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PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(Amounts expressed in thousands of Australian Dollar ("AU\$") currency)
These statements have not been audited.

	GROUP		+ / (-) %
	1Q 2021 AU\$'000	1Q 2020 AU\$'000	
Revenue	43,242	69,607	(37.9)
Cost of sales	(38,934)	(63,655)	(38.8)
Gross profit	<u>4,308</u>	<u>5,952</u>	(27.6)
Gross margin	10.0%	8.6%	
Other operating (loss)/income	(137)	493	N.M.
Other operating costs	(1,910)	(1,532)	24.7
Administrative expenses	(723)	(2,445)	(70.4)
Marketing and distribution expenses	(69)	(410)	(83.2)
Profit from operations	<u>1,469</u>	<u>2,058</u>	(28.6)
Finance costs	(946)	(1,525)	(38.0)
Profit before income tax	<u>523</u>	<u>533</u>	(1.9)
Income tax expense	(30)	(296)	(89.9)
Net profit for the period	<u>493</u>	<u>237</u>	N.M.
Net profit %	1.1%	0.3%	
Earnings per ordinary share attributable to equity holders of the Company (AU\$ cents per share)			
- basic	0.02	0.01	
- diluted	0.02	0.01	

N.M. not meaningful

(i) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

	GROUP		+/(-)
	1Q 2021	1Q 2020	%
	AU\$'000	AU\$'000	
Profit for the period	493	237	N.M.
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences	746	(1,231)	N.M.
Other comprehensive income/(loss) for the period	746	(1,231)	N.M.
Total comprehensive income/(loss) for the period	1,239	(994)	N.M.

(ii) NOTES TO CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

A. PROFIT FROM OPERATIONS

The following items have been included in determining the profit before taxation

	GROUP		+/(-)
	1Q 2021	1Q 2020	%
	AU\$'000	AU\$'000	
Other operating (loss)/ income			
Interest income	33	24	37.5
(Loss)/profit on sale of property, plant and equipment	(223)	211	N.M.
Other income	57	123	(53.7)
Foreign exchange loss	(4)	135	N.M.
Total other operating (loss)/ income	(137)	493	N.M.

Amortisation and Depreciation

Depreciation of property, plant & equipment included in cost of sales	819	886	(7.6)
Depreciation of right-of-use assets included in cost of sales	190	169	12.4
Amortisation of other intangible assets included in cost of sales	53	200	(73.5)
Depreciation of property, plant & equipment included in administrative expenses	262	437	(40.0)
Depreciation of right-of-use assets included in administrative expenses	385	506	(23.9)
Amortisation of other intangible assets included in administrative expenses	121	91	33.0
Total Amortisation and Depreciation	1,830	2,289	(20.1)
Employee share and share option scheme expense	-	101	N.M.

N.M. not meaningful

B. FINANCE COSTS

	GROUP		+/(-)
	1Q 2021	1Q 2020	%
	AU\$'000	AU\$'000	
Note interest	679	610	11.3
Bank and other interest	77	172	(55.2)
Shareholder loan interest	128	164	(22.0)
Bank fees	5	20	(75.0)
Bank guarantee fees	22	139	(84.2)
Lease-related interest expenses	250	251	(0.4)
Foreign exchange (gain)/loss on shareholder loan	(215)	169	N.M.
Total Finance costs	946	1,525	(38.0)

N.M. not meaningful

C. INCOME TAX EXPENSE

	GROUP		+/(-)
	1Q 2021	1Q 2020	%
	AU\$'000	AU\$'000	
Withholding tax expense:			
- current year	(30)	(296)	(89.9)
Total income tax expense	(30)	(296)	(89.9)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group As at 30/09/2020 AU\$'000	Group As at 30/06/2020 AU\$'000	Company As at 30/09/2020 AU\$'000	Company As at 30/06/2020 AU\$'000
CURRENT ASSETS				
Cash and cash equivalents	20,910	22,801	109	563
Trade receivables	38,842	34,698	-	-
Other receivables and prepayments	5,296	4,711	709	760
Inventories	3,496	3,880	-	-
Total current assets	68,544	66,090	818	1,323
NON-CURRENT ASSETS				
Property, plant and equipment	48,536	49,819	-	-
Right-of-use assets	13,909	13,795	-	-
Goodwill	10,994	10,994	-	-
Other intangible assets	13,651	13,814	-	-
Other receivables and prepayments	324	864	-	-
Due from subsidiaries	-	-	32,424	32,820
Investments in subsidiaries	-	-	70,417	71,276
Total non-current assets	87,414	89,286	102,841	104,096
Total assets	155,958	155,376	103,659	105,419
CURRENT LIABILITIES				
Trade payables	5,689	6,108	-	-
Other payables	23,153	20,508	865	755
Due to subsidiaries	-	-	13,700	11,485
Borrowings	4,204	7,214	3,001	4,996
Lease liabilities	2,106	1,853	-	-
Accruals for other liabilities and charges	3,466	2,665	-	-
Current income tax liabilities	122	104	355	359
Provisions	-	-	-	-
Total current liabilities	38,740	38,452	17,921	17,595
NON-CURRENT LIABILITIES				
Deferred income tax liabilities	602	627	-	-
Borrowings	67,282	68,182	66,811	67,751
Lease liabilities	12,263	12,349	-	-
Accruals for other liabilities and charges	812	746	-	-
Total non-current liabilities	80,959	81,904	66,811	67,751
Total liabilities	119,699	120,356	84,732	85,346
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	216,349	216,349	216,349	216,349
Capital reserve	(163)	(163)	(163)	(163)
Share based payment reserve	5,848	5,848	5,848	5,848
Foreign currency translation reserve	15,852	15,106	27,305	27,564
Accumulated losses	(201,627)	(202,120)	(230,412)	(229,525)
Total equity	36,259	35,020	18,927	20,073
Total liabilities and equity	155,958	155,376	103,659	105,419

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	30/09/2020		30/06/2020	
	AU\$'000	AU\$'000	AU\$'000	AU\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	4,204	-	7,214	-
Amount repayable after one year	41,302	25,980	41,701	26,481

Borrowings Summary

	30/09/2020	30/06/2020
	AU\$'000	AU\$'000
Multi Currency Notes	40,833	41,270
DBS Revolving Credit Facility	2,998	4,996
Shareholder Loan	25,980	26,481
Insurance / software funding	1,675	2,649
Total borrowings	71,486	75,396

Multi Currency Notes ("Notes")

The Notes (AU\$40.8m) are a non-current liability and are secured. The decrease in the liability is due to exchange rate fluctuations.

The key terms of Notes are:

- maturity date is 3 December 2022; and
- interest will be paid monthly at a rate of 5% per annum from 3 December 2018, 6% per annum from 3 December 2019 and 7% per annum from 3 December 2020.

Revolving credit facility from DBS Bank Ltd

The Company secured a Revolving Credit Facility ("RCF") from DBS bank and at 30 September 2020, \$3.0 million was drawn under this facility and it will be fully repaid by 31st December 2020.

DBS also provides bank guarantee facilities to the Group to support performance bonds and financial guarantees provided to the Group's clients.

The Group has breached three covenants on its facilities during the quarter following the losses incurred in the previous quarter due to the impact of the COVID-19 pandemic, however, waivers have been received from its principal banker for these breaches.

Loans from related party (shareholder loan)

The repayment date of the loan from Ezion Holdings Limited ("Ezion") is until after 31 October 2023 hence the loans are classified as a non-current liability. At 30 September 2020 the amount owing on the loan by the Company to Ezion was AU\$26.0m (30 June 2020: AU\$26.5m) and is unsecured. The shareholder loan decreased by AU\$0.5m in Q1 FY2021 primarily due to the favorable foreign exchange rate movement between the US dollar and the Australian dollar, offset by the capitalisation of interest expenses during the quarter.

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 September 2020, AU\$10.8m (30 June 2020: AU\$14.2m) was drawn under this facility.

1(c) A consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	GROUP 1Q 2021 AU\$'000	GROUP 1Q 2020 AU\$'000
Cash flows from operating activities		
Profit after taxation	493	237
Add / (less) adjustments for:		
Depreciation of property, plant and equipment	1,081	1,323
Amortisation of other intangible assets	174	291
Depreciation of right-of-use assets	575	675
Employee share and share option scheme expense	-	101
Net foreign exchange differences	(365)	(65)
Loss/(profit) on disposal of property, plant and equipment	223	(211)
Interest income	(33)	(24)
Finance costs	946	1,525
Income tax expense	30	296
Operating cash flows before working capital changes	3,124	4,148
Changes in operating assets and liabilities		
Trade receivables	(4,144)	(21,616)
Other receivables and prepayments	(45)	(2,317)
Inventories	384	(1,688)
Trade payables	(419)	(2,986)
Accruals and other payables	3,512	13,209
Cash generated from/(used in) operations	2,412	(11,250)
Interest paid	(499)	(921)
Interest received	33	24
Income tax paid	(30)	(296)
Net cash generated from/(used in) operating activities	1,916	(12,443)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	176	218
Purchase of property, plant and equipment	(196)	(126)
Purchase of intangible assets	(58)	-
Net cash (used in)/generated from investing activities	(78)	92

1(c) Consolidated Statement of Cash Flows (continued)	GROUP 1Q 2021 AU\$'000	GROUP 1Q 2020 AU\$'000
Cash flows from financing activities		
Repayment of insurance/software funding	(1,137)	(2,055)
Proceeds from insurance/software funding	162	6,350
Repayment of borrowings	(2,000)	(1,744)
Payment for lease liability	(771)	(946)
Release of restricted cash	-	2,500
Net cash (used in)/generated from financing activities	(3,746)	4,105
Net decrease in cash and cash equivalents	(1,908)	(8,246)
Effect of exchange rate changes	17	30
Movement in cash and cash equivalents for the period	(1,891)	(8,216)
Cash and cash equivalents at beginning of period	21,088	14,460
Cash and cash equivalents at end of period	19,197	6,244
Cash and cash equivalents represented by:		
Cash and cash equivalents	20,910	6,457
*Restricted cash	(1,713)	(213)
Balance per consolidated statement of cash flows	19,197	6,244

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

1(d)(i) A statement (for the issuer and group) showing either

- (i) all changes in equity, or
- (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	SHARE CAPITAL	CAPITAL RESERVE	SHARE BASED PAYMENT RESERVE	FOREIGN CURRENCY TRANSLATION RESERVE	ACCUMULATED LOSSES	TOTAL EQUITY
	AUS\$'000	AUS\$ '000	AUS\$'000	AUS\$'000	AUS\$'000	AUS\$'000
Group						
1Q 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	15,106	(202,120)	35,020
Profit for the period	-	-	-	-	493	493
Other comprehensive income	-	-	-	746	-	746
Balance as at 30 September 2020	216,349	(163)	5,848	15,852	(201,627)	36,259
1Q 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	18,907	(142,614)	97,917
Profit for the period	-	-	-	-	237	237
Other comprehensive loss	-	-	-	(1,231)	-	(1,231)
Balance as at 30 September 2019	216,349	(163)	5,438	17,676	(142,377)	96,923
Company						
1Q 2021						
Balance as at 1 July 2020	216,349	(163)	5,848	27,564	(229,525)	20,073
Loss for the period	-	-	-	-	(887)	(887)
Other comprehensive loss	-	-	-	(259)	-	(259)
Balance as at 30 September 2020	216,349	(163)	5,848	27,305	(230,412)	18,927
1Q 2020						
Balance as at 1 July 2019	216,349	(163)	5,438	27,918	(179,020)	70,522
Profit for the period	-	-	-	-	1,105	1,105
Other comprehensive income	-	-	-	1,217	-	1,217
Balance as at 30 September 2019	216,349	(163)	5,438	29,135	(177,915)	72,844

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

	30-Sep-20	30-Jun-20
	Number of shares	Number of shares
Number of issued shares		
Opening balance	3,048,230,431	3,048,230,431
Shares issued through employee share schemes	15,000,000	-
Closing balance	<u>3,063,230,431</u>	<u>3,048,230,431</u>
	30-Sep-20	30-Jun-20
	AU\$'000	AU\$'000
Ordinary shares issued and fully paid		
Opening and closing balance	<u>216,349</u>	<u>216,349</u>

As at 30 September 2020 there were no outstanding options (30 June 2020: Nil) for unissued ordinary shares under the employee share option scheme.

As at 30 September 2020 there were no outstanding rights (30 June 2020: Nil) that may potentially be converted to shares under the employee share scheme.

As at 30 September 2020 and 30 June 2020 respectively there were no treasury shares held by the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	30 September 2020	30 June 2020
Number of issued shares	<u>3,063,230,431</u>	<u>3,048,230,431</u>

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

Not applicable.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

In Q1 FY2021, the Group has deregistered Teras Australia Pty Ltd, a dormant subsidiary of the Company incorporated in Australia. The deregistration has been approved by the Australian Securities and investment Commission on the 15th July 2020.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those stated in the audited financial statements for the year ended 30 June 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has adopted all the applicable Singapore Financial Reporting Standards (International) ("SFRS(I)") and related Interpretations ("INT SFRS(I)") that are relevant to its operations and effective for the financial period beginning on or after 1 July 2020. The adoption of the new accounting standards does not have any material effect on the financial results of the Group and the Company.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	GROUP 1Q 2021 AU\$'000	GROUP 1Q 2020 AU\$'000
Profit attributable to owners of the Company	493	237
Weighted average number of ordinary shares in issue applicable to earnings ('000)	3,062,614	3,048,230
Fully diluted number of ordinary shares ('000)	3,063,230	3,048,230
Earnings per ordinary share (AU cents)		
- Basic	0.02	0.01
- Diluted	0.02	0.01

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends (continued)

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 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/(loss) after taxation.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
(b) immediately preceding financial year

	GROUP 30/09/2020 AU\$'000	GROUP 30/06/2020 AU\$'000
Net assets	36,259	35,020
Net asset value per ordinary share based on issued share capital at the end of the respective periods (AU cents)	1.2	1.1

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 September 2020 of 3,063,230,431 ordinary shares (30 June 2020: 3,048,230,431).

8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
 - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

A Review of Income Statement

Revenue for the first quarter of FY2021 decreased by 37.9% QoQ to AU\$43.2m (1Q FY2020: AU\$69.6m), reflecting the expected slow recovery from the effects of the impact of COVID-19 as a result of the postponement of client determined "non-critical" projects in 4Q FY2020.

Cost of sales for the first quarter of FY2021 decreased by 38.8% QoQ to AU\$38.9m (1Q FY2020: AU\$63.7m). The reduction in costs of sales was in line with the level of operating activity resulting from the postponement of client determined "non-critical" projects.

Gross profit decreased by 27.6% QoQ to AU\$4.3m for the first quarter of FY2021 (1Q FY2020: AU\$6.0m). Gross profit margin for the first quarter of FY2021 was 10.0%, a increase of 1.4% compared to 1Q FY2020 resulting from finalising settlements on completed projects.

Other operating costs combined with administrative expenses and marketing and distribution expenses decreased in the first quarter of FY2021 by 38.4% on a comparable basis to AU\$2.7m (1Q FY2020: AU\$4.4m) following costs reductions made in the previous two quarters due to the impact of the COVID-19 pandemic.

Finance costs for the first quarter FY2021 were AU\$0.9m, a decrease 38.0% QoQ from Q1 FY2020. The decrease is mainly due to the recognition of unrealised foreign exchange gain of AU\$0.2m arising from the revaluation of foreign currency borrowings and a decrease of bank interest due to lower levels of borrowings.

For details on income tax, please refer to Section 1(a)(ii)C.

Net profit after tax from operations for Q1 FY2021 was AU\$0.5m (Q1 FY2020: AU\$0.2m).

B Balance Sheet

Assets

Cash and bank balances decreased by AU\$1.9m to AU\$20.9m at 30 September 2020 (30 June 2020: AU\$22.8m).

Trade receivables balance increased by AU\$4.1m since 30 June 2020 to AU\$38.8m at 30 September 2020 as the recovery from the pandemic continues to increase amounts due from customers as work programmes increase after the impact of Covid-19.

Inventories decreased by AU\$0.4m since 30 June 2020, with the majority of inventory now related to marine fuel for sale by the NT Port and Marine business. The decrease is due to the sale of fuel in Q1 FY2021.

Non-current assets have decreased AU\$1.8m since 30 June 2020 to AU\$87.4m with no significant changes from the previous period.

Liabilities

The trade payables balance decreased by AU\$0.4m since 30 June 2020 to AU\$5.7m at 30 September 2020 in line with the decrease in work activities since the comparable quarter and settlement of essential supply chain obligations.

Other payables increased by AU\$2.6m since 30 June 2020 to AU\$23.2m mainly due to timing delays in the settlement of payables aligned to a balanced trade receivable account. Current accruals for other liabilities mainly consist of accruals for annual leave, rostered day off, sick leave and current long service leave. The current accrual balance increased by AU\$0.8m from 30 June 2020 to AU\$3.5m at 30 September 2020. Non-current accruals comprise the long-term long service leave balance.

Total borrowings decreased overall by AU\$3.9m since 30 June 2020 to AU\$71.5m due to the repayments of the revolving credit facility and the favorable foreign currency rate movement between the US dollar and the Australia dollar.

As at 30 September 2020, the Group was in a net current asset position of AU\$29.8m and net assets were AU\$36.3m. The Group has sufficient cash resources and banking facilities available to meet the financing needs of its operations.

C Review of Statement of Cash Flows

Operating activities of the Group generated net cash inflows of AU\$1.9m for Q1 FY2021, an increase from the corresponding quarter in FY2020 of AU\$14.3m, mainly due to the receipt of long outstanding project payments during the period.

Net cash outflows of AU\$0.1m occurred from investing activities in Q1 FY2021 due to the purchases of property, plant and equipment in the period offset by net inflow of AU\$0.2m from disposals.

Net cash used in financing activities was AU\$3.7m, reflecting the outflow of repayments of borrowings, net insurance funding and lease liabilities of AU\$3.9m collectively.

As a result of the above activities, the Group recorded a decrease in cash and cash equivalents of AU\$1.9m to AU\$19.2m at 30 September 2020 compared to the prior quarter (Q4 FY2020 - AU\$21.1m).

9. 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 2020 as they were unable to obtain sufficient appropriate audit evidence regarding the key assumptions to arrive at the recoverable amount of the Port and Marine business.

The commencement of operations started in March 2018 and since that date the business has developed and is starting to secure longer term contracts (a one year take or pay fuel contract was secured in FY2020) to underpin the value over the 40 year remaining term of the right to operate. The valuation of an entity at the early stage of its life cycle is wide ranging due to a lack of operating history and profits. The valuation is based on future assumptions that, whilst they are reasonable to assume, are based on judgement and estimates relating to future events. An independent valuer will similarly rely on such future assumptions and due to the unique nature of the NT Port and Marine business there are no comparable assets to benchmark against.

The Group continues to pursue a range of development opportunities to continue the expansion of the NT Port and Marine business.

Whilst these opportunities are commercially sensitive, and some are Government sensitive, they span the increase in utilisation of the NT Port and Marine business assets primarily through:

- continual increase in utilisation of the accommodation facility located at Port Melville;
- increase in fuel sales both offshore and onshore;
- investigation of options to fully utilise the space capacity of the fuel storage facility at Port Meville;
- increase in revenue from laydown areas at Port Melville;
- investigation of sub-lease options for the Company's leases; and
- expansion of onshore services.

Business Development Activities

The final investment decision for the development of the Barossa LNG field may result in an increase in the asset utilisation for the NT Port and Marine business, however, the recent decrease in World fuel prices is expected to delay the commencement of this project.

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

The Board continues to monitor the development of this business which is challenging due to the current economic climate as a result of the COVID-19 pandemic and reviews the carrying value on a quarterly basis and confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

11. 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 NT Port and Marine, 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.

Construction

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 and Marine Services (referred to as NT Port and Marine)

We offer logistics and marine transportation support services to the oil and gas industry, general marine and defense sectors through our NT Port and Marine business. With locations at Port Melville and East Arm Supply Base 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 that initially manifested in Q4 FY 2020 has continued albeit, there are now signs of a slow recovery to more normalised operations in Q1 FY2021. The pandemic will also likely have an effect on the next quarter of the year with an anticipated slow growth return to normal revenue and profitability levels. This largely depends on the clients' work scopes, a return to the full range of both critical and non-critical core work programmes and containment of the Covid-19 virus. The Group continues to focus on cash preservation and will access the assistance provided by the federal and state governments to manage through this unprecedented time which has been extended to March 2021. The Australia federal government's stimulus package for the JobKeeper wage subsidies will enable the Group to retain key resources, preserving cash until a return to normal operating activity levels.

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

- Major new LNG construction projects are now completed and these 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 (Iron Ore, Nickel, Gold, etc) 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 levels of domestic and international competition have led to continuing margin pressures creating an associated need to implement significant cost reduction initiatives whilst focusing on improving productivity, quality and delivery enhancements.
- 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 recent downward volatility in World fuel prices as a result of the impacts from COVID-19 is likely to delay capital investment expansions in the LNG sector.

General

The main priority for the Group in the short term is to focus on our core strengths of providing multi-disciplinary services of mechanical, scaffolding, insulation, refractory and fabrication services in addition to increasing the NT Port and Marine operations as this business migrates from a commercialisation phase to providing core services in the fuel sale market and the woodchip market.

At 30 September 2020 the only borrowings due to be repaid in FY2021 is AU\$4.2 million (DBS of AU\$3.0m and insurance funding of AU\$1.2m). Accordingly, the short-term focus on the Group's cashflow to meet short term borrowings has been addressed as the Group has rescheduled the majority of its borrowings to longer term (non-current) tenures. The Group is focused on options to reduce borrowings further prior to the new maturity dates in 2022 and 2023 and bolster working capital to support the expansion of services to its clients.

Whilst the impact of the COVID-19 pandemic has led to delay in awards of new contracts, the forward pipeline is increasing, with core projects expected to grow in scale and complexity to provide opportunities for organic growth in the energy and process sectors.

12. Dividend

(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.

13. If no dividend has been declared/recommended, a statement to that effect
No dividend has been declared or recommended.

14. IPT Mandate

There were no IPT transactions for the period.

15. Negative Assurance pursuant to Rule 705 (5) of the Listing Manual.

To the best of our knowledge, nothing has come to the attention of the board of directors which may render the interim financial statements to be false or misleading in any material aspect.

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

The Company hereby confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1) of the Listing Manual.

ON BEHALF OF THE BOARD

Wu Yu Liang
Non-Executive Chairman

Shane Francis Kimpton
Managing Director

12 November 2020

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.