

**SGX/MEDIA RELEASE  
For Immediate Release**

Company Registration Number 200413014R  
3 Shenton Way #21-04 Shenton House,  
Singapore 068805

Singapore and Australia  
1 September 2022

**Response to SGX-RegCo Queries on Condensed Interim Financial Statements To 30 June 2022**

The Board of Directors (the "Board") of AusGroup Limited ("AusGroup", or the "Company", and together with its subsidiaries, the "Group") would like to respond to queries received from the Singapore Exchange Regulation (the "SGX-RegCo") on 30 August 2022 regarding the financial results to 30 June 2022 which were released on 25 August 2022. The Company sets out below its response to the queries:

***We refer to the Group's Q4 FY2022 results announced on SGXNET on 25 August 2022.***

***1. We refer to the Company's financial statements for the financial year ended 30 June 2022. We note that Gross Margins fell to 2.0% in FY2022 from 9.8% in FY2021 and the Group posted a significantly lower Gross Profit of \$4.9 million in FY2022 compared to \$19.1 million in FY2021, despite a 25.6% increase in Revenue for FY2022. The Company explained that the lower Gross Profit in FY2022 was mainly due to outstanding claim positions from one client on the East Rockingham waste to energy construction project in Western Australia, which is nearing completion.***

***a) Please elaborate on the reasons for the claims and quantify the claims recorded for FY2022.***

***b) To disclose when the project will be completing and whether there will be any further outstanding claims to be recognised by the Group. If so, please quantify.***

Company's response to SGX-RegCo questions 1)a and 1)b

1) a. In assessing revenue positions on current contracts, AusGroup follows the accounting standard guidelines for recognition of revenue (SFRS (I) 15) whereby revenue can only be recognised if it is highly probable that it cannot be reversed. By applying these standards, AusGroup is not recognising the full extent of the revenue claims that AusGroup assesses it is entitled to but is only recognising the amount of the revenue claims that are assessed as unlikely to be reversed as at the financial statement reporting date of 30 June 2022. These revenue claims are based on work completed in accordance with a contract of works with the client.

Due to commercial in confidence discussions with the client which are currently ongoing, AusGroup has not separately quantified the claims recorded as at 30 June 2022 as this specific disclosure may prove detrimental to a successful resolution of the overall claims value with the client.

1)b. The project at East Rockingham is expected to be completed in late October 2022 or early November 2022. The resolution of outstanding claims with this client will determine whether there is any further claim value to be recognised. As stated in the previous answer 1)a., AusGroup has recognised revenue on the claims that have been assessed as highly probable that they are unlikely to be reversed as at 30 June 2022, so any further revenue recognition will be determined by the outcome of the current negotiations on the outstanding claims with the client.

***2. Please provide a breakdown of the Administrative expenses of \$6.9 million in FY2022 and \$4.1 million in FY2021 and explain the material items and the reason for the \$2.8 million or 67% increase in Administrative expenses.***

Company's response to SGX-RegCo question no.2

The disclosure included in Note 2 A on page 19 of the Q4 FY2022 Condensed Interim Financial Statements for the fourth quarter and twelve months to 30 June 2022 details the main reason for the increase of 67% or \$2.8m in the administrative expenses since the comparative year FY2021.

The administrative expenses increased by 67.2% to AU\$6.9m (FY2021: AU\$4.1m) mainly due to increased costs from tendering activities on major work prospects following an increase in work levels as the effects of COVID-19 dissipated and also as a result of the JobKeeper subsidies of AU\$1.6m which were recognised in administration expenses in the FY2021 results which were not received in FY2022 as these subsidies were only provided by the Australian Federal Government to assist companies in managing the impact of COVID-19 on business conditions. The adjustment of this one-off subsidy results in administration expenses increasing by 18% which correlates to a revenue increase of 26% as shown below:

**SGX/MEDIA RELEASE  
For Immediate Release**

Company Registration Number 200413014R  
3 Shenton Way #21-04 Shenton House,  
Singapore 068805

	FY2022 AU\$'000	FY2021 AU\$'000	Change AU\$'000	Change (%)
Administration expenses	6,882	4,117	2,765	67%
Add: Jobkeeper subsidy	0	(1,692)	1,692	-100%
Gross administration expenses	6,882	5,809	1,074	18%
Revenue	245,052	195,060	49,992	26%

**3 We note that the Group has recognised an aggregate of \$10.8 million worth of impairment in FY2022 attributable to the Port & Marine Services business. Please elaborate on the performance of these ports, the reason for the significant impairment of the port assets and provide details on how the impairment value each of the following items were computed:**

- (i) impairment of property, plant and equipment of \$5.3 million;**
- (ii) impairment of other intangible assets of \$4.0 million; and**
- (iii) impairment of right-of-use assets of \$1.5 million.**

**To also disclose the remaining carrying value of each of these classes of assets in the Port & Marine Services business.**

Company's response to SGX-ReqCo question no.3

During the year to June 2022, impairments have been recognised in relation to the carrying value of the NT Port & Marine business assets located at Port Melville and Darwin following a review of the underlying business cash flows. This review was determined as a result of a decrease in activity in the fuel supply business following the volatility in global fuel supply chain and market prices. After taking these volatilities into account, the resulting cash flows indicated impairment triggers which resulted in the impairments disclosed.

The impairment value of \$10.8m was required to reduce the carrying value of the port assets to a sufficient level that is supported by the underlying business cash flows and the carrying value of the assets were adjusted accordingly. 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.

The current carrying value of each of the classes of assets in the Port & Marine Services business are as follows:

	Carrying amount as at 30 June 2022 (before impairment) AU\$'000	Impairment recognised AU\$'000	Carrying amount as at 30 June 2022 (after impairment) AU\$'000
Leasehold land, building and infrastructure	24,009	(5,264)	18,745
Other intangible assets	11,854	(4,036)	7,818
Right-of-use Darwin leased assets	1,513	(1,513)	-
	37,376	(10,813)	26,563
Leasehold land, building and infrastructure	151		151
Right-of-use Port Melville leased assets	7,399		7,399
Cash and cash equivalents	37		37
Trade receivable	1,959		1,959
Other receivables and prepayments	465		465
Inventories	394		394
Refer to 4.1: Reportable Segments on page 10 of the Q4 FY22 Financial Statements	47,781	(10,813)	36,968

**4. We draw the Company's attention to Listing Rule 1303(3) which states that, "The Exchange may at any time suspend trading of the listed securities of an issuer... where the issuer is unable to continue as a going concern or unable to demonstrate to the Exchange and its shareholders that it is able to do so." In this regard, we note the**

**SGX/MEDIA RELEASE  
For Immediate Release**

Company Registration Number 200413014R  
3 Shenton Way #21-04 Shenton House,  
Singapore 068805

***Company's explanation on going concern on pages 24 and 25 as well as its decision to prepare the financial statements on a going concern basis.***

***Accordingly, please provide the Board's confirmation that all material information has been fully disclosed by the Company to enable trading to continue on an informed basis.***

Company's response to SGX-RegCo question no.4

The Board of Directors confirm that all material information has been fully disclosed by the Group such that the Group is able to operate as a going concern and continue trading on an informed basis.

By Order of the Board

Shane Francis Kimpton  
Managing Director  
1 September 2022

**Ends**

Issued by AusGroup Limited.

For information, please contact Christian Johnstone  
T +61 8 6210 4500 | E [christian.johnstone@ausgrouppltd.com](mailto:christian.johnstone@ausgrouppltd.com)

ABOUT AUSGROUP LIMITED (Bloomberg Ticker: AUSG.SP)

Main board-listed, AusGroup Limited is an energy and resources specialist providing fabrication, precision machining, construction and integrated services to natural resource development companies. The Company also provides access services for construction and maintenance contracts through MAS Australasia Pty Ltd (MAS). AusGroup has an established operations network strategically positioned throughout Australasia. For more information visit [www.ausgrouppltd.com](http://www.ausgrouppltd.com)