



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 2021

Previous Reporting Period 6 months ended 31 December 2020

Results for announcement to the market

	2021	2020	% change
	<i>dollars</i>	<i>dollars</i>	
Revenue from ordinary activities ¹	69,315,312	50,408,422	Up 38%
Net profit after tax from ordinary activities attributable to members	7,352,337	1,866,311	Up 294%
Share based payments and significant costs	667,155	1,805,309	Down 63%
Net profit after tax from ordinary activities excluding significant costs	8,019,492	3,671,620	Up 118%
	<i>Cents</i>	<i>Cents</i>	
Basic earnings per share (cents)	3.00	0.86	Up 249%
Diluted earnings per share (cents)	2.98	0.86	Up 247%
Basic earnings per share (cents) excluding significant costs	3.28	1.69	Up 94%
Diluted earnings per share (cents) excluding significant costs	3.25	1.68	Up 93%
Net tangible asset per share (cents)	30.35	26.28	Up 15%

	Amount per security (Cents)
Dividend distributions	
Interim dividend per share (cents) – 20% franked	1.20
Record date for determining entitlements to the dividend	Friday, 29 April 2022
Dividend payment date	Friday, 27 May 2022
Dividend Reinvestment Plan (“DRP”) is in place, last date for election to participate	Monday, 2 May 2022
The Company paid a final dividend for the year ended 30 June 2021 – 100% franked on the 25 November 2021	1.15

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 \$66.4m and proceeds from the disposal of property, plant and equipment of \$2.9m.

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

Interim Financial Report
31 December 2021

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 2021 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 (appointed 1 September 2021)
Laurie Lefcourt (appointed 1 October 2021)
Margaret Prokop (resigned 31 December 2021)
Gregg Taylor (resigned 22 November 2021)

PRINCIPAL ACTIVITIES

Acrow operates in the Australian construction services industry, hiring formwork including screen systems, falsework 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 2021. 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 38% on prior comparable period (pcp) to \$69.3m, attributable to a strong trading performance across all divisions, led by the Industrial Services, up 158%. Notably performance was all organically generated

² Revenue from ordinary activities includes revenue from continuing operations per Note 3 of \$66.4m (2020: \$45.4) and proceeds from the disposal of property, plant and equipment per Note 4 of \$2.9m (2020: 5.0m).

- Sales contribution of \$37.6m, up 30%, driven primarily by growth in the Formwork hire business
- Underlying EBITDA of \$16.7m, up 51%, and EBITDA margin of 24.1%, up 2.1% pts
- Underlying NPAT up 118% to \$8.0m.
- Statutory NPAT up 294% to \$7.4m, assisted by a decline in significant items and share-based payments, down 63% to \$667k.
- Underlying EPS up 94% to 3.28 cents per share
- Net gearing of 27.3%³, up 0.6% pts on 30 June 21 levels.
- Operating Cash Profit (defined as EBITDA less cash leases expenses, maintenance capital expenditure and tax paid) of \$10.2m, up 84%.

Segment Underlying EBITDA

Year end 31 December 21 (\$000)	1H22	1H21	\$ Mvt	% chg PCP
Formwork	35,089	30,097	4,992	17%
Industrial Services	21,328	8,271	13,057	158%
Commercial Scaffold	12,899	12,040	859	7%
Total Revenue	69,316	50,408	18,908	38%
Formwork	25,005	19,207	5,798	30%
Industrial Services	7,104	4,040	3,064	76%
Commercial Scaffold	5,514	5,658	-144	-3%
Total Contribution	37,623	28,905	8,718	30%
<i>Contribution Margin*</i>	54.3%	57.3%		3%
Yard Related Expenses	6,780	5,761	1,019	18%
Labour	11,677	9,906	1,771	18%
Other	2,451	2,143	308	14%
Total Overheads	20,908	17,810	3,098	17%
Underlying EBITDA	16,715	11,095	5,620	51%
<i>EBITDA Margin*</i>	24.1%	22.0%		2%

* refers to basis point change on prior comparative period.

Dec-21 Reconciliation of Reported Net Profit after Tax to Underlying EBITDA

Half year ended 31 Dec 21	Underlying	Significant items adj.	Reported
EBITDA	16,715	(310)	16,405
Depreciation	(6,348)		(6,348)
Net interest	(1,561)		(1,561)
Pre-tax profit	8,806	(310)	8,496
Share based payments		(357)	(357)
Tax expense	(786)		(786)
Net Profit after tax	8,020	(667)	7,353

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

Balance sheet and cash flow

Net debt rose by \$6.4m to \$28.9m from 30 June 2021 levels primarily due to capital expenditure, the final deferred payment for the 31 October 2020 Uni-span acquisition and the final dividend payment. Net gearing increased by 0.6% pts to 27.3% over the period.

New product sales increased by 64% to \$8m, despite the imposts of a severely disrupted and delayed international logistics situation as well as increases in raw material costs. The growing product sales business overlayed with disrupted logistics and product cost increases, resulting in inventory balances and prepayments increasing by \$3.5m and \$2.2m, respectively. Despite this \$6m increase in cost of inventory holdings, cashflow generated from operations only reduced by \$3.3m to \$7.4m.

In July 2021, Acrow completed a \$10.5m capital raise. The proceeds are being deployed in funding growth in both the Industrial Services & Civil Formwork businesses.

Capital expenditure during the period totalled \$13.1m, including \$2.6m in maintenance capital, and \$10.0m in growth capital deployed across various Formwork and Industrial Services projects nationally.

Final dividend payment for FY2021 during the half-year totalled \$2.2m, net of the dividend reinvestment plan. There was no tax paid in the period due to the use of carry forward tax losses combined with the utilisation of the government's instant asset write-off scheme.

DIVIDEND

The Company has declared a dividend of 1.20 cents per share franked to 20% for the period ending 31 December 2021. The Dividend will be paid on 27 May 2022 to holders on the Company's fully paid ordinary share register on 29 April 2022 (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 of their dividends into new Acrow Formwork and Construction Limited shares. The issue price of the shares will be at a 2.5% discount to the Market Value which is calculated as the arithmetic average of 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 2 May 2022.

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

Equipment Finance and Flexible-Option Facilities have been restructured in December 2021, taking effect from 4 February 2022, whereby the limit on Equipment finance increases by \$1,500,000 from \$11,700,000 to \$13,200,000 with Flexible-Option facilities reduced by the same amount from \$16,800,000 to \$15,300,000. Overall limit therefore remains unchanged.

Since balance date, 149,100 Performance Rights have been exercised and converted to ordinary shares.


On 9 February 2022, the Directors declared a 20% franked dividend of 1.2 cents per share to be paid on Friday 27 May 2022. 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 2021. 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 2021.

Dated at Sydney this 22nd February 2022

Signed in accordance with a resolution of the directors:



Peter Lancken
Chairman



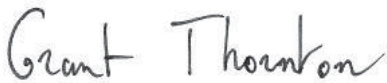
Steven Boland
Chief Executive Officer

Auditor's Independence Declaration

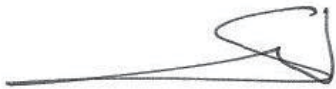
To the Directors of Acrow Formwork and Construction Services Limited

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 2021, 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 2022

Consolidated Statement of Comprehensive Income

For the half-year ended 31 December 2021

<i>In dollars</i>	Note	31 Dec 2021	31 Dec 2020
Continuing operations			(Restated)
Revenue	3	66,448,468	45,393,499
Other income	4	2,067,763	2,687,052
Personnel expenses		(22,740,248)	(17,629,083)
Sub-contract labour costs		(9,415,983)	(7,735,102)
Inventory purchased, net of changes in finished goods		(15,664,292)	(9,140,461)
Depreciation		(6,348,136)	(5,354,009)
IT and telecommunication expenses		(791,017)	(777,344)
Freight costs		(1,091,899)	(779,358)
Insurance expenses		(532,959)	(403,300)
Gain on fair value of derivatives		-	350,000
Other expenses	5	(2,217,479)	(2,676,509)
Profit before net finance costs and income tax		9,714,218	3,935,385
Finance costs		(1,576,313)	(1,537,369)
Net finance costs		(1,576,313)	(1,537,369)
Profit before income tax		8,137,905	2,398,016
Income tax expense	6	(785,568)	(531,705)
Profit from continuing operations		7,352,337	1,866,311
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations - foreign currency translation differences		78	(856)
Total comprehensive income for the year		7,352,415	1,865,455
Earnings per share from continuing operations			
Basic EPS (cents per share)	12	3.00	0.86
Diluted EPS (cents per share)	12	2.98	0.86

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

Consolidated Statement of Financial Position

As at 31 December 2021

In dollars

	Note	31 Dec 2021	30 Jun 2021
Current assets			
Cash and cash equivalents		1,730,809	1,754,622
Trade and other receivables		25,764,370	24,611,736
Inventories		12,507,469	8,958,554
Contract assets		1,366,545	775,168
Prepayments and other assets		5,855,648	3,618,377
Assets held for sale	7	66,260	66,507
Total current assets		47,291,101	39,784,964
Non-current assets			
Property, plant and equipment		92,752,920	83,008,854
Right-of-use lease assets		26,907,308	28,808,936
Intangibles		7,428,704	7,428,704
Total non-current assets		127,088,932	119,246,494
Total assets		174,380,033	159,031,458
Current liabilities			
Bank overdraft		2,718,397	1,865,938
Trade payables		23,463,640	25,122,155
Other payables	8	60,022	3,486,289
Employee benefits		4,236,670	4,639,524
Lease liabilities		4,833,640	4,645,552
Loans and borrowings	9	11,821,260	7,898,384
Current tax liabilities	10	530,756	310,331
Liabilities held for sale	7	61,224	61,453
Total current liabilities		47,725,609	48,029,626
Non-current liabilities			
Employee benefits		614,705	611,541
Lease liabilities		25,610,307	27,396,387
Loans and borrowings	9	16,060,599	14,440,464
Provisions		469,274	469,274
Deferred income tax liability	10	7,161,866	6,596,723
Total non-current liabilities		49,916,751	49,514,389
Total liabilities		97,642,360	97,544,015
Net assets		76,737,673	61,487,443
Equity			
Issued capital	11	57,949,321	46,703,384
Reserves		2,170,364	3,026,437
Retained earnings		16,617,988	11,757,622
Total equity		76,737,673	61,487,443

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 2021

	Share capital	Share based option payments reserve	Foreign currency translation reserve	Retained Earnings	Total equity
<i>In dollars</i>					
Balance at 1 July 2020	45,674,176	858,546	55,718	11,706,794	58,295,234
Total comprehensive income for the period					
Profit for the year	-	-	-	1,866,311	1,866,311
Other comprehensive income	-	-	(856)	-	(856)
Total comprehensive income	-	-	(856)	1,866,311	1,865,455
Transactions with owners of the Group					
Shares issued under dividend reinvestment plan ("DRP")	399,287	-	-	-	399,287
Dividends paid to shareholders	-	-	-	(2,274,514)	(2,274,514)
Equity settled share-based payments	-	1,208,599	-	-	1,208,599
Transfer of option reserves to share capital	80,380	(80,380)	-	-	-
Proceed from exercise of options	107,282	-	-	-	107,282
Total transactions with Owners of the Company	586,949	1,128,219	-	(2,274,514)	(559,346)
Balance at 31 December 2020	46,261,125	1,986,765	54,862	11,298,591	59,601,343
Balance at 30 June 2021 as previously reported					
Total comprehensive income for the period	46,703,384	2,972,126	54,311	11,757,622	61,487,443
Profit for the period	-	-	-	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)	-	(2,491,972)	7,897,815
Balance at 31 December 2021	57,949,321	2,115,975	54,389	16,617,988	76,737,673

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

Consolidated Statement of Cash Flows

For the period ended 31 December 2021

In dollars

	Note	31 Dec 2021	31 Dec 2020
			(Restated)
Cash flows from operating activities			
Receipts from customers		42,190,177	28,030,196
Receipts from lease revenue		29,158,200	22,066,752
Payments to suppliers and employees		(66,388,074)	(43,299,798)
Cash generated from operations		4,960,303	6,797,150
Significant costs		(429,295)	(567,108)
Income tax paid		-	(556,301)
Net cash inflow from operating activities		4,531,008	5,673,741
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2,866,844	5,014,923
Purchase of property, plant and equipment		(13,988,365)	(6,387,879)
Deferred payment on acquisitions	8	(3,522,634)	(3,567,944)
Net cash outflow from investing activities		(14,644,155)	(4,940,900)
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		32,268	107,282
Proceeds from borrowings		12,096,505	1,852,602
Repayment of borrowings		(6,553,494)	(2,855,421)
Repayment of lease liabilities		(2,603,025)	(2,456,625)
Dividends paid, net of DRP and costs	11	(2,243,817)	(1,875,227)
Finance costs paid		(1,388,734)	(580,424)
Net cash flow from financing activities		9,236,877	(5,807,813)
Net decrease in cash and cash equivalents		(876,270)	(5,074,972)
Cash and cash equivalents at 1 July		(111,316)	7,238,511
Effect of exchange rate fluctuations on cash held		(2)	(13)
Cash and cash equivalents at end of reporting period		(987,588)	2,163,526

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

Acrow Formwork and Construction Services Limited | Interim Financial Report

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 2021 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 2021. This report should also be read in conjunction with any public announcement made by Acrow during the half-year ended 31 December 2021 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 2022.

(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 10.

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.

(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.

The Consolidated Statement of Comprehensive Income, the Consolidated Statement of Cash Flows, Other Expenses (note 5) and Segment Information (note 14) for the half-year ended December 2020 has been restated to present revenue and expenses by nature in line with current period.

(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) COVID-19 impact

The ongoing COVID-19 pandemic has increased the estimation uncertainty in the preparation of these interim financial statements. The estimation uncertainty is associated with:

- (i) The extent and duration of the disruption to businesses arising from the actions by governments, businesses and consumers to contain the spread of the virus.
- (ii) The extent and duration of the expected economic downturn. This includes the disruption to capital markets, deteriorating availability of credit, liquidity concerns, increasing unemployment, declines in consumer discretionary spending, reductions in production because of decreased demand, and other restructuring activities; and
- (iii) The effectiveness of government and central bank measures that have and will be put in place to support businesses and consumers through this disruption and economic downturn.

The Group has developed estimates in these interim financial statements based on forecasts of economic conditions which reflect expectations and assumptions as at 31 December 2021 about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved in preparing forecasts. The underlying assumptions are subject to uncertainties which are often outside the control of the Group. Accordingly, actual economic conditions are likely to be different from those forecast since anticipated events frequently do not occur as expected, and the effect of those differences may significantly impact accounting estimates included in these financial statements.

(h) 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.

(i) Working capital deficiency

The Statement of Comprehensive Income shows a profit for the period of \$7,352,337 (2021: \$1,866,311).

The Statement of Financial Position shows that as at 31 December 2021, current liabilities exceeded current assets by \$434,508 (June 2021: net current liability position was \$8,244,662) for the Group.

The improvement in liquidity arises due predominantly to the following:

- (i) Trade receivables, prepayments and inventory increased by \$6,938,820 from \$37,188,667 at June 2021 to \$44,127,487 at December 2021.
- (ii) Settlement of \$3,426,267 deferred payment to Uni-span Australia vendors and reduction of \$1,658,515 trade creditors, negated the \$3,922,876 negative impact of loans and borrowings that increased from \$7,898,384 at June 2021 to \$11,821,260 at December 2021.

Acrow Formwork and Construction Services Limited | Interim Financial Report

The directors are confident the improvement of the cashflow is ongoing given the strong performance of the business.

Further, refinancing of equipment loans and short-term loans during the half-year increased overall borrowing capacity by \$10.5m from \$18.0m at June 21 to \$28.5m at December 2021 of which \$9.4m remains undrawn at balance date.

As a result, the directors have concluded as to the appropriateness of preparing the financial statements on a going concern basis.

3. Revenue

In dollars

	31 Dec 2021	31 Dec 2020
Revenue from contracts with customers		
Labour services transferred over time	16,400,195	10,053,421
Cartage services transferred over time	2,838,111	2,697,366
Consumable sales and other services transferred at a point in time	20,702,707	12,582,028
	39,941,013	25,332,815
Revenue from operating leases		
Hire of equipment	26,507,455	20,060,684
	66,448,468	45,393,499

4. Other income

In dollars

	31 Dec 2021	31 Dec 2020
Disposal of property, plant and equipment		
Proceeds	2,866,844	5,014,923
Written down value	(799,081)	(2,327,870)
Net gain on disposal of property, plant and equipment	2,067,763	2,687,053

5. Other expenses

In dollars

	31 Dec 2021	31 Dec 2020
		(Restated)
Audit, tax & legal expenses	(428,618)	(312,824)
Utilities	(384,107)	(312,165)
Acquisition and integration related expenses	-	(567,108)
Motor vehicle expenses	(203,764)	(200,227)
P&E operation expenses	(193,768)	(178,521)
Travelling	(166,701)	(104,205)
Repair & maintenance	(157,321)	(80,489)
Property costs	(68,297)	(193,090)
Other expenses	(614,901)	(727,880)
	(2,217,477)	(2,676,509)

6. Income tax (expense)

In dollars

	31 Dec 2021	31 Dec 2020
Current income tax (expense)	(229,889)	(284,144)
Deferred income tax (expense)	(565,145)	(243,976)
Changes to estimate from prior years	9,466	(3,585)
Income tax (expense) attributable to profit	(785,568)	(531,705)

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7. Assets and liabilities held for sale

In dollars

	31 Dec 2021	30 Jun 2021
Assets classified as held for sale	66,260	66,507
Liabilities classified as held for sale	61,224	61,453

8. Other payables

In dollars

	31 Dec 2021	30 Jun 2021
Other payables		
Uni-span contingent consideration	60,022	3,486,289
	60,022	3,486,289

Other payables represent the value of a final adjustment payable to Uni-span vendors for the acquisitions of Uni-span group of companies.

A payment of \$3,522,634 was made on 6 October 2021 to Uni-span vendors that includes \$3,500,000 deferred consideration and \$148,264 contingent consideration offset by \$125,630 settlement adjustments.

9. Loans and borrowings

In dollars

	31 Dec 2021	30 Jun 21
Current	11,821,260	7,898,384
Non-current	16,060,599	14,440,464
	27,881,859	22,338,848

Borrowings are represented by the following finance facilities:

Secured amortising business loan	12,953,000	14,423,000
Equipment finance facility, revolving 3-year limit of \$14.5m, temporarily reduced to \$11.7m with \$2.3m transferred to Letter of Credit Facility and \$0.5m transferred to Trade facility (30 Jun 21: \$10.0m)	11,225,118	6,381,357
Headroom	474,882	3,618,643
Trade finance facility, revolving 180-day limit of \$6.0m temporarily increased with \$0.5m from Equipment Finance Facility to \$6.5m (30 Jun 21 : \$3.0m)	3,703,742	1,534,491
Headroom	2,796,258	1,465,509
Working capital facility, \$10.3m including \$1.4m bank guarantee (30 Jun 21: \$1.4m), \$6.6m bank overdraft (30 Jun 21: \$3.6m) and \$2.3m Import Letters of Credit Facility (30 Jun 21: Nil)	4,193,204	3,171,866
Headroom	6,106,796	1,828,134
Borrowings utilised	32,075,064	25,510,714
Headroom	9,377,936	6,912,286
Total borrowings	41,453,000	32,423,000

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Borrowings utilised and committed	32,075,064	25,510,714
Less: Bank overdraft utilised excluded from loans and borrowings disclosed separately on the Statement of Financial Position	(2,718,397)	(1,865,938)
Less: Bank guarantee utilised not drawn	(1,335,849)	(1,305,928)
Less: Import Letters of Credit utilised not drawn	(138,959)	-
Total Loans and Borrowings	27,881,859	22,338,848

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.

10. Deferred income tax

In dollars

31 Dec 2021 **30 Jun 2021**

Deferred income tax liability movement during the period:

Opening balance at 1 July	6,596,723	4,727,900
(Over)/under provision in prior year	(7,829)	-
Provisions	(19,562)	(5,613,213)
Accruals	(35,820)	(139,788)
Property, plant and equipment	2,574,449	7,333,145
Revenue tax loss	(1,946,095)	288,679
Closing balance	7,161,866	6,596,723

Income tax liabilities

Balance carried forward:	310,332	-
Current tax liabilities	220,424	310,332
Closing balance	530,756	310,332

Unrecognised deferred tax assets

Deferred tax assets not recognised for the following items:

Revenue tax losses	15,746,402	15,475,859
Capital losses	202,441	202,441
Temporary differences	(8,391,357)	(6,061,604)
	7,557,486	9,616,696

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.

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11. Issued capital

	31 Dec 2021	30 Jun 2021
Number of shares		
On issue of 1 July	219,377,208	216,039,534
Issue of DRP shares (i)	1,432,611	2,183,021
Issue of shares for cash (ii)	27,631,579	-
Shares issued through conversion of performance rights (iii)	3,230,020	-
Exercise of share options (iv)	280,500	1,154,653
	251,951,918	219,377,208

- (i) 1,432,611 ordinary shares were issued at 44.37 cents per share following the final dividend declaration on 25 August 2021 pursuant to the Dividend Reinvestment Plan (DRP).
- (ii) 27,631,579 fully paid ordinary share were issued at 38 cents per share via capital raising.
- (iii) 3,230,020 ordinary shares were issued through conversion of 2,871,020 performance rights granted under Long Term Variable Remuneration plan in July 2019; and 359,000 units were issued through the exercise of restricted rights granted in September 2021.
- (iv) 280,500 units of Loan Funded Shares were exercised and converted to ordinary shares at 20 cents per unit with no loan drawn by the holder.

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

At the end of FY2021, 15,946,950 Performance Rights were outstanding over four tranches, two tranches for each financial year (FY2021 & FY2022). Each year has one tranche measuring Earnings Per Share (EPS) performance and one tranche measuring Total Shareholder Return (TSR) performance as vesting conditions.

For FY2021, the Group met the EPS performance conditions with 60% vesting rate resulting in 3,526,620 units vested and 2,351,080 units forfeited. 2,871,020 units that vested had been exercised and converted to ordinary shares, leaving balance of 655,600 units unexercised at end of December 2021.

The Group however did not meet the TSR performance condition for FY2021, resulting in the cancellation of 1,959,250 units.

A further 273,000 units have been granted to a new employee in September 2021 on FY2022 issues.

A short-term incentive issue of 359,000 rights were granted, vested and exercised as ordinary shares during the reporting period.

Total number of outstanding performance rights at 31 December 2021 were 9,038,600 units (30 June 2021: 15,946,950).

Options and Loan Funded Shares

In November 2021, 50,000 units of options expired as the vesting conditions of 20 day-VWAP of 60 cents has not been achieved since issuance in November 2016.

280,500 loan funded shares have been issued at 20 cents exercise per unit, no loan has been drawn.

Total number of outstanding options and loan funded shares at 31 December 2021 were 9,054,500 units (30 June 2021: 9,385,000).

Dividends

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

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

In dollars

31 Dec 2021 **31 Dec 2020**

Dividends on ordinary shares declared and paid:

Final dividend in respect of the previous reporting period:

FY21: 1.15 cent per share (FY20: 1.05 cent per share)

- Paid in cash	2,239,483	1,875,228
- Paid via DRP	635,683	399,287
	2,875,166	2,274,515

A fully franked dividend of \$2,875,166 for the year ended 30 June 2021 was paid on 25 November 2021 at 1.15 cents per share with 1,432,611 new shares issued at 44.37 cents as part of the DRP.

Subsequent to balance date, the Directors declared an interim dividend of 1.2 cents per share 20% franked on 9 February 2022.

Franking credit balance at 31 December 2021 was \$715,247 (30 June 2021: \$1,954,882).

12. 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 weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

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

In dollars

31 Dec 2021 **31 Dec 2020**

Earnings reconciliation

Profit excluding significant items	8,019,492	3,671,620
Net share-based payments and significant items	(667,155)	(1,805,309)
Net profit after tax	7,352,337	1,866,311

Number of ordinary shares:

Weighted average number of ordinary shares used in the calculation of basic EPS	244,819,209	216,674,735
Weighted average number of ordinary shares used in the calculation of diluted EPS	246,755,038	217,964,456

Basic EPS excluding significant items (cents per share)	3.28	1.69
Diluted EPS excluding significant items (cents per share)	3.25	1.68
Basic EPS (cents per share)	3.00	0.86
Diluted EPS (cents per share)	2.98	0.86

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13. 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.

14. Operating segments

The Group manages all its construction-related operations, being all the Australian based formwork and scaffolding subsidiaries as one segment and the mining operation in Ghana as a separate segment. The executive management team (the chief operating decision makers) assesses the financial performance of the construction-related operations on an integrated basis only and accordingly.

All revenue is generated by external customers in Australia on formwork and construction-related services.

The mineral exploration assets and liabilities are held for sale per note 7.

The Group has the following segments:

- Formwork and construction services: the provision of falsework, formwork, scaffolding, screens and related materials for hire and sales; and
- Mineral exploration activities

Segment Information as at 31 Dec 2021

<i>In dollars</i>	Formwork and construction services	Mineral exploration	Total
Lease revenue on hire of equipment	26,507,455	-	26,507,455
Labour services transferred over time	16,400,195	-	16,400,195
Cartage services transferred over time	2,838,111	-	2,838,111
Consumable sales and other services transferred at a point in time	20,702,707	-	20,702,707
Other income	2,067,763	-	2,067,763
Segment revenue	68,516,231	-	68,516,231
Segment operating profit	10,048,165	(25,669)	10,022,496
Unallocated corporate overhead costs	(308,277)	-	(308,277)

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Finance costs	(1,576,314)	-	(1,576,314)
Profit before income tax	8,163,574	(25,669)	8,137,905
Income tax benefit	(785,568)	-	(785,568)
Profit after income tax	7,378,006	(25,669)	7,352,337

Other material items:

Goodwill on acquisition	7,428,704	-	7,428,704
Capital expenditure	13,988,365	-	13,988,365
Depreciation and amortisation	6,348,136	-	6,348,136
Segment assets	174,313,658	66,375	174,380,033
Segment liabilities	97,581,136	61,224	97,642,360

Segment Information as at 31 Dec 2020

<i>In dollars</i> (Restated)	Formwork and construction services	Mineral exploration	Total
Lease revenue on hire of equipment	20,060,684	-	20,060,684
Labour services transferred over time	10,053,421	-	10,053,421
Cartage services transferred over time	2,697,366	-	2,697,366
Consumable sales and other services transferred at a point in time	12,582,028	-	12,582,028
Other income	2,687,052	-	2,687,052
Segment revenue	48,080,551	-	48,080,551
Segment operating profit	4,825,712	(29,602)	4,796,110
Unallocated corporate overhead costs	(860,725)	-	(860,725)
Finance costs	(1,537,369)	-	(1,537,369)
Profit before income tax	2,427,618	(29,602)	2,398,016
Income tax benefit	(531,705)	-	(531,705)
Profit after income tax	1,895,913	(29,602)	1,866,311
Other material items:			
Goodwill on acquisition	7,428,704	-	7,428,704
Capital expenditure	6,387,878	-	6,387,878
Depreciation and amortisation	5,354,009	-	5,354,009
Segment assets	144,764,320	64,918	144,829,238
Segment liabilities*	85,167,910	59,985	85,227,895

*31 December 2020 comparative has been restated with \$322,496 intercompany loans eliminated between the segments.

Geographical information

The Group's formwork and construction-related services segment operates in Australia and the mineral exploration segment operates in Ghana.

15. Subsequent Events

Equipment Finance and Flexible-Option Facilities have been restructured in December 2021, taking effect from 4 February 2022, whereby the limit on Equipment finance increases by \$1,500,000 from \$11,700,000 to \$13,200,000 with Flexible-Option facilities reduced by the same amount from \$16,800,000 to \$15,300,000. Overall limit therefore remains unchanged.

Since balance date, 149,100 Performance Rights have been exercised and converted to ordinary shares.

On 9 February 2022, the Directors declared a 20% franked dividend of 1.2 cents per share to be paid on Friday 27 May 2022. 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 2021.

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 2021 and of its performance, for the financial 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 2022

Independent Auditor's Review Report

To the Members of Acrow Formwork and Construction Services Limited

Report on the review of 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 2021, 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 2021 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 2021 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 2022