| - Leasehold land | 530 | 489 |
| Interest on lease liabilities | 2,129 | 2,036 |
| Expenses relating to short-term leases | 149 | 171 |
| <u>Other disclosures</u> | | |
| Total cash outflow for leases | 4,232 | 4,377 |

(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>2023</u> A\$'000 | 30 June <u>2023</u> A\$'000 |
| <i>Present value of rental receivables</i> | | |
| Within one year | 351 | 214 |
| Between one year and two years | 340 | 207 |
| Between two years and three years | 320 | 288 |
| Between three years and four years | 320 | 288 |
| Between four years and five years | 320 | 288 |
| Later than five years | 2,762 | 1,437 |
| | 4,413 | 2,722 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

15 Share capital

(a) Fully paid ordinary shares

| | Group and Company | | | |
|---------------------------------------|-------------------|---------|---------------|---------|
| | As at | | | |
| | 31 December 2023 | | 30 June 2023 | |
| | No. of shares | A\$'000 | No. of shares | A\$'000 |
| At the beginning of the period/year | 505,132,000 | 29,807 | 502,450,000 | 29,807 |
| Shares issued during the period/year: | | | | |
| - Conversion of performance rights | 2,324,000 | - | 2,682,000 | - |
| - Conversion of share options | 150,000 | 111 | - | - |
| At the end of the period/year | 507,606,000 | 29,918 | 505,132,000 | 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 current financial period, 2,324,000 shares were issued pursuant to vesting and conversion of performance rights held by key management personnel ("KMP") and other management.

During the current financial period, 150,000 shares were issued pursuant to vesting and conversion of share options held by other management. The share options were offered at S\$0.65 each share under the Civmec Limited Employee Share Option Scheme (the "CESOS") on 11 September 2013. Paid-up capital of the Company increased by A\$111,000.

In December 2023 the Company paid a final dividend of 3.0 Australia cents per ordinary share (30 June 2023: 2.0 Australia cents) amounting to A\$15,228,000 for the financial year ended 30 June 2023.

(b) Treasury shares

| | Group and Company | | | |
|---|-------------------|---------|---------------|---------|
| | As at | | | |
| | 31 December 2023 | | 30 June 2023 | |
| | 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 | | | |
| | 31 December 2023 | | 30 June 2023 | |
| | No. of shares | | No. of shares | |
| At the beginning and end of the period/year | - | - | 4,000,000 | S\$0.65 |

During the current financial period, 150,000 share options were converted into ordinary shares. The balance of the share options granted under the CESOS plan expired and were cancelled on 11 September 2023.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

15 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 2020 to 30 June 2023 (Granted in FY2021) | 4,289,000 | (2,324,000) | (1,965,000) | - |
| Performance Period 1 July 2021 to 30 June 2024 (Granted in FY2022) | 1,773,000 | - | (435,000) | 1,338,000 |
| Performance Period 1 July 2022 to 30 June 2025 (Granted in FY2023) | 2,134,000 | - | - | 2,134,000 |
| Performance Period 1 July 2023 to 30 June 2026 (Granted in FY2024) | 1,817,000 | - | - | 1,817,000 |
| Balance as at 31 December 2023 | | | | <u>5,289,000</u> |

During the current financial period, the Group has recognised A\$225,000 of equity-settled share-based payment expense (31 December 2022: A\$505,000).

16 Asset revaluation reserve

| | <u>Group</u> | |
|--|---------------------------------------|-----------------------------------|
| | As at | |
| | 31 December <u>2023</u> A\$'000 | 30 June <u>2023</u> A\$'000 |
| At the beginning of the period/year | 129,577 | 117,477 |
| Gain on revaluation of freehold land and buildings | - | 17,285 |
| Deferred tax liability arising on revaluation | - | (5,185) |
| At the end of the period/year | <u>129,577</u> | <u>129,577</u> |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

17 Other reserves

| | Group | |
|--|-------------|-------------|
| | As at | |
| | 31 December | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Merger reserve (a) | 7,578 | 7,578 |
| Waiver of loan payable to a related party | 277 | 277 |
| Equity-settled employee benefits reserve (b) | 3,867 | 3,642 |
| | 11,722 | 11,497 |

(a) Merger Reserve

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

(b) Equity-settled Employee Benefits Reserve

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

18 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 | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Plant and equipment purchases | 3,100 | 4,120 |
| Capital projects | 2,603 | 1,100 |
| | 5,703 | 5,220 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

19 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 2023, the Group has provided the following:

| | <u>Group</u> | |
|----------------------|----------------|----------------|
| | As at | |
| | 31 December | 30 June |
| | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 |
| Group | | |
| Bank guarantees | 1,442 | 1,396 |
| Surety bond facility | 121,891 | 140,067 |
| | <u>123,333</u> | <u>141,463</u> |

The surety bond facility is provided for the provision of performance bonds to customers of the Group. It has a limit of A\$404 million as at 31 December 2023 (30 June 2023: A\$405 million).

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

20 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) (19.25%) and Goldfirm Pty Ltd (acting as trustee for the Kariong Investment Trust) (19.23%). 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.

Remuneration paid to key management personnel is as follows:

| | Group | |
|---|---------------------------------------|---------------------------------------|
| | 6 months ended | |
| | 31 December <u>2023</u> A\$'000 | 31 December <u>2022</u> A\$'000 |
| Directors' remuneration | | |
| - Salaries and other related costs | 1,819 | 1,708 |
| - Directors' fees | 163 | 142 |
| - Share-based payment | 1,308 | 917 |
| - Benefits including defined contribution plans | 71 | 68 |
| Other key management personnel | | |
| - Salaries and other related costs | 1,793 | 1,821 |
| - Benefits including defined contribution plans | 108 | 116 |
| | 5,262 | 4,772 |

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

20 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 <u>2023</u> A\$'000 | 30 June <u>2023</u> A\$'000 |
| Share options | | |
| Key management personnel | - | 1,000,000 |
| | | |
| Performance rights | | |
| Directors | 1,057,000 | 2,774,000 |
| Key management personnel | 2,512,000 | 2,999,000 |
| | | |

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

There was no transaction with related parties during the current financial period (31 December 2022: Nil).

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

21 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.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

21 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 | 31 December | 31 December | 30 June |
| | <u>2023</u> | <u>2022</u> | <u>2023</u> | <u>2023</u> |
| | A\$'000 | A\$'000 | A\$'000 | A\$'000 |
| Australia | 492,346 | 418,851 | 500,276 | 493,543 |

Major Customers

The Group has a number of customers to whom it provides both products and services. For the period ended 31 December 2023, the Group supplies to a single external customer in the Resources segment who accounts for 24.6% of external revenue (31 December 2022: Resources 33.0%). The next most significant clients account for 23.1% and 15.1% respectively (31 December 2022: 15.5% and 8.5%) of external revenue.

CIVMEC LIMITED
(Incorporated in Singapore)

AND ITS SUBSIDIARIES

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2023

21 Financial information by segments (continued)

| | Group 6 months ended 31 December 2023 | | | | Group 6 months ended 31 December 2022 | | | |
|--|--|-----------------------------|---|-------------------------|--|-----------------------------|---|-------------------------|
| | <u>Energy</u> A\$'000 | <u>Resources</u> A\$'000 | Infra- Structure, Marine & <u>Defence</u> A\$'000 | <u>Total</u> A\$'000 | <u>Energy</u> A\$'000 | <u>Resources</u> A\$'000 | Infra- Structure, Marine & <u>Defence</u> A\$'000 | <u>Total</u> A\$'000 |
| | | | | | | | | |
| Revenue | 20,369 | 418,896 | 53,081 | 492,346 | 17,307 | 344,655 | 56,889 | 418,851 |
| Cost of sales (excluding depreciation) | (17,467) | (360,681) | (44,123) | (422,271) | (15,740) | (291,912) | (50,440) | (358,092) |
| Depreciation expense | (329) | (8,597) | (858) | (9,784) | (306) | (7,631) | (1,006) | (8,943) |
| Segment results | 2,573 | 49,618 | 8,100 | 60,291 | 1,261 | 45,112 | 5,443 | 51,816 |
| Other income | | | | 1,976 | | | | 486 |
| Unallocated costs | | | | | | | | |
| Administrative expenses* | | | | (14,131) | | | | (9,907) |
| Depreciation in admin expenses* | | | | (54) | | | | (86) |
| Finance costs | | | | (2,965) | | | | (2,125) |
| Profit before income tax | | | | 45,117 | | | | 40,184 |
| Income tax expense | | | | (13,224) | | | | (11,918) |
| Profit for the period | | | | 31,893 | | | | 28,266 |

| | As at 31 December 2023 | | | | As at 30 June 2023 | | | |
|---------------------------------------|--------------------------|-----------------------------|---|-------------------------|--------------------------|-----------------------------|---|-------------------------|
| | <u>Energy</u> A\$'000 | <u>Resources</u> A\$'000 | Infra- Structure, Marine & <u>Defence</u> A\$'000 | <u>Total</u> A\$'000 | <u>Energy</u> A\$'000 | <u>Resources</u> A\$'000 | Infra- Structure, Marine & <u>Defence</u> A\$'000 | <u>Total</u> A\$'000 |
| Segment assets: | | | | | | | | |
| Intangible assets | - | 10 | - | 10 | - | 10 | - | 10 |
| Unallocated assets: | | | | | | | | |
| Assets | | | | 805,849 | | | | 772,203 |
| Other current assets | | | | 1,920 | | | | 2,274 |
| Deferred tax assets | | | | 555 | | | | 47 |
| Total assets | | | | 808,334 | | | | 774,534 |
| Segment liabilities: | | | | | | | | |
| Unallocated liabilities | | | | | | | | |
| Liabilities | | | | 294,084 | | | | 278,839 |
| Borrowings | | | | 60,000 | | | | 56,500 |
| Provisions | | | | 16,640 | | | | 18,586 |
| Total liabilities | | | | 370,724 | | | | 353,925 |
| Other segment information | | | | | | | | |
| Capital expenditure during the period | | | | 10,874 | | | | 6,801 |

*Administrative expenses above exclude depreciation which is disclosed separately above