Company Registration No. 200413014R
(Incorporated in The Republic of Singapore)

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Amounts expressed in thousands of Australian Dollar ("AU$") currency)
These statements for fourth quarter and twelve months ended 30 June 2022 have not been audited.

	Notes	GROUP 4Q 2022 AU$'000	GROUP 4Q 2021 AU$'000	+/(-) %	GROUP FY 2022 AU$'000	GROUP FY 2021 AU$'000	+/(-) %
Revenue	4	69,209	56,090	23.4	245,052	195,060	25.6
Cost of sales		(81,640)	(50,628)	61.3	(240,124)	(175,987)	36.4
Gross (loss)/profit		**(12,431)**	**5,462**	N.M.	**4,928**	**19,073**	(74.2)
Gross margin		**-18.0%**	**9.7%**		**2.0%**	**9.8%**	
Other operating income	5	345	817	(57.8)	685	993	(31.0)
Other operating costs		(3,256)	(3,159)	3.1	(10,432)	(9,057)	15.2
Impairment of property, plant and equipment	11	(5,264)	-	N.M.	(5,264)	-	N.M.
Impairment of other intangible assets	10	(4,036)	-	N.M.	(4,036)	-	N.M.
Impairment of right-of-use assets	11	(1,513)	-		(1,513)	-	
Impairment of receivables		(891)	(10)	N.M.	(891)	(217)	N.M.
Administrative expenses		(2,299)	(1,324)	73.6	(6,883)	(4,117)	67.2
Marketing and distribution expenses		(598)	(281)	112.8	(1,876)	(1,019)	84.1
(Loss)/profit from operations		**(29,943)**	**1,505**	N.M.	**(25,282)**	**5,656**	N.M.
Finance costs	5	(2,005)	(1,336)	50.1	(6,063)	(4,124)	47.0
(Loss)/profit before income tax	**5**	**(31,948)**	**169**	N.M.	**(31,345)**	**1,532**	N.M.
Income tax expense	6	(85)	(52)	63.5	(338)	(330)	2.4
Net (loss)/profit for the period		(32,033)	117	N.M.	(31,683)	1,202	N.M.
Net (loss)/profit %		**-46.3%**	**0.2%**		**-12.9%**	**0.6%**	
(Loss)/profit for the period		(32,033)	117	N.M.	(31,683)	1,202	N.M.
Items that are or may be reclassified subsequently to profit or loss:							
Currency translation differences		(4,262)	(750)	N.M.	(3,630)	3,486	N.M.
Other comprehensive (loss)/income for the period		(4,262)	(750)	N.M.	(3,630)	3,486	N.M.
Total comprehensive (loss)/income for the period		**(36,295)**	**(633)**	N.M.	**(35,313)**	**4,688**	N.M.
(Loss)/earnings per ordinary share attributable to equity holders of the Company (AU$ cents per share)							
- basic	7	(1.04)	0.00	N.M.	(1.03)	0.04	N.M.
- diluted	7	(1.04)	0.00	N.M.	(1.03)	0.04	N.M.

N.M. not meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Notes	Group As at 30/06/2022 AU$'000	Group As at 30/06/2021 AU$'000	Company As at 30/06/2022 AU$'000	Company As at 30/06/2021 AU$'000
CURRENT ASSETS					
Cash and cash equivalents		6,259	8,669	24	52
Trade receivables and contract assets		54,793	55,084	-	-
Other receivables and prepayments		7,336	5,276	1,016	928
Inventories		1,491	2,576	-	-
Assets held for sale	9	6,261	-	-	-
Total current assets		**76,140**	**71,605**	**1,040**	**980**
NON-CURRENT ASSETS					
Property, plant and equipment	11	42,138	60,148	-	-
Goodwill		10,994	10,994	-	-
Other intangible assets	10	9,239	14,067	-	-
Other receivables and prepayments		-	-	-	-
Due from subsidiaries		-	-	2	155
Investments in subsidiaries		-	-	83,015	90,604
Total non-current assets		**62,371**	**85,209**	**83,017**	**90,759**
Total assets		**138,511**	**156,814**	**84,057**	**91,739**
CURRENT LIABILITIES					
Trade payables and contract liabilities		19,651	7,578	-	-
Other payables		23,007	23,841	1,068	756
Due to subsidiaries		-	-	8,451	19,034
Borrowings	12	43,760	2,071	41,677	-
Lease liabilities		2,548	2,771	-	-
Accruals for other liabilities and charges		5,147	4,188	-	-
Total current liabilities		**94,113**	**40,449**	**51,196**	**19,790**
NON-CURRENT LIABILITIES					
Deferred income tax liabilities		523	496	-	-
Borrowings	12	27,511	63,978	27,509	63,951
Lease liabilities		9,538	11,426	-	-
Accruals for other liabilities and charges		579	532	-	-
Total non-current liabilities		**38,151**	**76,432**	**27,509**	**63,951**
Total liabilities		**132,264**	**116,881**	**78,705**	**83,741**
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	13	217,005	216,759	217,005	216,759
Capital reserve		(163)	(163)	(163)	(163)
Share-based payment reserve		7,044	5,663	7,044	5,663
Foreign currency translation reserve		14,962	18,592	27,226	26,531
Accumulated losses		(232,601)	(200,918)	(245,760)	(240,792)
Total equity		**6,247**	**39,933**	**5,352**	**7,998**
Total liabilities and equity		**138,511**	**156,814**	**84,057**	**91,739**

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	SHARE CAPITAL AU$'000	CAPITAL RESERVE AU$ '000	SHARE-BASED PAYMENT RESERVE AU$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU$'000	ACCUMULATED LOSSES AU$'000	TOTAL EQUITY AU$'000
FY 2022						
Balance as at 1 July 2021	216,759	(163)	5,663	18,592	(200,918)	39,933
Loss for the year	-	-	-	-	(31,683)	(31,683)
Other comprehensive loss	-	-	-	(3,630)	-	(3,630)
Shares issued through employee share schemes	246	-	(246)	-	-	-
Employee share and option scheme expense	-	-	1,627	-	-	1,627
Balance as at 30 June 2022	**217,005**	**(163)**	**7,044**	**14,962**	**(232,601)**	**6,247**
FY 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	15,106	(202,120)	35,020
Profit for the year	-	-	-	-	1,202	1,202
Other comprehensive income	-	-	-	3,486	-	3,486
Shares issued through employee share schemes	410	-	(410)	-	-	-
Employee share and option scheme expense	-	-	225	-	-	225
Balance as at 30 June 2021	**216,759**	**(163)**	**5,663**	**18,592**	**(200,918)**	**39,933**

Company	SHARE CAPITAL AU$'000	CAPITAL RESERVE AU$'000	SHARE-BASED PAYMENT RESERVE AU$'000	FOREIGN CURRENCY TRANSLATION RESERVE AU$'000	ACCUMULATED LOSSES AU$'000	TOTAL EQUITY AU$'000
FY 2022						
Balance as at 1 July 2021	216,759	(163)	5,663	26,531	(240,792)	7,998
Loss for the year	-	-	-	-	(4,968)	(4,968)
Other comprehensive profit	-	-	-	695	-	695
Shares issued through employee share schemes	246	-	(246)	-	-	-
Employee share and option scheme expense	-	-	1,627	-	-	1,627
Balance as at 30 June 2022	**217,005**	**(163)**	**7,044**	**27,226**	**(245,760)**	**5,352**
FY 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	27,564	(229,525)	20,073
Loss for the year	-	-	-	-	(11,267)	(11,267)
Other comprehensive loss	-	-	-	(1,033)	-	(1,033)
Shares issued through employee share schemes	410	-	(410)	-	-	-
Employee share and option scheme expense	-	-	225	-	-	225
Balance as at 30 June 2021	**216,759**	**(163)**	**5,663**	**26,531**	**(240,792)**	**7,998**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	GROUP 4Q 2022 AU$'000	GROUP 4Q 2021 AU$'000	GROUP FY 2022 AU$'000	GROUP FY 2021 AU$'000
Cash flows from operating activities				
(Loss)/profit after taxation	(32,033)	117	(31,683)	1,202
Add / (less) adjustments for:				
Depreciation of property, plant and equipment	909	984	3,679	4,057
Amortisation of intangible assets	244	204	1,107	844
Depreciation of right-of-use assets	706	853	2,860	2,736
Employee share and share option scheme expense	367	225	1,628	225
Impairment loss on property, plant and equipment	5,264	-	5,264	-
Impairment loss on other intangible assets	4,036	-	4,036	-
Impairment of right-of-use assets	1,513	-	1,513	-
Impairment loss on trade receivables and contract assets	891	10	891	217
Net foreign exchange differences	287	(537)	754	(821)
Profit on disposal of property, plant and equipment	(222)	(60)	(398)	(33)
Interest income	(2)	(4)	(13)	(66)
Finance costs	2,005	1,336	6,063	4,124
Income tax expense	85	52	338	330
Operating cash flows before working capital changes	**(15,950)**	**3,180**	**(3,961)**	**12,815**
Changes in operating assets and liabilities				
Trade receivables and contract assets	207	(9,078)	(600)	(20,603)
Other receivables and prepayments	(2,573)	(1,432)	(2,145)	(565)
Inventories	345	445	1,085	1,304
Trade payables and contract liabilities	11,000	946	12,073	1,470
Accruals and other payables	6,692	3,762	172	4,195
Cash (used in) / generated from operations	**(279)**	**(2,177)**	**6,624**	**(1,384)**
Interest paid	(1,557)	(55)	(4,164)	(2,312)
Interest received	2	4	13	66
Income tax paid	26	161	(225)	(117)
Net cash (used in) / generated from operating activities	**(1,808)**	**(2,067)**	**2,248**	**(3,747)**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	692	217	1,147	674
Purchase of property, plant and equipment	(890)	(712)	(1,678)	(1,752)
Purchase of other intangible assets	(315)	(998)	(315)	(1,097)
Net cash used in investing activities	**(513)**	**(1,493)**	**(846)**	**(2,175)**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	GROUP 4Q 2022 AU$'000	GROUP 4Q 2021 AU$'000	GROUP FY 2022 AU$'000	GROUP FY 2021 AU$'000
Cash flows from financing activities				
Repayment of insurance funding	(1,396)	(1,370)	(3,921)	(5,065)
Proceeds from insurance funding	3,414	3,412	3,781	5,378
Repayment of borrowings	-	-	-	(5,000)
Payment of lease liabilities	(917)	(1,068)	(3,676)	(3,503)
(Withhold) / release of restricted cash	(99)	850	(2,543)	850
Net cash generated from / (used in) financing activities	**1,002**	**1,824**	**(6,359)**	**(7,340)**
Net decrease in cash and cash equivalents	**(1,319)**	**(1,736)**	**(4,957)**	**(13,262)**
Effect of exchange rate fluctuations on cash held	7	(17)	3	(20)
Net decrease in cash held	**(1,312)**	**(1,753)**	**(4,954)**	**(13,282)**
Cash and cash equivalents at beginning of period	4,164	9,559	7,806	21,088
Cash and cash equivalents at end of period	**2,852**	**7,806**	**2,852**	**7,806**
Cash and cash equivalents represented by				
Cash and bank balances	6,259	8,669	6,259	8,669
*Restricted cash	(3,407)	(863)	(3,407)	(863)
Total cash and cash equivalents at end of period	**2,852**	**7,806**	**2,852**	**7,806**

*The amount represents cash security held for bank guarantees issued.

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

AusGroup Limited (the "Company") is a limited liability company domiciled and incorporated in Singapore and its shares are publicly traded on the Singapore Exchange. The condensed interim consolidated financial statements as at and for the twelve months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The principal activity of the Company is that of an investment holding company.

The principal activities of the Group are:

- provide preventative and breakdown maintenance services;
- provide construction services;
- provide access services;
- provide fabrication and manufacturing services; and
- provide port and marine services.

2. Basis of preparation

The condensed interim financial statements as at and for the twelve months ended 30 June 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 audited financial statements for the year ended 30 June 2021.

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

Whilst the Company's functional currency is the Singaporean Dollar, the condensed interim financial statements are presented in Australian Dollars ("AU$") which, in the opinion of management, is the most appropriate presentation currency as the Group's principal assets and operations are in Australia and the majority of its operations are conducted in AU$.

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

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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

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.

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:

<u>Impairment of trade receivables</u>
The Group has elected to measure loss allowances for trade and other receivables including contract assets at an amount equal to lifetime ECLs ("Expected Credit Losses"). The Group considers a financial asset to be in default when the financial asset is more than 120 days past its due date. 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 taking into account both quantitative and qualitative information and analysis. Factors considered in individual assessment are payment history, past due status and term.

<u>Construction contracts</u>
For services and construction contracts the standard provides a higher threshold for recognition of variations, claims and incentives which only allows revenue from variations and claims to be recognised to the extent they are approved or enforceable under the contract. The amount of revenue is then recognised to the extent it is highly probable that a significant reversal of revenue will not occur. In making this assessment, judgement is required to be exercised based on a number of factors including nature of the claim, formal or informal acceptance by the customer of the validity of the claim, stage of negotiations, or the historical outcome of similar claims to determine whether the enforceable and "highly probable" threshold has been met.

<u>Impairment of amounts due from subsidiaries and investments in subsidiaries</u>
The Company assesses the recoverability of loans due from subsidiary undertakings as at the reporting date based on an assessment of the ability of each entity to repay the balance owing and also assesses the carrying value of investments in subsidiaries where indicators of impairment are identified. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any).

2.2. Use of judgements and estimates (Continued)

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 notes:

Impairment of cash generating units ("CGUs")
SFRS (I) 1-36 Impairment of Assets requires the Group to test goodwill for impairment at least annually and to test other assets for impairment when evaluation of indicators specific to the Group indicates that there is a potential impairment to property, plant and equipment and other intangible assets. These indicators include significant changes in asset usage, significant decline in assets' market value, obsolescence or physical damage of an asset, significant underperformance relative to the expected historical or future operating results and significant negative industry or economic trends.

The Group estimates the recoverable amount as the higher of the fair value less costs of disposal and the value-in-use. In performing these valuations, the Group is required to make estimates and assumptions that may affect the resultant valuation of each of these categories of asset. If the CGUs are considered to be impaired, impairment loss is recognised to an amount equal to the excess of the carrying value of the asset over its recoverable amount.

Construction contracts
The Group recognises revenue using the measure of progress that best reflects the Group's performance in satisfying the performance obligation within the contracts over time. The different methods of measuring progress include an input method (e.g. costs incurred) or an output method (e.g. milestones reached). The same method of measuring progress will be consistently applied to similar performance obligations.

Amounts due from contract customers in the balance sheet include uncertified revenue that has been recognised through the statement of comprehensive income in current and prior periods in respect of claims and variation orders on projects. In estimating the amount of uncertified revenue recognised, the Group has relied on past experience and the work of specialists namely project managers and, as required, external consultants. If the uncertified revenue increases/decreases by 5% from management's estimates, the Group's profit before income tax for the financial year will increase/decrease by approximately AU$1.2 million (2021: AU$1.3 million).

Revenue from variations in the contract work and claims is recognised in accordance with the Group's accounting policy on construction contracts.

Due to the level of uncertainty associated with the calculation of estimated total contract costs, and therefore, percentage of contract completion, it is reasonably possible that material adjustments could be required to revenue and contract margins if the eventual outcomes differ from management's assumptions which cannot be recovered from contract claims under the terms of the contract.

Where it is probable that a loss will arise on a long-term contract, the excess of total expected contract costs over total contract revenue is recognised as an expense immediately.

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:

- Maintenance Services.
- Projects.
- Access Services.
- Fabrication & Manufacturing.
- Port & Marine Services.

4.1 Reportable segments

2022	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication & Manufacturing AU$'000	Port & Marine Services AU$'000	Corporate / Unallocated AU$'000	Total AU$'000
REVENUE							
Revenue from external customers	150,325	34,958	28,545	27,987	3,237	-	**245,052**
RESULTS							
Adjusted EBITDA and impairment	10,001	(8,149)	3,188	1,479	(1,501)	(10,963)	**(5,945)**
Depreciation and amortisation	-	(5)	(2,334)	(1,170)	(2,672)	(1,465)	**(7,646)**
Interest income	-	-	-	-	-	13	**13**
Finance cost	-	-	(57)	(83)	(5,362)	(561)	**(6,063)**
Impairment losses	-	-	(891)	-	(10,813)	-	**(11,704)**
Profit/(loss) before tax	**10,001**	**(8,154)**	**(94)**	**226**	**(20,348)**	**(12,976)**	**(31,345)**
ASSETS							
Reportable segment assets	**28,411**	**13,190**	**32,125**	**12,703**	**36,968**	**15,114**	**138,511**
Additions to non-current assets (other than financial assets and deferred tax)	**-**	**-**	**1,117**	**529**	**650**	**378**	**2,674**
LIABILITIES							
Reportable segment liabilities	**11,153**	**10,510**	**4,222**	**7,326**	**13,087**	**85,966**	**132,264**

2021	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication & Manufacturing AU$'000	Port & Marine Services AU$'000	Corporate / Unallocated AU$'000	Total AU$'000
REVENUE							
Revenue from external customers	112,490	22,945	25,185	31,365	3,075	-	**195,060**
RESULTS							
Adjusted EBITDA and impairment	8,891	3,281	2,528	1,323	(277)	(2,302)	**13,444**
Depreciation and amortisation	-	(5)	(2,494)	(1,245)	(2,638)	(1,255)	**(7,637)**
Interest income	-	-	1	-	-	65	**66**
Finance cost	-	(1)	(67)	(117)	(3,503)	(436)	**(4,124)**
Impairment losses	-	(8)	(202)	-	-	(7)	**(217)**
Profit/(loss) before tax	**8,891**	**3,267**	**(234)**	**(39)**	**(6,418)**	**(3,935)**	**1,532**
ASSETS							
Reportable segment assets	**32,990**	**2,966**	**37,271**	**17,074**	**50,134**	**16,379**	**156,814**
Additions to non-current assets (other than financial assets and deferred tax)	**-**	**-**	**2,702**	**136**	**385**	**2,051**	**5,274**
LIABILITIES							
Reportable segment liabilities	**9,262**	**650**	**4,605**	**3,703**	**17,014**	**81,647**	**116,881**

4.2 Disaggregation of revenue

4Q 2022	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication AU$'000	Port & Marine Services AU$'000	Total AU$'000
Types of goods or service:						
Contract revenue	40,180	11,434	4,856	9,510	-	65,980
Hire revenues	-	-	2,015	-	-	2,015
Port & Marine services	-	-	-	-	1,214	1,214
Total revenue	40,180	11,434	6,871	9,510	1,214	69,209
Timing of revenue recognition:						
Over time	40,180	11,434	6,871	9,510	235	68,230
At a point in time	-	-	-	-	979	979
Total revenue	40,180	11,434	6,871	9,510	1,214	69,209
Geographical information:						
Australia	40,180	11,434	5,657	9,510	1,214	67,995
Singapore	-	-	433	-	-	433
Thailand	-	-	781	-	-	781
Total revenue	40,180	11,434	6,871	9,510	1,214	69,209

4Q 2021	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication AU$'000	Port & Marine Services AU$'000	Total AU$'000
Types of goods or service:						
Contract revenue	32,324	4,194	6,911	9,666	-	53,095
Sale of goods	-	-	31	-	-	31
Hire revenues	-	-	2,499	-	-	2,499
Port & Marine services	-	-	-	-	465	465
Total revenue	32,324	4,194	9,441	9,666	465	56,090
Timing of revenue recognition:						
Over time	32,324	4,194	9,410	9,666	-	55,594
At a point in time	-	-	31	-	465	496
Total revenue	32,324	4,194	9,441	9,666	465	56,090
Geographical information:						
Australia	32,324	4,194	8,771	9,666	465	55,420
Singapore	-	-	301	-	-	301
Thailand	-	-	369	-	-	369
Total revenue	32,324	4,194	9,441	9,666	465	56,090

4.2 Disaggregation of revenue (continued)

FY2022	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication AU$'000	Port & Marine Services AU$'000	Total AU$'000
Types of goods or service:						
Contract revenue	150,325	34,958	20,198	27,987	-	233,468
Sale of goods	-	-	11	-	-	11
Hire revenues	-	-	8,336	-	-	8,336
Port & Marine services	-	-	-	-	3,237	3,237
Total revenue	150,325	34,958	28,545	27,987	3,237	245,052
Timing of revenue recognition:						
Over time	150,325	34,958	28,534	27,987	504	242,308
At a point in time	-	-	11	-	2,733	2,744
Total revenue	150,325	34,958	28,545	27,987	3,237	245,052
Geographical information:						
Australia	150,325	34,958	24,070	27,987	3,237	240,577
Singapore	-	-	1,582	-	-	1,582
Thailand	-	-	2,893	-	-	2,893
Total revenue	150,325	34,958	28,545	27,987	3,237	245,052

FY2021	Maintenance Services AU$'000	Projects AU$'000	Access Services AU$'000	Fabrication AU$'000	Port & Marine Services AU$'000	Total AU$'000
Types of goods or service:						
Contract revenue	112,490	22,945	18,236	31,365	-	185,036
Sale of goods	-	-	66	-	-	66
Hire revenues	-	-	6,883	-	-	6,883
Port & Marine services	-	-	-	-	3,075	3,075
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060
Timing of revenue recognition:						
Over time	112,490	22,945	25,119	31,365	246	192,165
At a point in time	-	-	66	-	2,829	2,895
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060
Geographical information:						
Australia	112,490	22,945	22,970	31,365	3,075	192,845
Singapore	-	-	905	-	-	905
Thailand	-	-	1,310	-	-	1,310
Total revenue	112,490	22,945	25,185	31,365	3,075	195,060

4.3 A breakdown of revenue

	FY 2022 AU$'000	FY 2021 AU$'000	% increase / (decrease)
Revenue reported for first half year	119,020	88,249	35%
Net profit after tax for first half year	252	774	-67%
Revenue reported for second half year	126,032	106,811	18%
Net (loss)/profit after tax for second half year	(31,935)	428	N.M.

5. (Loss) / profit before income tax

5.1 Significant items

	GROUP		+/(-)	GROUP		+/(-)
	4Q 2022	4Q 2021	%	FY 2022	FY 2021	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Other operating income						
Interest income	2	4	(50.0)	13	66	(80.3)
Profit on sale of property, plant and equipment	222	60	N.M.	398	33	N.M.
Other income	121	94	28.7	274	235	16.6
Release of provision for doubtful debts	-	659	N.M.	-	659	N.M.
Total other operating income	**345**	**817**	(57.8)	**685**	**993**	(31.0)
Amortisation and depreciation						
Depreciation of property, plant & equipment included in cost of sales	705	759	(7.1)	2,931	3,089	(5.1)
Depreciation of right-of-use assets included in cost of sales	300	458	(34.5)	1,238	1,131	9.5
Amortisation of intangible assets included in cost of sales	77	77	0.0	309	309	0.0
Depreciation of property, plant & equipment included in administrative expenses	204	225	(9.3)	748	968	(22.7)
Depreciation of right-of-use assets included in administrative expenses	406	395	2.8	1,622	1,605	1.1
Amortisation of intangible assets included in administrative expenses	167	127	31.5	798	535	49.2
Total amortisation and depreciation	**1,859**	**2,041**	(8.9)	**7,646**	**7,637**	0.1

	GROUP		+/(-)	GROUP		+/(-)
	4Q 2022	4Q 2021	%	FY 2022	FY 2021	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Employee share and share option scheme expense	368	225	63.6	1,629	225	N.M.
Federal Government subsidy for COVID-19 relief						
Subsidy in cost of sales	-	-	N.M.	-	4,309	N.M.
Subsidy included in administrative expenses	-	-	N.M.	-	1,692	N.M.
Total Federal Government subsidy for COVID-19 relief	-	-	N.M.	-	6,001	N.M.

	GROUP		+/(-)	GROUP		+/(-)
	4Q 2022	4Q 2021	%	FY 2022	FY 2021	%
	AU$'000	AU$'000		AU$'000	AU$'000	
Note interest	776	742	4.6	3,082	2,854	8.0
Bank and other interest	128	112	14.3	350	370	(5.4)
Shareholder loan interest	131	120	9.2	516	491	5.1
Bank fees	23	18	27.8	61	42	45.2
Bank guarantee fees	42	23	82.6	117	62	88.7
Lease-related interest expenses	225	322	(30.1)	1,020	1,086	(6.1)
Foreign exchange loss/(gain) on shareholder loan	680	(1)	N.M.	917	(781)	N.M.
Total finance costs	**2,005**	**1,336**	50.1	**6,063**	**4,124**	47.0

5.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

6. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	GROUP			GROUP		
	4Q 2022	4Q 2021		FY 2022	FY 2021	
	AU$'000	AU$'000		AU$'000	AU$'000	
Current income tax expense	(56)	(23)	N.M.	(219)	(211)	N.M.
Current withholding tax expense	(29)	(29)	0.0	(119)	(119)	84.9
Total income tax expense	**(85)**	**(52)**	63.5	**(338)**	**(330)**	2.4

7. (Loss) / earnings per ordinary share

	GROUP	GROUP	GROUP	GROUP
	4Q 2022	4Q 2021	FY 2022	FY 2021
	AU$'000	AU$'000	AU$'000	AU$'000
(Loss)/profit attributable to owners of the Company	(32,033)	117	(31,683)	1,202
Weighted average number of ordinary shares in issue				
- Basic ('000)	3,068,792	3,062,614	3,068,792	3,062,614
- Diluted ('000)	3,068,792	3,062,614	3,068,792	3,062,614
(Loss)/earnings per ordinary share (AU cents)				
- Basic	(1.04)	0.00	(1.03)	0.04
- Diluted	(1.04)	0.00	(1.03)	0.04

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 of the number of shares outstanding during the period.

For the purposes of calculating diluted earnings per share, the weighted average number of shares on issue has been adjusted as if all dilutive share options and share awards were exercised. The number of shares that could have been issued upon the exercise of all dilutive shares is added to the denominator as the number of shares issued for no consideration. No adjustment is made to the profit after taxation.

8. Net Asset Value

	GROUP	GROUP	COMPANY	COMPANY
	4Q 2022	4Q 2021	FY 2022	FY 2021
	AU$'000	AU$'000	AU$'000	AU$'000
Net assets	6,247	39,933	5,352	7,998
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	0.2	1.3	0.2	0.3

8. Net Asset Value (continued)

Net asset value per ordinary share is calculated by dividing the net assets attributable to the entity holders of the Company by the number of issued shares as at 30 June 2022 of 3,073,230,431 ordinary shares (30 June 2021: 3,063,230,431).

9. Assets held for sale

On 17 June 2022, the Group's wholly-owned subsidiary, AusGroup Companies Pty Ltd, entered into a contract for sale of the property located at 15 Beach Street, Kwinana Beach WA. For further details, refer to the SGX announcement on 17 June 2022.

The proposed sale has been approved and passed by the shareholders of the Group by way of poll at the Extraordinary General Meeting held on 12 August 2022 with completion expected before the end of August 2022 for a consideration of AU$16.2m.

10. Other intangible assets

During FY2022, the Group acquired other intangible assets amounting to AU$0.3m (30 June 2021: AU$1.1m) and has impaired the right to operate assets in relation to the Port & Marine Services business at Port Melville by AU$4.0m. The decision to impair the right to operate asset resulted from reduced activity at the port and as a result operating cashflows were unable to provide sufficient support for the pre-impaired carrying value of the asset.

11. Property, plant and equipment

During FY2022, the Group acquired assets amounting to AU$1.7m (30 June 2021: AU$1.8m), disposed of assets amounting to AU$0.8m (30 June 2021: AU$0.6m) and has recognised an impairment of AU$5.3m in relation to the Port & Marine Services related assets for the same reason as outlined in Note 10 above. In addition, the East Arm right to use asset has been fully impaired by AU$1.5m as this asset is no longer used by the Port & Marine Services business and generates no operating cash flow for the CGU.

12. Borrowings

	30/06/2022		30/06/2021	
	AU$'000	AU$'000	AU$'000	AU$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	43,760	-	2,071	-
Amount repayable after one year	2	27,509	39,309	24,669

Borrowings Summary

	30/06/2022	30/06/2021
	AU$'000	AU$'000
Multi Currency Notes	41,677	39,282
DBS Term Loan - AUD	-	-
Shareholder Loan	27,509	24,669
Insurance / software funding	2,085	2,098
Total borrowings	71,271	66,049

12. Borrowings (continued)

(a) Loan facilities

Multi Currency Notes ("Notes")

The Notes (AU$41.7m) are classified as current liability and are secured. The increase in the liability is due to exchange rate fluctuations.

The maturity date of the Notes is 3 December 2022 and interest is paid monthly at a rate of 7% per annum from 3 December 2020. As announced on SGX on 2 August 2022, the first informal meeting of the Noteholders in respect to the maturity of the Notes was held on 10th August 2022 in Singapore. As announced on SGX on 17 August 2022, a second informal meeting of the Noteholders is to be held in Singapore on 25th August 2022 with further meetings both informal and formal to be scheduled as required prior to the maturity date.

DBS Bank Ltd facilities and loans

DBS also provides bank guarantee facilities to the Group to support performance bonds and financial guarantees provided to the Group's clients. As at 30 June 2022, AU$0.8m was drawn under this facility.

Loan from related party ("the Loan")

The repayment date of the Loan from Ezion Holdings Limited ("Ezion") is until after 31 October 2023 hence the Loan is classified as a non-current liability. At 30 June 2022 the amount owing on the Loan was AU$27.5m (30 June 2021: AU$24.7m) and is unsecured. The increase in liability is due to the adverse foreign exchange rate movement between the US dollar and the Singapore dollar (as the Loan is denominated in United States dollars) and the capitalisation of interest expenses during the period. The interest rate applicable to the Loan is 2% per annum. The Group has commenced discussion with Ezion on extension / repayment options for the Loan.

Surety bond facility from Vero

The Group holds a AU$30.0m Surety bond facility with Vero to ensure the Group maintains its bonding capacity for bid bonds, performance bonds and financial guarantees. At 30 June 2022, AU$8.4m (30 June 2021: AU$2.3m) was drawn under this facility.

(b) Security pledged and financial covenants

Multi Currency Notes ("Notes")

Notes are secured, on a shared first ranking basis, against all property and assets of NT Port and Marine Pty Ltd on a fixed and floating basis and 100% of the shares of Ezion Offshore Logistics Hub Pte. Ltd ("EOLH") pursuant to a share charge.

In accordance with the Noteholder vote in favour of the Consent Solicitation Exercise ("CSE") on 19 October 2018, the Group renegotiated the terms of the Notes and added two financial covenants being:

(i) the ratio of its Consolidated Secured Debt to its Consolidated Total Assets shall not at any time exceed 0.75:1; and

(ii) The ratio of its Consolidated earnings before interest, tax, depreciation, amortisation and impairment ("EBITDA") to its Consolidated Interest Expense in respect of any Test Period shall not be less than 1.75:1 for that Test Period (the Debt Service Ratio).

The Group has complied with the first financial covenant being the Consolidated Secured Debt to its Consolidated Total Assets however, due to the underlying operational losses after adjusting for impairments, the Group is in breach of the Debt Service Ratio and has notified the MTN Trustee. To date, no comments have been received from the Trustee.

12. Borrowings (continued)

DBS Bank Ltd facilities

The Group has not complied with the financial covenants on its DBS Bank Ltd facilities with the exception of the Secured debts to Total Assets financial covenant. The total amount utilised through the DBS facility is $0.8m, however the bank guarantees issued under the facility are secured by DBS Bank Ltd through a cash-backed term deposit held in restricted status by the bank.

13. Share capital

	30-Jun-22	30-Jun-21
	Number of shares	Number of shares
Number of issued shares		
Opening balance	3,063,230,431	3,048,230,431
Shares issued through employee share schemes	10,000,000	15,000,000
Closing balance	3,073,230,431	3,063,230,431

	30-Jun-22	30-Jun-20
	AU$'000	AU$'000
Ordinary shares issued and fully paid		
Opening balance	216,759	216,349
Shares issued through employee share schemes	246	410
Closing balance	217,005	216,759

As at 30 June 2022 there were no outstanding options (30 June 2021: Nil) for unissued ordinary shares under the employee share option scheme.

As at 30 June 2022 there were 95,500,000 outstanding rights (30 June 2021: 72,000,000) that may potentially be converted to shares under the employee share scheme.

As at 30 June 2022 and 30 June 2021 respectively there were no treasury shares held by the Company.

14. Other contingent liabilities

The Group has the normal contractor’s liability related to project activity. Potential liability may arise from claims, dispute and/or litigation against Group companies and/or joint venture arrangements in which the Group has an interest.

15. Subsequent events

There are no known 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

The condensed consolidated statement of financial position of AusGroup Limited and its subsidiaries as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve months period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

A <u>Review of Income Statement</u>

<u>4Q FY2022 v 4Q FY2021</u>

Revenue for the fourth quarter of FY2022 increased by 23.4% to AU$69.2m (4Q FY2021: AU$56.1m) and cost of sales for the fourth quarter increased by 61.3%% to AU$81.6m (4Q FY2021: AU$50.6m), reflecting the increase in work activities after the effects of the impact of COVID-19 have lessened.

In the quarter the Group has posted a gross loss of AU$12.4m (4Q FY2021: gross profit of AU$5.5m), mainly resulting from outstanding claim positions from one client on one challenging construction contract, the East Rockingham waste to energy project in Western Australia, which is nearing completion, as disclosed in the SGX announcement on profit guidance dated 9 August 2022. These losses and the losses incurred on the Port & Marine Services are the main contributors to the overall quarterly results.

Other operating income has decreased to AU$0.345m (4Q FY2021: AU$0.817m) due to less scaffold asset disposals in the quarter.

Other operating costs increased by 3.1% to AU$3.3m (4Q FY2021: AU$3.2m) and administrative expenses increased by 73.6% to AU$2.3m (4Q FY2021: AU$1.3m) due to increased costs from tendering activities on major work prospects.

During the month of June 2022, impairments have been recognised in relation to the carrying value of the Port & Marine services' Port Melville and Darwin assets following a review of the underlying business cash flows. This has resulted in impairments of AU$5.3m, AU$4.0m and AU$1.5m in the value of property, plant & equipment, other intangible assets and right of use assets respectively, due to the reduced work activity at the Port and in particular in Darwin where the East Arm facility is no longer used by the business.

In the quarter, a long outstanding claim has been provided with an impairment of AU$0.9m recognised. Recovery pursuits are still on-going.

Marketing and distribution expenses have increased to AU$0.6m (4Q FY2021: AU$0.3m) due to increased new work tender activity in the quarter and marketing costs relating to significant contract wins in the quarter.

Finance costs have increased 50.1% to AU$2.0m (4Q FY2021: AU$1.3m) mainly due to the adverse effect of foreign exchange rate movement between the US dollar and the Australian dollar in relation to the USD the Loan which resulted in a loss on exchange of AU$0.7m.

For details of income tax, please refer to Section E, note 6.

Net loss for the quarter after tax from operations is AU$32.0m (4Q FY2021: profit of AU$0.1m).

Other comprehensive loss for the quarter is AU$4.3m (4Q FY2021: loss of AU$0.8m). The increase in other comprehensive loss is mainly due to the adverse effect of foreign exchange rate movement.

2. Review of performance of the Group (continued)

A <u>Review of Income Statement (continued)</u>

<u>FY2022 V FY2021</u>

Revenue increased by 25.6% to AU$245.1m (FY2021: AU$195.1m) and cost of sales increased by 36.4% to AU$240.1m (FY2021: AU$176.0m) reflecting the expected recovery from the effects of the impact of COVID-19 to a more normal activity level offset by the losses referred to in F.2.A above.

Gross profit decreased by 74.2% to AU$4.9m (FY2021: AU$19.1m), mainly resulting from outstanding claim positions from one client on one challenging construction contract, the East Rockingham waste to energy project in Western Australia, which is nearing completion, as disclosed in the SGX announcement on profit guidance dated 9 August 2022. These losses and the losses incurred on the Port & Marine Services are the main contributors to the overall quarterly results. This results in a decrease in the overall Group gross profit margin to 2.0% (FY2021: 9.8%).

Other operating income has decreased 31% to AU$0.7m (FY2021: AU$1.0m) as less scaffold assets have been disposed during the year.

Other operating costs increased by 15.2% to AU$10.4m (FY2021: AU$9.0m) and administrative expenses increased by 67.2% to AU$6.9m (FY2021: AU$4.1m) due to increased costs from tendering activities on major work prospects and also as a result of the JobKeeper subsidies of AU$6.0m included in the FY 2021 results.

During the year to June 2022, impairments have been recognised in relation to the carrying value of the NT Port & Marine Port Melville and Darwin assets following a review of the underlying business cash flows. This has resulted in impairments of AU$5.3m, AU$4.0m and AU$1.5m in the value of property, plant & equipment, other intangible assets and right of use assets respectively, due to the reduced work activity at the Port and in particular in Darwin where the East Arm facility is no longer used by the business.

In the year to June, a long outstanding claim has been provided for with an impairment of AU$0.9m recognised. Recovery pursuits are still on-going.

Marketing and distribution expenses have increased to AU$1.9m (FY2021: AU$1.0m) due to increased new work tender activity in the last two quarters and marketing costs relating to significant contract wins in the last quarter.

Finance costs have increased 47.0% to AU$6.1m (FY2021: AU$4.1m) mainly due to the adverse effect of foreign exchange rate movement between the US dollar and the Australian dollar in relation to the Loan which resulted in a loss on exchange of AU$0.9m in the year and a negative variance from the comparative quarter of AU$1.7m (FY2021: Foreign exchange gain of AU$0.8m).

For more details on income tax, please refer to Section E, note 6.

Net loss after tax from continuing operations for FY2022 was AU$31.7m (FY2021: profit of AU$1.2m).

Other comprehensive loss for FY2022 was AU$3.6m (FY2021: profit of AU$3.5m). The increase in other comprehensive loss is mainly due to the adverse effect of foreign exchange rate movement.

2. Review of performance of the Group (continued)

B Review of Statement of Financial Position

GROUP
Assets

Cash and bank balances decreased by AU$2.4m to AU$6.3m at 30 June 2022 (30 June 2021: AU$8.7m) mainly due to repayment of insurance funding and repayment of the outstanding balance of A$3.1m to a major creditor during the year.

The trade receivables balance has decreased by AU$0.3m since 30 June 2021 to AU$54.8m at 30 June 2022 and other receivables and prepayments have increased by AU$2.1m to AU$7.4m at 30 June 2022 due to prepaid materials for use on fabrication projects in FY 2023

Inventories have decreased by AU$1.1m since 30 June 2021, with the majority of inventory now related to marine fuel for sale by the Port & Marine Services business. The decrease was due to the sale of fuel during the year.

An asset has been held for sale for AU$6.3m relating to the Sale and Leaseback of the facilities at 15 Beach Street, Kwinana Beach - please refer to the SGX announcements made on 28 July 2022, 7 August 2022 and 12 August 2022 respectively. The sale is expected to be concluded in August 2022 for a consideration of AU$16.2m.

Non-current assets have decreased AU$22.8m since 30 June 2021 to AU$62.4m mainly due to an asset being reclassified to asset held for sales as the Group has entered into sale and leaseback of property located at 15 Beach Street, Kwinana Beach, Australia (refer Section E, note 9) and the Group has impaired AU$5.3m in property, plant and equipment, AU$4.0m in other intangible assets and AU$1.5m in right-of-use assets as detailed in F.2.A above.

Liabilities

The trade payables balance increased by AU$12.1m since 30 June 2021 to AU$19.7m at 30 June 2022 due to the increase in work activities since the comparable quarter and the recognition of a provision for foreseeable losses of AU$5.0m in relation to the one challenging construction contract, the East Rockingham waste to energy project in Western Australia, which is nearing completion.

Other payables decreased by AU$0.8m since 30 June 2021 to AU$23.0m as the Group has paid down the outstanding amount for payroll and GST related statutory obligations and the repayment of the outstanding balance of AU$3.1m to a major creditor in the period.

Current accruals for other liabilities mainly consisted of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance increased by AU$1.0m from 30 June 2021 which aligns with the increase of operating activities in Q4 FY2022. Non-current accruals comprised long-term long service leave balance.

Total borrowings increased overall by AU$5.2m since 30 June 2021 to AU$71.3m mainly due to the adverse foreign currency rate movement of the Australian dollar against US dollar and Singapore dollar which resulted in higher outstanding balances in both the Loan and the Multi Currency Notes.

As at 30 June 2022, the Group was in a net current liability position of AU$18.0m and net assets were AU$6.2m. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations. For further details, please refer to Section F, note 5, General on page 24 and 25.

2. Review of performance of the Group (continued)

B <u>Review of Statement of Financial Position (continued)</u>

<u>COMPANY</u>
Liabilities

During the year, the Company has received a dividend of AU$15.0m from its wholly owned subsidiary, AusGroup Companies Pty Ltd. Amounts due to subsidiaries has decreased by AU$11.0m since 30 June 2021 reflecting the receipt from the dividend offset by intercompany funding provided during the year.

The level of investment in subsidiaries has decreased by AU$7.6m to AU$83.0m reflecting the impairments recognised in the underlying subsidiary company Port & Marine Services of $12.3m which is based on the underlying cash flows to the investment offset by the effect of foreign exchange translation movements of AU$4.7m.

C <u>Review of Statement of Cash Flows</u>

<u>4Q FY2022 v 4Q FY2021</u>

Operating activities of the Group has incurred a net cash outflow of AU$1.8m for 4Q FY2022. The outflow was mainly due to losses incurred in the major project work on the East Rockingham Waste to Energy contract referred in the SGX Announcement profit guidance dated 9 August 2022.

Net cash outflows of AU$0.5m have been incurred from investing activities in 4Q FY2022 due to the purchases of property, plant and equipment and other intangible assets in the quarter offset by a net inflow of AU$0.7m from disposals.

Net cash generated from financing activities was AU$1.0m in 4Q FY2022, reflecting the net inflow of insurance funding of AU$2.0m offset by repayments of lease liabilities of AU$0.9m and release of restricted cash of AU$0.1m.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU$1.3m to AU$2.9m at 30 June 2022 compared to the prior quarter (3Q FY2022 – AU$4.2m).

<u>FY2022 V FY2021</u>

Operating activities of the Group has generated a net cash inflow of AU$2.2m for FY2022, an increase from the corresponding year in FY2021 of a net cash outflow of AU$3.7m. The increase was mainly due to receipt of payments from customers and increase in operating activities.

Net cash outflows of AU$0.8m have been incurred from investing activities in FY2022 due to the purchases of property, plant and equipment and other intangible assets during the year offset by a net inflow of AU$1.1m from disposals.

Net cash used in financing activities was AU$6.4m in FY2022, reflecting the net outflow of insurance funding of AU$0.1m, payment of lease liabilities of AU$3.7m and an increase in the withholding of restricted cash of A$2.5m.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU$4.9m to AU$2.9m at 30 June 2022 compared to the prior year (FY2021 – AU$7.8m).

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

Not applicable.

4. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (pursuant to SGX rulebook – Appendix 7.2 Financial statements and dividend announcement (3A) :—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

The Group's auditors qualified their audit opinion for the year ended 30 June 2021 as they were unable to determine whether any adjustments were necessary in respect of the Group's opening carrying amounts of property, plant and equipment and intangible asset related to the Port & Marine Services CGU as at 1 July 2020 together with the opening balance of accumulated losses as at 1 July 2020. For further details, refer to AusGroup Limited's Annual Report for FY2021, page 29 (announced on the SGX on 28 September 2021) and to the Announcement pursuant to Rule 704(5) of the Listing Manual – Qualified Opinion by Auditor of the Financial Statements for Year Ended 30 June 2021, where the Company's Auditor have disclosed their Report on the audit of the financial statements and have included their Qualified Opinion and the Basis for the Qualified Opinion.

The area of the business highlighted in the Qualified Opinion relates to the opening balances of the Port & Marine Services section of the Group at 1 July 2020, however the auditors did not qualified their opinion on the closing carrying value of property, plant and equipment and intangible asset related to the Port & Marine Services CGU at 30 June 2021 (refer to AusGroup Limited's Annual Report for FY2021, page 30). The Group cannot resolve the audit issue on 1 July 2020 but has resolved the issues on 30 June 2021. The Group engaged an external professional valuer to assess the recoverable amount of the Port & Marine Services CGU at 30 June 2021 based on the value in use method resulting in no additional impairment nor reversal of previously recognised impairment loss being necessary.

On 13 April 2022, the Group announced to SGX the entry into a non-binding term sheet in relation to the proposed disposal of 100% of the share capital of NT Port and Marine Pty Ltd ("NTPM").

On 11 June 2022, the purchaser has advised that it was not in a position to finalise the purchase on NTPM on the terms previously agreed and contained in the term sheet. The purchaser has requested to continue discussions on a non-exclusive basis with an aim to agree revised terms for the purchase of the Sale Shares. Discussions are on-going and are actively being pursued to secure a further binding term sheet on mutually agreeable terms.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed

The outstanding audit issue (refer to 4(a) above) was resolved.

5. 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 reporting period and the next 12 months

Background Information

AusGroup offers a range of integrated service solutions to the energy, mining and industrial sectors across Australia and South-East Asia. Our diversified service offering supports clients at all stages of their asset development and operational schedule.

Through subsidiaries AGC, MAS and Port & Marine Services, we provide maintenance, construction, access services, commissioning & handover and port & marine services. With over 30 years of experience, we are committed to partnering with our clients to build, maintain and upgrade some of the region's most challenging projects.

Our Capabilities

Maintenance Services
Our maintenance services range from breakdown maintenance to shutdowns and sustaining capital works. Through our in-house capability, we can provide any combination of skills, trades or disciplines on a long or short term basis for shutdowns and campaign maintenance. Our maintenance services include: mechanical; electrical; industrial coatings; insulation; refractory and specialist welding.

Projects
AusGroup provides focused and specialised construction capabilities including structural, mechanical, piping and installation solutions. We are able to self-perform almost all construction trades, offering efficient interface management and productivity optimisation.

Our construction expertise combines multidisciplinary construction knowledge and a first class health and safety record, to enhance project execution.

Access Services (referred to as MAS)
Our access services include scaffolding, scaffold engineering and design, rope access, labour supply, scaffolding, stock control, logistics and transportation.

Fabrication
We provide manufacturing, fabrication and testing of specialist structural, piping and modularisation packages. Our fabrication facilities are strategically located within Perth's high wide load corridor in Kwinana. With an in-house capacity to fabricate up to 30,000 tonnes of steel products per annum, we have manufactured, tested and commissioned some of Western Australia's largest fabricated steel structures.

Port & Marine Services
We offer logistics and marine transportation support services to the oil and gas industry, general marine and defence sectors through our Port & Marine Services business. With locations at Port Melville located in the Northern Territory, we can provide marine and land fuel, areas for laydown and storage, berthage and accommodation facilities.

Significant Trends & Competitive Conditions

COVID-19 Pandemic

The effects of the pandemic have lessened throughout FY 2022 as infections rates have reduced and work has returned to a more normal level. The prevailing effects from the pandemic centre around the overall shortfall in available labour resources across the country and is now resulting in increasing wage inflation pressures in the labour market. Whilst the Western Australian border has now re-opened, there has not been a significant migration of workers into Western Australia which continues to put pressure on wages however the Government is actively pursuing inward migration policies to address the shortfall in the labour supply.

The major trends that are relevant to the industry and the Group:

- Major new LNG facilities have moved into the production phase, where maintenance services will be required to maintain safe and reliable operations for the next 40+ years, providing long term and sustainable demand for the Group's service offering.
- Significant investment in the Resources sector, particularly in the Iron Ore and Gold industries, is continuing and the Group is well placed to provide the sector with fabrication services, modularised solutions, SMP, construction, commissioning and integrated asset maintenance services.
- Increasing activity in all sectors related to new energy sources which encompass hydrogen, lithium and nickel etc. Significant investment projects being announced by major international companies to support de-carbonisation. Refer to SGX announcement dated 27 October 2021.
- Increased tender activity in the past six months as Client work programmes that were suspended during the early days of the pandemic have now been re-initiated.
- The use of technology, productivity and innovative solutions across all aspects of the project(s) life cycle is key to adding value to customers and underpinning long term relationships and delivering predictable outcomes on plan.
- Increased demand for skilled labour is putting upward pressure on wage rates.
- Focus on core strengths, capabilities and efficiency improvements will underpin the profit generation from the Group's service offering.
- The re-opening of the WA State borders allows migration within and to Australia to commence however to date there has been no significant increase in the labour pool which continues to lead to tight labour market in WA putting upward pressure on wages.
- The rate of inflation of Australia is running high during the year which has led to increases in the cost of goods sold which includes materials, transportation services and supply chain services.
- Increasing investment by the Australian Federal Government (AU$747.0m) in military bases in the Northern Territory of Australia may result in an increase in activity for the Port & Marine Services business.

Going Concern

The Group has work in hand to the value of AU$889.1 million as at 30 June 2022.

The main priority for the Group in the short term is to continue to focus on our core strengths of providing multi-disciplinary services of mechanical, scaffolding, insulation and fabrication services in addition to supporting the Port & Marine Services operations to providing core services in the fuel sale and storage market and the woodchip market.

The Group is actively engaged in various options to reduce and/or restructure debt prior to the maturity dates in December 2022 for the Multi-currency notes and in October 2023 for the Loan and in addition to bolster working capital to support the expansion of services to its clients.

In respect of the debt restructure process already underway, a first informal noteholder meeting was held on 10 August 2022 and a further second informal noteholder meeting will be held on 25 August 2022 to discuss options relating to either extending the notes for a further term, restructure the notes and/or refinance the notes. The Group has commenced discussion with Ezion on extension / repayment options for the Loan which is due after 31 October 2023.

The working capital management options being pursued by the Group to efficiently manage its working capital requirements and to bolster the cash balance from the current levels at 30 June 2022 of $6.3m include the Sale & Leaseback of the facility at 15 Beach Street, Kwinana Beach WA which when completed will inject $16.2m of cash into the Group. The available cash injection will be AU$13.3m and will instantly boost working capital to levels circa AU$20m. The transaction received shareholder approval on 12 August 2022 as announced on the SGX on 12 August 2022. Completion is expected to be by the end of August 2022.

In addition to bolstering working capital levels, the net assets of the Group will also increase by AU$5.2m on completion of the sale & leaseback transaction.

The Group is actively involved in efforts to assist the management of debt obligations through asset/business sales. On 13 April 2022, the Group announced to SGX the entry into a non-binding term sheet in relation to the proposed disposal of 100% of the share capital of NT Port and Marine Pty Ltd ("NTPM"), however on 11 June 2022, the purchaser advised that it was not in a position to finalise the purchase on NTPM on the terms previously agreed and contained in the term sheet. The purchaser has been actively pursuing options to continue discussions on a non-exclusive basis with an aim to agree revised terms for the purchase of the NTPM business. Discussions are on-going and actively pursued to secure a further binding term sheet on mutually agreeable terms in the short term.

Whilst the impact of the COVID-19 pandemic led to delay in awards of new contracts, the forward pipeline is increasing and work activity across all sectors is increasing with more requests from clients to focus on the full range of both critical and non-critical core work programmes that were delayed due to the COVID-19 virus. This return to more normal activity levels is expected to underpin the business objectives in the short term and into FY2023, with core projects expected to grow in scale and complexity to provide further opportunities for organic growth in the energy and process sectors.

Preparation of the financial report on a going concern basis

The consolidated financial statements have been prepared on a going concern basis, which assumes that the Group will be able to meet its obligations as and when they fall due.

Cash flow forecasts
As part of the assessment of the going concern assumption applied in the preparation of the financial statements, management has prepared the Group's cash flow forecasts from 1 July 2022 to 31 December 2023, including sensitivities. These forecasts represent management's best estimate of revenues and costs in the coming periods and include cash inflows from secured and unsecured contracts from existing and new clients. Whilst these forecasts contain some uncertainties relating to future contracts, management remains confident that sufficient new work will be secured to generate the Group's positive cash flows.

These cash flows may, however, not be sufficient to support the repayment of Notes ("Notes") facility which is due on 3 December 2022 and therefore the Group has also assessed the likelihood of a proposed restructuring (including extension of maturity date) of the Notes based on on-going discussions undertaken with the Noteholders to date. If it is assumed that the Notes are extended or restructured before December 2022 in conjunction with assessing the longer term cashflows of the Group these cashflows may, however, not be sufficient to support the repayment of the Loan which is due after 31 October 2023 and therefore the Group has also assessed the likelihood of a proposed restructuring of the Loan based on on-going discussions undertaken with Ezion.

Until the Group and Noteholders agree on the terms of an extension and/or restructure of the notes there is some uncertainty that may cast doubt on the Group's ability to continue as a going concern; and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Moreover the Group and Ezion will need to agree on the terms of an extension and/or restructure of the Loan. After assessing the above factors and the probability of reaching agreement with the noteholders and Ezion on mutually agreeable terms for extension and / or restructure the directors consider that the Group continues to be able to meet its obligations as and when they fall due.

Such assessment is premised on the following:

- the forecasted positive cashflow from the Group from 1 July 2022 to 31 December 2023, including revenue from secured and unsecured contracts;
- the extension of the maturity date of the Notes beyond December 2022;
- the extension of the Loan beyond October 2023;
- the completion of the Sale & Leaseback of the facility at 15 Beach Street, Kwinana Beach WA for AU$16.2m; and
- the divestment of assets or businesses to raise proceeds, if needed, to extinguish the Group's debt obligations with negotiations being pursued with interested counter parties.

Accordingly, the directors have prepared the report on a going concern basis.

6. Dividend information

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

None due to the working capital requirements of the Group.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

7. Interested person transactions

There were no IPT transactions for the period.

8. 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 has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Person occupying managerial position

The Company confirms that there is no such person occupying a managerial position in the Company and its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13).

Confirmation 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 three-month period ended 30 June 2022 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Wu Yu Liang	**Shane Francis Kimpton**
Non-Executive Chairman	**CEO and Managing Director**

25 August 2022

This release contains certain statements that are not statements of historical fact, i.e. forward looking statements. Readers can identify some of these statements by forward looking terms such as "expect", 'believe', 'plan', 'intend', 'estimate', 'anticipate', 'may', 'will', 'would', 'could', or similar words. However, you should note that these words are not the exclusive means of identifying forward looking statements. Forward looking statements are made based on current expectations, projections and assumptions about future events. Although AusGroup believes these expectations, projections and assumptions are reasonable at the time of making them, these forward looking statements are subject to risks (known and unknown), uncertainties and certain assumptions about AusGroup, its business operations, and the environment it operates in. Actual future performance, outcomes and results may therefore differ materially from those expressed in the forward looking statements. Representative examples of these risk factors include (without limitation) general industry and economic conditions, availability of suitably skilled workers, interest rate movements, cost of capital and capital availability, competition from other companies, shifts in customer demands, changes in operating expenses , including employee wages, benefits and training and government and public policy changes. Readers are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.