



Acrow Formwork and
Construction Services Limited
ABN 36 124 893 465

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APPENDIX 4D

Half Yearly Report
Under ASX Listing Rule 4.2A.3.

Acrow Formwork and Construction Services Limited

ABN 36 124 893 465

Details of Reporting Period

Reporting Period 6 months ended 31 December 2022
Previous Reporting Period 6 months ended 31 December 2021

Results for announcement to the market

	2022	2021	% change
	<i>dollars</i>	<i>dollars</i>	
Revenue from ordinary activities ¹	79,154,863	69,315,312	Up 14%
Net profit after tax from ordinary activities attributable to members	10,489,920	7,352,337	Up 43%
Share based payments and significant costs	1,699,892	667,155	Up 155%
Net profit after tax from ordinary activities excluding significant costs	12,189,812	8,019,492	Up 52%
	<i>Cents</i>	<i>Cents</i>	
Basic earnings per share (cents)	4.06	3.00	Up 35%
Diluted earnings per share (cents)	3.91	2.98	Up 31%
Basic earnings per share (cents) excluding significant costs	4.72	3.28	Up 44%
Diluted earnings per share (cents) excluding significant costs	4.55	3.25	Up 40%
Net tangible asset per share (cents)	34.95	30.35	Up 15%

	Amount per security (Cents)
Dividend distributions	
Interim dividend per share (cents) – 85% franked	1.70
Record date for determining entitlements to the dividend	Friday, 28 April 2023
Dividend payment date	Wednesday, 31 May 2023
Dividend Reinvestment Plan (“DRP”) is in place, last date for election to participate	Friday, 5 May 2023
The Company paid a final dividend for the year ended 30 June 2022 – 60% franked on the 30 November 2022	1.50

The above information is based on the interim financial report which has been reviewed by Grant Thornton with the Independent auditor’s review report included. Additional disclosure requirements to Appendix 4D can also be found in the interim financial report.

¹ Revenue from ordinary activities includes revenue from continuing operations of \$74.5m and proceeds from the disposal of property, plant and equipment of \$4.7m.

**Acrow Formwork and Construction Services
Limited
ACN 124 893 465**

Interim Financial Report
31 December 2022

DIRECTORS' REPORT

The Directors of Acrow Formwork and Construction Services Limited and its controlled entities (Acrow) present their report together with the consolidated interim financial report for the half year ended 31 December 2022 and the auditor's review report thereon.

DIRECTORS

The Directors of the Company at any time during or since the end of the period are:

Peter Lancken (Chairman)
Steven Boland (Chief Executive Officer)
David Moffat
Melanie Allibon
Laurie Lefcourt

PRINCIPAL ACTIVITIES

Acrow operates in the Australian construction services industry, hiring formwork including screen systems, falsework, jump forms and scaffolding equipment, and is undertaking sales of formwork and scaffolding related consumables. Acrow also operates an industrial services business.

The Formwork operation involves the supply of the temporary mould that supports concrete structures in their construction.

The Industrial Scaffolding operations supplies an industrial labour service to complement its scaffold hire to the energy, mining and industrial sectors.

The Scaffolding operation supplies scaffolding equipment and access solutions to builders and building contractors when working at heights.

CONTROL GAINED OVER ENTITIES

No entities were acquired or disposed of during the period.

OPERATING AND FINANCIAL REVIEW

Financial performance:

The Acrow Group performed strongly for the 6 months to 31 December 2022. The business has continued to capitalise on its long-term strategy including its pivot towards the value added, highly engineered civil formwork solutions market as well as continued focus on equipment sales and expanding its new Industrial Services division.

On an underlying basis, the key highlights for the year included:

- Group revenue² up 14% on prior comparable period (pcp) to \$79.2m, attributable to a strong trading performance across all divisions, notably Formwork revenue up 34% to \$47.1m. Performance was all organically generated.
- Sales contribution of \$48.4m, up 29%, driven by growth in Formwork hire
- Underlying EBITDA of \$23.0m, up 38%, and EBITDA margin of 29.1%, up 5.0% pts driven by increased mix of hire to sales.

² Revenue from ordinary activities includes revenue from continuing operations per Note 3 of \$74.5m (2021: \$66.4m) and proceeds from the disposal of property, plant and equipment per Note 4 of \$4.7m (2021: 2.9m).

- Underlying NPAT up 52% to \$12.2m.
- Statutory NPAT up 43% to \$10.5m, impacted by an increase in share-based payments of \$1.4m compared to the pcp \$0.4m. The increase in these expenses was the result of timing of issues of performance rights to executives.
- Underlying EPS up 43.9% to 4.72 cents per share, statutory EPS up 34.6% to 4.06 cents per share.
- Net gearing of 28.9%³, up 0.6% pts on 30 June 22.
- Cash generated from operations (defined as cash generated from operations in the cash flow statement plus proceeds from disposal of property, plant and equipment) up 150% to \$19.6m.

Segment Underlying EBITDA

Half year ended 31 December 22 (\$000)	1H23	1H22	\$ Mvt	% chg PCP
Formwork	47,130	35,089	12,041	34%
Industrial Services	19,885	21,328	-1,443	-7%
Commercial Scaffold	12,140	12,899	-759	-6%
Total Revenue	79,155	69,316	9,839	14%
Formwork	32,086	25,005	7,081	28%
Industrial Services	8,128	7,104	1,024	14%
Commercial Scaffold	8,157	5,514	2,643	48%
Total Contribution	48,371	37,623	10,748	29%
<i>Contribution Margin*</i>	61.1%	54.3%		7%
Yard Related Expenses	7,956	6,780	1,176	17%
Labour	13,669	11,677	1,992	17%
Other	3,727	2,451	1,276	52%
Total Overheads	25,352	20,908	4,444	21%
Underlying EBITDA	23,019	16,715	6,304	38%
<i>EBITDA Margin*</i>	29.1%	24.1%		5%

* refers to basis point change on prior comparative period.

Dec-22 Reconciliation of Reported Net Profit after Tax to Underlying EBITDA

Half year ended 31 December 22 (\$000)	Underlying	Significant items adj.	Reported
EBITDA	23,019	(281)	22,738
Depreciation	(7,403)		(7,403)
Net interest	(2,243)		(2,243)
Pre-tax profit	13,373	(281)	13,092
Share based payments		(1,419)	(1,419)
Tax expense	(1,183)		(1,183)
Net Profit after tax	12,190	(1,700)	10,490

³ Net gearing = net debt / (net debt + equity).

Balance sheet and cash flow

Net debt rose by \$4.6m to \$37.4m from 30 June 2022 primarily due to growth capital expenditure including large capital expenditure carry over from late in the 2022 financial year. Net gearing increased by 0.6% pts to 28.9% over the period.

Working capital increased \$4.1m to \$36.9m however this was predominantly due to a reduction in trade creditors by \$6.2m. Inventory and prepayments remained relatively steady with an increase of \$0.6m whilst debtors decreased by \$2.7m despite an increase in revenue in the 6-month period of 14%. Cashflow generated from operations increased by \$11.8m to \$19.6m.

During the period our trade finance facility was increased from \$8.0m to \$12.0m to prepare for increased inventory sales. This was drawn to \$9.6m compared to \$7.9m as at June 2022. An additional secured amortising business loan of \$4.125m was drawn to enable the specific acquisition of additional Ringlock scaffold into the Industrial Services division. This was amortised down to \$3.55m as at December 2022.

Total borrowings drawn are \$41.0m up \$3.8m from \$37.2m with total headroom unutilised of \$14.5m up from \$10.3m in June 2022.

Capital expenditure during the period totalled \$15.1m, including \$2.3m in maintenance capital, \$0.3m in property, plant and equipment plus IT projects and \$12.5m in growth capital deployed across various Formwork and Industrial Services projects nationally.

Final dividend payment for FY2022 during the half-year totalled \$3.3m, net of the dividend reinvestment plan. Tax payments were \$0.3m for the period compared to nil in the pcp.

DIVIDEND

The Company has declared an interim dividend of 1.70 cents per share franked to 85% for the 2023 financial year. The Dividend will be paid on 31 May 2023 to holders on the Company's fully paid ordinary share register on 28 April 2023 (Record Date).

DIVIDEND REINVESTMENT PLAN

The Company has a Dividend Reinvestment Plan (DRP) that will be available to holders of fully paid ordinary shares (shares). The DRP allows shareholders to reinvest part or all their dividends into new Acrow Formwork and Construction Limited shares. The issue price of the shares will be at a 5% discount to the Market Value which is calculated as the daily volume weighted average sale price for a Share (rounded to four decimal places) sold through a Normal Trade on ASX on the ten trading days commencing on the second trading day following the Record Date. The last date for receipt of an election notice for participation in the DRP is 5 May 2023.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the Group's state of affairs.

EVENTS SUBSEQUENT TO THE REPORTING DATE

On 21 February 2023, the Directors declared a 85% franked interim dividend of 1.7 cents per share to be paid on Friday 31 May 2023. Dividend Reinvestment Plan is available for election. The dividend has not been provided for in this financial report as it was not declared until after 31 December 2022.

Changes to loan facilities after the balance date:

- Equipment finance loans of \$414,150 were drawn, repayable over three years. Repayments on equipment finance since balance date were \$1,341,448.
- Trade finance loans of \$1,197,786 were drawn and repayable in full within 180 days. Trade finance repayments of \$1,971,878 were made.

Other than the matter noted above, there has not arisen in the interval between the end of the financial period and the date of this Directors' report, any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of Acrow, the results of those operations, or the state of affairs of Acrow in future financial periods.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the period ended 31 December 2022.

Dated at Sydney this 22nd February 2023

Signed in accordance with a resolution of the directors:



Peter Lancken
Chairman



Steven Boland
Chief Executive Officer

Auditor's Independence Declaration

To the Directors of Acrow Formwork and Construction Services Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Acrow Formwork and Construction Services Limited for the half-year ended 31 December 2022, I declare that, to the best of my knowledge and belief, there have been:

- a no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b no contraventions of any applicable code of professional conduct in relation to the review.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance

Sydney, 22 February 2023

Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2022

<i>In dollars</i>	Note	31 Dec 2022	31 Dec 2021
Continuing operations			
Revenue	3	74,479,476	66,448,468
Other income	4	2,924,613	2,067,763
Personnel expenses		(27,347,852)	(22,740,248)
Sub-contract labour costs		(8,648,209)	(9,415,983)
Inventory purchased, net of changes in finished goods		(13,830,275)	(15,664,292)
Depreciation		(7,403,048)	(6,348,136)
IT and telecommunication expenses		(900,326)	(791,017)
Freight costs		(1,080,557)	(1,091,899)
Insurance expenses		(569,950)	(532,959)
Expected credit loss provision		(1,185,000)	-
Other expenses	5	(2,808,698)	(2,217,479)
Profit before net finance costs and income tax		13,630,174	9,714,218
Finance costs		(1,957,260)	(1,576,313)
Net finance costs		(1,957,260)	(1,576,313)
Profit before income tax		11,672,914	8,137,905
Income tax expense	6	(1,182,994)	(785,568)
Profit from continuing operations		10,489,920	7,352,337
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations - foreign currency translation differences		95	78
Total comprehensive income for the year		10,490,015	7,352,415
Earnings per share from continuing operations			
Basic EPS (cents per share)	11	4.06	3.00
Diluted EPS (cents per share)	11	3.91	2.98

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 31 December 2022

<i>In dollars</i>	Note	31 Dec 2022	30 June 2022
Current assets			
Cash and cash equivalents		1,733,564	3,010,433
Trade and other receivables		31,692,054	34,362,867
Inventories		15,049,381	14,872,186
Contract assets		187,454	111,927
Prepayments and other assets		5,478,240	5,075,832
Assets held for sale	7	73,801	72,579
Total current assets		54,214,494	57,505,824
Non-current assets			
Property, plant and equipment		105,127,218	95,490,436
Right-of-use lease assets		22,447,270	24,478,720
Intangibles		7,428,704	7,428,704
Total non-current assets		135,003,192	127,397,860
Total assets		189,217,686	184,903,684
Current liabilities			
Bank overdraft		-	3,001,005
Trade payables		15,290,286	21,484,027
Employee benefits		5,701,709	6,159,454
Lease liabilities		5,217,209	4,964,215
Loans and borrowings	8	21,796,199	17,001,678
Current tax liabilities	9	2,182,467	1,869,031
Liabilities held for sale	7	68,192	67,063
Total current liabilities		50,256,062	54,546,473
Non-current liabilities			
Employee benefits		444,988	444,988
Lease liabilities		21,149,243	23,285,254
Loans and borrowings	8	17,364,531	15,848,299
Provisions		469,274	469,274
Deferred income tax liability	9	7,519,680	6,990,415
Total non-current liabilities		46,947,716	47,038,230
Total liabilities		97,203,778	101,584,703
Net assets		92,013,908	83,318,981
Equity			
Issued capital		60,447,498	58,310,046
Reserves		3,018,146	3,059,423
Retained earnings		28,548,264	21,949,512
Total equity		92,013,908	83,318,981

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Share capital	Share-based payments reserve	Foreign currency translation reserve	Retained Earnings	Total equity
<i>In dollars</i>					
Balance at 30 June 2021					
Total comprehensive income for the period	46,703,384	2,972,126	54,311	11,757,622	61,487,443
Profit for the year	-	-	-	7,352,337	7,352,337
Other comprehensive income	-	-	78	-	78
Total comprehensive income	-	-	78	7,352,337	7,352,415
Transactions with owners of the Group					
Shares issued net of transaction costs	9,897,173	-	-	-	9,897,173
Options & Performance Rights forfeited, written back to P&L	-	(409,120)	-	-	(409,120)
Options & Performance Rights failed to meet market condition	-	(383,195)	-	383,195	-
Dividends paid to shareholders	-	-	-	(2,875,166)	(2,875,166)
Shares issued under dividend reinvestment plan ("DRP"), net of costs	631,349	-	-	-	631,349
Equity settled share-based payments	-	621,311	-	-	621,311
Transfer of option reserves to share capital	685,147	(685,147)	-	-	-
Proceed from exercise of options	32,268	-	-	-	32,268
Total transactions with Owners of the Company	11,245,937	(856,151)	-	(2,491,971)	7,897,815
Balance at 31 December 2021	57,949,321	2,115,975	54,389	16,617,988	76,737,673
Balance at 30 June 2022 as previously reported	58,310,046	3,003,681	55,742	21,949,512	83,318,981
Total comprehensive income for the period					
Profit for the period	-	-	-	10,489,920	10,489,920
Other comprehensive income	-	-	95	-	95
Total comprehensive income	-	-	95	10,489,920	10,490,015
Transactions with owners of the Group					
Shares issued net of transaction costs	-	-	-	-	-
Options & Performance Rights forfeited, written back to P&L	-	(77,993)	-	-	(77,993)
Options & Performance Rights failed to meet market condition	-	(7,426)	-	7,426	-
Dividends paid to shareholders	-	-	-	(3,898,594)	(3,898,594)
Shares issued under dividend reinvestment plan ("DRP"), net of costs	628,190	-	-	-	628,190
Equity settled share-based payments	-	1,496,763	-	-	1,496,763
Transfer of option reserves to share capital	1,452,716	(1,452,716)	-	-	-
Proceed from exercise of options	56,546	-	-	-	56,546
Total transactions with Owners of the Company	2,137,452	(41,372)	-	(3,891,168)	(1,795,088)
Balance at 31 December 2022	60,447,498	2,962,309	55,837	28,548,264	92,013,908

The above statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows
For the period ended 31 December 2022

In dollars

	Note	31 Dec 2022	31 Dec 2021
Cash flows from operating activities			
Receipts from customers		44,208,755	42,190,177
Receipts from lease revenue		38,931,169	29,158,200
Payments to suppliers and employees		(68,233,237)	(66,388,074)
Cash generated from operations		14,906,687	4,960,303
Significant costs		-	(429,295)
Income tax paid		(340,293)	-
Net cash inflow from operating activities		14,566,394	4,531,008
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		4,675,387	2,866,844
Purchase of property, plant and equipment		(15,911,359)	(13,988,365)
Deferred payment on acquisitions		-	(3,522,634)
Net cash outflow from investing activities		(11,235,972)	(14,644,155)
Cash flows from finance activities			
Proceeds from issue of shares		-	10,500,000
Capital raising costs		-	(602,826)
Proceeds from exercise of options, net of costs		41,437	32,268
Proceeds from borrowings		21,182,301	12,096,505
Repayment of borrowings		(14,871,547)	(6,553,494)
Repayment of lease liabilities		(2,730,813)	(2,603,025)
Dividends paid, net of DRP	10	(3,270,404)	(2,243,817)
Finance costs paid		(1,957,260)	(1,388,734)
Net cash flow from financing activities		(1,606,286)	9,236,877
Net increase/(decrease) in cash and cash equivalents		1,724,136	(876,270)
Cash and cash equivalents at 1 July		9,428	(111,316)
Effect of exchange rate fluctuations on cash held		-	(2)
Cash and cash equivalents at end of reporting period		1,733,564	(987,588)

The above statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. Reporting entity

Acrow Formwork and Construction Services Limited (Acrow or the Group) is a limited company incorporated in Australia and whose shares are traded on the Australian Securities Exchange under the issuer code "ACF".

The interim financial statements of Acrow for the year ended 31 December 2022 comprise of the Company and its controlled entities (the Group).

The Group is a for-profit entity and is primarily involved in the hire and sale of falsework, formwork, scaffolding and screen equipment including industrial services and other construction services.

Acrow's Annual Reports for prior reporting periods are available upon request from the Group's registered office located at Level 5, 126 Phillip Street, Sydney NSW 2000, Australia or at www.acrow.com.au.

2. Basis of preparation

(a) Basis of accounting

The interim financial statements are general purpose financial statements which have been prepared in accordance with AASB 134 Interim Financial Reporting and Corporations Act 2001, and with IAS 34 Interim Financial Reporting.

This report does not include all the information required for a full annual financial report and should be read in conjunction with Acrow's Annual Financial Report for the year ended 30 June 2022. This report should also be read in conjunction with any public announcement made by Acrow during the half-year ended 31 December 2022 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The interim financial report was authorised for issue by the Board of Directors on 22 February 2023.

(b) Basis of measurement

The interim financial statements have been prepared on accrual basis and are based on historical costs, modified where applicable by the measurement at fair value.

(c) Functional and presentation currency

The interim financial statements are presented in Australian dollars, which is the Group's functional currency.

(d) Use of estimates and judgements

The preparation of interim financial statements in conformity with AASBs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 significant areas of estimations, uncertainties and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the interim financial statements include the following:

- (i) Valuation of goodwill;
- (ii) Determination of expected credit losses of receivables; and
- (iii) Utilisation of tax losses, per note 9.

The accounting policies which below have been applied consistently to all periods presented in these interim financial statements and have been applied consistently by the Group.

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(e) Comparative information

Where applicable, comparative information is reclassified to comply with disclosure requirements and improve comparability. The impact of which is not material to the financial report.

(f) Rounding

Acrow is a company of the kind referred to in the Australian Securities and Investments Commission (ASIC) Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, dated 24 March 2016 and in accordance with that Legislative Instrument, amounts in these interim financial statements have been rounded off to the nearest dollar and are shown as such, unless stated otherwise.

(g) Basis of consolidation

The interim financial statements have been prepared by aggregating the financial statements of all the entities that comprise the Group, being Acrow Formwork and Construction Services Limited and its controlled entities.

All inter-entity balances and transactions are eliminated in these interim financial statements.

3. Revenue

In dollars

31 Dec 2022 **31 Dec 2021**

Revenue from contracts with customers

Labour services transferred over time	15,758,709	16,400,195
Cartage services transferred over time	3,468,576	2,838,111
Consumable sales and other services transferred at a point in time	19,860,219	20,702,707
	39,087,504	39,941,013

Revenue from operating leases

Hire of equipment	35,391,972	26,507,455
	74,479,476	66,448,468

4. Other income

In dollars

31 Dec 2022 **31 Dec 2021**

Disposal of property, plant and equipment

Proceeds	4,675,387	2,866,844
Written down value	(1,750,774)	(799,081)
Net gain on disposal of property, plant and equipment	2,924,613	2,067,763

5. Other expenses

In dollars

31 Dec 2022 **31 Dec 2021**

Audit, tax & legal expenses	(444,541)	(428,618)
Utilities	(488,038)	(384,107)
Motor vehicle expenses	(148,724)	(203,764)
P&E operation expenses	(243,693)	(193,768)
Travelling	(444,535)	(166,701)
Repair & maintenance	(229,889)	(157,321)
Property costs	(193,564)	(68,297)
Other expenses	(615,714)	(614,903)
	(2,808,698)	(2,217,479)

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6. Income tax (expense)	31 Dec 2022	31 Dec 2021
<i>In dollars</i>		
Current income tax (expense)	(653,729)	(229,889)
Deferred income tax (expense)	(529,265)	(565,145)
Changes to estimate from prior years	-	9,466
Income tax (expense) attributable to profit	(1,182,994)	(785,568)

7. Assets and liabilities held for sale	31 Dec 2022	30 June 2022
<i>In dollars</i>		
Assets classified as held for sale	73,801	72,579
Liabilities classified as held for sale	68,192	67,063

8. Loans and borrowings	31 Dec 2022	30 June 2022
<i>In dollars</i>		
Current	21,796,199	17,001,678
Non-current	17,364,531	15,848,299
	39,160,730	32,849,977

Borrowings are represented by the following finance facilities:

Secured amortising business loan of \$14,668,000 commenced in May 2021 as part of loan restructuring, maturing in May 2026	10,013,000	11,483,000
Secured amortising business loan of \$4,125,000 commenced in July 2022, maturing in July 2025	3,550,000	-
Equipment finance facility, revolving 3-year limit of \$22.0m at December 2022 (June 2022: \$20.0m)	16,001,165	13,450,245
Headroom	5,998,835	6,549,755
Trade finance facility \$12.0m limit at December 2022 (June 2022: \$8.0m)	9,596,565	7,916,732
Headroom	2,403,435	83,268
Working capital facility, \$8.0m (June 2022: \$8.0m) including \$1.9m bank guarantee (June 2022: \$1.4m), \$6.1m bank overdraft (June 2022: \$6.6m)	1,864,734	4,336,853
Headroom	6,135,266	3,663,147
Borrowings utilised	41,025,464	37,186,830
Headroom	14,537,536	10,296,170
Total accessible borrowing amount	55,563,000	47,483,000
Borrowings utilised and committed	41,025,464	37,186,830
Less bank overdraft recognised separately	-	(3,001,005)
Less guarantee not drawn	(1,864,734)	(1,335,848)
Total Borrowings	39,160,730	32,849,977

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All borrowings are secured by interlocking guarantees across all Group companies.

Interest rates on secured amortised business loans are variable and dependent on prevailing market rates and bank margins. All borrowing costs incurred during the period have been expensed.

9. Deferred income tax

In dollars

31 Dec 2022 **30 June 2022**

Deferred income tax liability movement during the period:

Opening balance at 1 July	6,990,415	6,596,723
(Over)/under provision in prior year	-	32,919
Provisions	(60,036)	(250,978)
Accruals	47,973	74,124
Property, plant and equipment	541,328	537,627
Closing balance	7,519,680	6,990,415

Income tax liabilities

Balance carried forward:	1,869,031	310,332
Changes to estimate from prior years	-	(15,739)
Tax paid	(340,293)	(9,790)
Current tax liabilities	653,729	1,584,228
Closing balance	2,182,467	1,869,031

Unrecognised deferred tax assets

Deferred tax assets not recognised for the following items:

Revenue tax losses	8,519,530	11,200,229
Capital losses	202,441	202,441
Temporary differences	(5,980,291)	(5,921,940)
	2,741,680	5,480,730

While tax losses and temporary differences do not expire under current tax legislation, deferred tax assets have not been recognised in respect of these items as certain subsidiaries have experienced a number of years without taxable income and therefore recovery is not considered probable. The tax losses do not expire under current tax legislation.

The potential benefit of the deferred tax asset in respect of tax losses carried forward will only be obtained if:

- (i) The subsidiaries continue to derive future assessable income of a nature and an amount sufficient to enable the benefit to be realised.
- (ii) The subsidiaries continue to comply with the conditions for deductibility imposed by the law.
- (iii) No changes in tax legislation adversely affect the subsidiaries in realising the asset; and
- (iv) The subsidiaries pass the continuity of ownership test, or the same business test as outlined by the Australian Taxation Office.

10. Issued capital

	31 Dec 2022	30 June 2022
Number of shares		
On issue of 1 July	252,952,199	219,377,208
Issue of DRP shares (i)	1,269,071	2,138,792
Issue of shares for cash	-	27,631,579
Shares issued through conversion of performance rights (ii)	7,031,149	3,165,120
Exercise of share options (iii)	200,000	280,500
Exercise of loan funded shares (iv)	293,250	-
Exercise of restricted rights	-	359,000
	261,745,669	252,952,199

- (i) 1,269,071 ordinary shares were issued at 49.5 cents per share following the final dividend declaration on 23 August 2022 pursuant to the Dividend Reinvestment Plan (DRP).
- (ii) 7,031,149 ordinary shares were issued through conversion of performance rights granted under Long Term Variable Remuneration (LTVR) plan in July 2019 for FY2021 and FY2022.
- (iii) 200,000 units of options were exercised and converted to ordinary shares at 20 cents per unit.
- (iv) 293,250 units of Loan Funded Shares were exercised and converted to ordinary shares at 20 cents per unit with no loan drawn by the holders.

The holders of these shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at general meetings of the Group.

Performance Rights

Carried forward from FY2022, there were a total of 17,184,826 units Performance Rights (LTVR 1-8) outstanding which were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2021 to FY2024 periods. There are eight tranches and their movements are summarised as follow:

Long term variable incentives	LTVR 1	LTVR 2	LTVR 3	LTVR 4
Measurement period	FY2022	FY2022	FY2021	FY2021
Hurdle	TSR	EPS	TSR	EPS
Vesting status on 31 December 2022	Vested	Vested	Lapsed	Vested
Outstanding as of 1 July	2,230,405	6,691,213	-	361,500
Grants / (cancellations) of issues	(43,000)	(129,000)	-	-
Unvested or forfeiture	-	(275,614)	-	-
Vested and exercised as ordinary shares (i)	(1,761,405)	(4,980,244)	-	(289,500)
Balance outstanding 31 December 2022	426,000	1,306,355	-	72,000
Long term variable incentives	LTVR 5	LTVR 6	LTVR 7	LTVR 8
Measurement period	FY2023	FY2023	FY2024	FY2024
Hurdle	TSR	EPS	TSR	EPS
Vesting status on 31 December 2022	Unvested	Unvested	Unvested	Unvested
Outstanding as of 1 July	1,792,217	1,792,217	2,158,637	2,158,637
Grants / (cancellations) of issues (ii)	537,147	537,147	537,147	537,147
Unvested or forfeiture	-	-	-	-
Vested and exercised as ordinary shares	-	-	-	-
Balance outstanding 31 December 2022	2,329,364	2,329,364	2,695,784	2,695,784

- (i) 8,474,004 units of LTVR 1 & 2 vested (vesting outcome of 100% and 95.8% respectively) during the period, of which 6,741,649 had been exercised, along with LTVR 4 of which 289,500 units had been exercised, leaving balance of 1,804,355 units at reporting date vested and exercisable.

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- (ii) 2,148,588 units of Performance Rights (LTVR 5-8) were granted to the CEO pursuant to the Annual General Meeting held on the 15 November 2022.

A further 745,374 units of Performance Rights (LTVR 9-10) were granted to senior managers on 12 August 2022, with similar performance conditions as LTVR 5 & 6, these were granted based on Earnings Per Share (EPS) and Total Shareholder Return (TSR) performance hurdles over FY2023 periods.

Total number of outstanding performance rights on 31 December 2022 were 12,600,025 units (30 June 22: 17,184,826).

Loan Funded Shares

During the period, 293,250 units had been exercised at 20 cents per share reduced by \$23,900 dividend accrued, \$19,641 out of total \$34,750 proceed was immediately settled in cash by the employee, balance of \$15,109 was received in January 2023, no loan thus initiated.

Total number of outstanding loan funded shares at 31 December 22 were 1,901,250 units (30 June 2022: 2,194,500).

Options

During the period, 200,000 units had been exercised at 20 per cents per share. No new options have been issued.

Total number of outstanding options on 31 December 2022 were 6,660,000 units (30 June 2022: 6,860,000)

Dividends

Dividend distributions payable to equity shareholders are included in other liabilities when the dividends have been approved prior to the reporting date.

The following dividends were declared and paid by the Group during the period:

<i>In dollars</i>	31 Dec 2022	31 Dec 2021
Dividends on ordinary shares declared and paid:		
Final dividend in respect of the previous reporting period:		
FY22: 1.5 cent per share (FY21: 1.15 cent per share)		
- Paid in cash	3,270,404	2,239,483
- Paid via DRP	628,190	635,683
	3,898,594	2,875,166

A 60% franked dividend of \$3,898,594 for the year ended 30 June 2022 was paid on 30 November 2022 at 1.5 cents per share with 1,269,071 new shares issued at 49.5 cents each as part of the DRP.

Subsequent to balance date, the Directors declared an interim dividend of 1.7 cents per share 85% franked on 21 February 2023.

11. Earnings per share

Basic EPS is calculated by dividing profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the net profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the potential ordinary shares arising from options and employee share schemes operated by the Group.

The following table reflects the income and share data used in the basic and diluted EPS computations:

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In dollars

31 Dec 2022 **31 Dec 2021**

Earnings reconciliation

Profit excluding significant items	12,189,812	8,019,492
Net share-based payments and significant items	(1,699,892)	(667,155)
Net profit after tax	10,489,920	7,352,337

Number of ordinary shares:

Weighted average number of ordinary shares used in the calculation of basic EPS	258,202,222	244,819,209
Weighted average number of ordinary shares used in the calculation of diluted EPS	267,963,147	246,755,038

Basic EPS excluding significant items (cents per share)	4.72	3.28
Diluted EPS excluding significant items (cents per share)	4.55	3.25

Basic EPS (cents per share)	4.06	3.00
Diluted EPS (cents per share)	3.91	2.98

12. Group entities

The interim financial statements include the financial statements of the following wholly owned subsidiaries:

	Place of incorporation	% Equity interest
Acrow Holdings Pty Limited (a), (b)	NSW	100%
Acrow Formwork and Scaffolding Pty Ltd (a), (b)	NSW	100%
Natform Pty Ltd (a), (b)	NSW	100%
Natform (QLD) Pty Ltd (a), (b)	QLD	100%
Uni-span Group Pty Ltd (a), (b)	QLD	100%
Uni-span Height Safety Pty Ltd (a), (b)	QLD	100%
Unispan Australia Pty Ltd (a), (b)	QLD	100%
Uni-span Formwork Solutions Pty Ltd (a), (b)	QLD	100%
Acrow Group Investments Pty Ltd (a), (b)	NSW	100%
Noble Mineral Resources Ghana Limited	Ghana	100%

(a) These subsidiaries have been granted relief from the necessity to prepare financial reports under the option available to the Group under ASIC Corporations (Wholly Owned Companies) Instrument 2016/785.

(b) These subsidiaries, along with Acrow Formwork and Construction Services Limited (the parent entity of the Group), form the Deed of Cross Guarantee Group.

13. Operating segments

The Group's operating segment is based on the internal reports that are reviewed and used by the Board of Directors and the executive management team (being the Chief Operating Decision Makers ("CODM")) in assessing the financial performance and in determining the allocation of resources. The Group operates in the building construction market, providing falsework, formwork, scaffolding, screens and related material for hire and sales. There are no operating segments for which discrete financial information exists.

The information reported to the CODM, on at least monthly basis, is the consolidated results as shown in the statement of profit or loss and other comprehensive income and statement of financial position.

14. Subsequent Events

Changes to loan facilities after the balance date:

- Equipment finance loans of \$414,150 were drawn, repayable over three years. Repayments on equipment finance since balance date were \$1,341,448.
- Trade finance loans of \$1,197,786 were drawn and repayable in full within 180 days. Trade finance repayments of \$1,971,878 were made.

On 21 February 2023 the Directors declared a 85% franked dividend of 1.7 cents per share to be paid on 31 May 2023. Dividend Reinvestment Plan (DRP) is available for election. The dividend has not been provided for elsewhere in this report as the declaration was made after 31 December 2022.

Other than the above matter there has not otherwise arisen between the end of the year end period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Group, to affect significantly the operations of the Group, the results of those operations, or the state of the affairs of the Group, in future financial years.

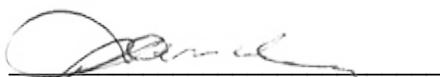
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Directors' Declaration

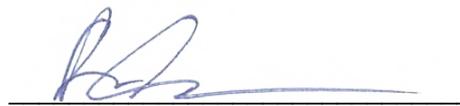
In the opinion of the directors of Acrow Formwork and Construction Services Ltd (the Group):

- (a) the consolidated interim financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance, for the half year ended on that date; and
 - ii) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001;
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



Peter Lancken
Chairman



Steven Boland
Director, Chief Executive Officer

Sydney
22 February 2023

Independent Auditor's Review Report

To the Members of Acrow Formwork and Construction Services Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Acrow Formwork and Construction Services Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half year ended on that date, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Acrow Formwork and Construction Services Limited does not comply with the *Corporations Act 2001* including:

- a giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half year ended on that date; and
- b complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Directors' responsibility for the half-year financial report

The Directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



Grant Thornton Audit Pty Ltd
Chartered Accountants



N P Smietana
Partner – Audit & Assurance

Sydney, 22 February 2023