



Acrow Formwork and
Construction Services Limited
ABN 36 124 893 465

Registered office
Level 5, 126 Phillip Street,
SYDNEY, NSW, AUSTRALIA,
2000

p +61 2 8072 1400
f +61 2 8072 1440
e info@acrow.com.au
w www.acrow.com.au

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 2020

Previous Reporting Period 6 months ended 31 December 2019

Results for announcement to the market

	2020	2019	% change
	<i>dollars</i>	<i>dollars</i>	
Revenue from ordinary activities*	50,408,422	38,121,726	Up 32%
Net profit after tax from ordinary activities attributable to members	1,866,311	380,140	Up 391%
Share based payments and significant costs*	1,805,309	1,759,595	Up 3%
Net profit after tax from ordinary activities excluding significant costs*	3,671,620	2,139,735	Up 72%
	<i>Cents</i>	<i>Cents</i>	
Basic earnings per share (cents)	0.86	0.21	Up 310%
Diluted earnings per share (cents)	0.86	0.20	Up 330%
Basic earnings per share (cents) excluding significant costs*	1.69	1.19	Up 42%
Diluted earnings per share (cents) excluding significant costs*	1.68	1.11	Up 51%
Net tangible asset per share (cents)	26.28	25.73	Up 2%

* comparative information has been reclassified in order to comply with current period calculations.

	Amount per security (Cents)
Dividend distributions	
Interim dividend per share (cents) – 100% franked	0.75
Record date for determining entitlements to the dividend	Friday, 23 April 2021
Dividend payment date	Friday, 14 May 2021
Dividend Reinvestment Plan (“DRP”) is in place, last date for election to participate	Monday, 26 April 2021
The Company paid a final dividend for the year ended 30 June 2020 – 100% franked on the 13 November 2020	1.05

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.

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

Interim Financial Report
31 December 2020

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 2020 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)
Gregg Taylor
Margaret Prokop
David Moffat
Joshua May (resigned 6th October 2020)

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 scaffolding business.

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

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

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

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 2020, which included a full 6 months of the Uni-span business that was acquired on 31 October 2019. Prior comparable period (pcp) included 2 months results of Uni-span.

The business capitalised on 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 Scaffold division.

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

- Group sales revenue up 32% on pcp to \$50.4m, attributable to an additional 4-month contribution from Uni-span, and strong trading performance from the Melbourne formwork and Natform businesses and strong product sales
- Sales contribution of \$28.9m, up 24%
- Underlying EBITDA of \$11.1m, up 41%, and EBITDA margin of 22.0%, up 139bps
- Underlying net profit after tax of \$3.7m, up 72%

- Significant items of \$0.6m relating to final Uni-span integration costs, including redundancies.
- Net gearing of 23.8%¹, up 380bps on 30 Jun-20 levels.
- Operating cash profit (underlying EBITDA less cash lease expense, maintenance capex and tax paid of \$5.5m, up 26%.

Segment Underlying EBITDA

	6 months to Dec 2019	6 months to June 2020	6 months to Dec 2020	6 mths to Dec 19 vs 6 mths to Dec 20
Formwork	20,631	30,045	30,097	46%
Industrial Scaffold	3,592	6,568	8,271	130%
Commercial Scaffold	13,899	12,250	12,040	-13%
Total Revenue	38,122	48,863	50,408	32%
Formwork	15,038	19,167	19,207	28%
Industrial Scaffold	1,796	3,048	4,040	125%
Commercial Scaffold	6,549	6,377	5,658	-14%
Total Contribution	23,383	28,592	28,905	24%
<i>Contribution Margin</i>	<i>61.3%</i>	<i>58.5%</i>	<i>57.3%</i>	<i>-4%</i>
Yard Related Expenses	5,463	5,315	5,761	5%
Labour	7,809	9,454	9,906	27%
Other	2,250	2,253	2,143	-5%
Total Overheads	15,522	17,022	17,810	15%
Underlying EBITDA	7,861	11,570	11,095	41%
<i>Margin</i>	<i>20.6%</i>	<i>23.7%</i>	<i>22.0%</i>	<i>1%</i>

Dec-20 Reconciliation of Reported Net Profit after Tax to Underlying EBITDA

	Underlying	Significant items	Reported
Underlying EBITDA	11,095	(597)	10,498
Depreciation	(5,354)		(5,354)
Net interest	(1,537)		(1,537)
Pre tax profit	4,204	(597)	3,607
Share based payments expense		(1,209)	(1,209)
Tax expense	(532)		(532)
Net profit after tax	3,672	(1,806)	1,866

¹ Net gearing = net debt/(net debt + equity).

Balance sheet and cash flow:

Gross debt as at 31 December 2020 was \$20.8m down \$1.0m at 30 June 2020. Loan repayments recommenced from October 2020 following a 6-month COVID-19 related repayment holiday from March to September 2020.

Net debt rose by \$4.1m to \$18.7m from 30 June 2020, due predominantly to a \$5.0m decline in cash (\$2.2m as at December 2020 compared to \$7.2m as at June 2020). Net gearing (net debt/net debt plus equity) increased by 3.8% to 23.8% over the same period.

During the period, a \$3.6m deferred consideration was paid for the acquisitions of Natform (\$2.25m) and Uni-span (\$1.3m). A remaining deferred consideration of \$3.4m for the Uni-span acquisition is payable in October 2021.

Cashflow flow generated from operations (being the combined cash generated from operations, income tax paid and proceeds from disposal of property, plant and equipment in the statement of cash flows) of \$11.3m² was up 91% on the pcg on strong EBITDA and product sales growth.

Total capital expenditure during the period totalled \$6.4m, including \$1.6m in maintenance, \$3.5m in growth capital, and \$0.9m in a substantial IT upgrade plus \$0.4m transfers from inventory to hire fleet.

A final dividend of 1.05cps (fully franked) was declared and paid during the period, totalling \$1.9m, net of the dividend reinvestment plan.

DIVIDENDS

The Company has declared a fully franked dividend of 0.75 cents per share for the period ending 31 December 2020. The Dividend will be paid on 14 May 2021 to holders on the Company's fully paid ordinary share register on 23 April 2021 (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 26 April 2021.

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

Subsequent to 31 December 2020, the directors have declared a fully franked dividend of 0.75 cent per share on 22nd February 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.

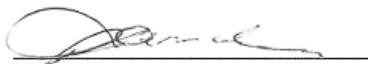
² Includes recoveries from lost or damaged hire equipment, reported as "Proceeds from disposal of PPE in the Statement of Cashflows"

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 2020.

Dated at Sydney this 22nd February 2021

Signed in accordance with a resolution of the directors:

A handwritten signature in blue ink, appearing to read 'Peter Lancken', written over a horizontal line.

Peter Lancken
Chairman

A handwritten signature in blue ink, appearing to read 'Steven Boland', written over a horizontal line.

Steven Boland
Chief Executive Officer

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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 2020, 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 2021

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Statement of Comprehensive Income

For the half-year ended 31 December 2020

In dollars

	Note	31 Dec 2020	31 Dec 2019 (Restated)
Continuing operations			
Revenue		45,393,499	36,484,322
Other income		2,687,052	1,295,848
Personnel expenses		(17,629,083)	(12,490,319)
Sub-contract labour costs		(7,735,102)	(8,839,161)
Inventory purchased, net of changes in finished goods		(9,140,461)	(5,595,318)
Depreciation		(5,354,009)	(4,249,244)
IT and telecommunication expenses		(777,344)	(564,062)
Freight costs		(779,358)	(677,012)
Property costs		(193,090)	(685,350)
Gain on fair value of derivatives		350,000	350,000
Other expenses	3	(2,886,718)	(3,177,305)
Profit before net finance costs and income tax		3,935,386	1,852,399
Finance income		-	17,183
Finance costs		(1,537,369)	(1,030,303)
Net finance costs		(1,537,369)	(1,013,120)
Profit before income tax		2,398,016	839,278
Income tax benefit/(expense)	4	(531,705)	(459,138)
Profit from continuing operations		1,866,311	380,140
Other comprehensive income			
Items that may be reclassified to profit / (loss)			
Foreign operations - foreign currency translation differences		(856)	(186)
Total comprehensive income for the year		1,865,455	379,954
Earnings per share from continuing operations			
Basic EPS (cents per share)	10	0.86	0.21
Diluted EPS (cents per share)	10	0.86	0.20

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

Statement of Financial Position

As at 31 December 2020

In dollars

	Note	31 Dec 2020	30 Jun 2020
Current assets			
Cash and cash equivalents		2,163,526	7,238,511
Trade and other receivables		14,791,407	17,014,660
Inventories		7,958,279	5,577,745
Prepayments and other assets		4,454,964	2,355,240
Assets held for sale	5	64,918	72,854
Total current assets		29,433,094	32,259,010
Non-current assets			
Property, plant and equipment		77,407,139	76,038,493
Right-of-use lease assets		30,560,302	32,393,595
Intangibles		7,428,703	7,428,704
Other assets		-	99,411
Total non-current assets		115,396,144	115,960,203
Total assets		144,829,238	148,219,213
Current liabilities			
Trade payables		17,602,817	16,234,858
Other payables	6	3,358,420	3,492,952
Financial liability		-	350,000
Employee benefits		3,772,871	4,129,727
Lease liabilities		4,138,643	3,420,761
Loans and borrowings	7	8,071,425	5,981,098
Current tax liabilities		145,660	556,301
Liabilities held for sale	5	59,984	67,317
Total current liabilities		37,149,820	34,233,014
Non-current liabilities			
Other payables	6	-	3,331,309
Employee benefits		595,571	595,571
Lease liabilities		29,155,034	30,729,513
Loans and borrowings	7	12,744,252	15,837,398
Provisions		469,274	469,274
Deferred income tax liability	8	5,113,944	4,727,900
Total non-current liabilities		48,078,075	55,690,965
Total liabilities		85,227,895	89,923,979
Net assets		59,601,343	58,295,234
Equity			
Issued capital		46,261,125	45,674,176
Reserves		2,041,627	914,264
Retained earnings		11,298,591	11,706,794
Total equity		59,601,343	58,295,234

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

Statement of Changes in Equity

For the half-year ended 31 December 2020

In dollars

	Issued capital	Share based payments reserve	Foreign currency translation reserve	Retained earnings	Total equity
Balance at 1 July 2019	34,814,339	2,006,033	56,030	10,443,796	47,320,198
Total comprehensive income for the period					
Profit for the year	-	-	-	380,140	380,140
Other comprehensive income	-	-	(186)	-	(186)
Total comprehensive income	-	-	(186)	380,140	379,954
Transactions with owners of the Group					
Shares issued under acquisition agreements	3,050,000	-	-	-	3,050,000
Shares issued under dividend reinvestment plan ("DRP")	341,661	-	-	-	341,661
Shares issued under at capital raising net of costs	4,949,090	-	-	-	4,949,090
Dividends paid to shareholders	-	-	-	(1,750,064)	(1,750,064)
Equity settled share base payments	-	892,475	-	-	892,475
Transfer of option reserves to share capital	2,493	(2,493)	-	-	-
Proceed from exercise of options	10,000	-	-	-	10,000
Total transactions with Owners of the Company	8,353,244	889,982	-	(1,750,064)	7,493,162
Balance at 31 December 2019	43,167,583	2,896,015	55,844	9,073,872	55,193,314
Balance at 30 June 2020 as previously reported	45,674,176	858,546	55,718	11,706,794	58,295,234
Total comprehensive income for the period					
Profit for the period	-	-	-	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 base payments	-	1,208,599	-	-	1,208,599
Transfer of option reserves to share capital	80,380	(80,380)	-	-	-
Proceeds 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

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

Statement of Cash Flows

For the half-year ended 31 December 2020

In dollars

	Note	31 Dec 2020	31 Dec 2019
Cash flows from operating activities			
Receipts from customers		50,096,948	43,168,745
Payments to suppliers and employees		(43,299,798)	(38,915,401)
Cash generated from operations		6,797,150	4,253,344
Significant costs - acquisition and integration related costs		(567,108)	(1,217,120)
Finance income		-	17,183
Income tax paid	8	(556,301)	-
Net cash inflow from operating activities		5,673,741	3,053,407
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		5,014,923	1,637,404
Purchase of property, plant and equipment		(6,387,879)	(4,867,033)
Consideration paid for controlled entities, net of cash acquired		-	(12,182,477)
Deferred payment on acquisitions	6	(3,567,944)	(2,250,000)
Net cash used in investing activities		(4,940,900)	(17,662,106)
Cash flows from financing activities			
Proceeds from issue of shares		-	5,200,000
Capital raising costs		-	(250,910)
Proceeds from exercise of options		107,282	10,000
Proceeds from borrowings		1,852,602	19,147,868
Repayment of borrowings		(2,855,421)	(2,482,221)
Repayment of lease liabilities		(2,456,625)	(1,819,112)
Dividends paid net of DRP shares	9	(1,875,227)	(1,408,403)
Finance costs paid		(580,424)	(927,906)
Net cash (outflow) / inflow on financing activities		(5,807,813)	17,469,316
Net (decrease)/ increase in cash and cash equivalents		(5,074,972)	2,860,617
Cash and cash equivalents at 1 July 2020		7,238,511	3,289,617
Effect of exchange rate fluctuations on cash held		(13)	1
Cash at 31 December 2020		2,163,526	6,150,235

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

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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 half-year ended 31 December 2020 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, and other construction services.

Acrow's Annual Reports for prior reporting periods should be referred to in conjunction with this report and 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 2020. This report should also be read in conjunction with any public announcement made by Acrow during the half-year ended 31 December 2020 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 2021.

(b) 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.

In particular, 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 8.

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.

(c) 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 Statement of Comprehensive Income for the half-year ended December 2019 has been restated to present revenue and expenses by nature in line with current year.

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(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 2020 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 \$1,866,311 (2019: \$380,140).

The Statement of Financial Position shows that as at 31 December 2020, current liabilities exceeded current assets by \$7,716,726 (June 2020: net current liability position of \$1,974,004) for the Group.

The increase in deficit arises due predominantly to the following:

- (i) The current loans and borrowings increased from \$5,981,098 at 30 June 2020 to \$8,071,425 as at December 2020 being an increase of \$2,090,327. In addition, lease liabilities increased from \$3,420,761 at 30 June 2020 to \$4,138,643 being an increase of \$717,882.
- (ii) Purchases of plant and equipment of \$6,387,879 during the period (\$4,867,033 in the prior comparable period) was financed through the use of cash and an increase in trade creditors. Trade creditors have increased from \$16,234,858 at 30 June 2020 to \$17,602,817 as at 31 December 2020.

The directors are confident the company has a number of alternative funding options available if required to cover the deficit including operating cash flows that will be received off the capital expenditure undertaken during the period. Total operating cash flows for the 6-month period was \$5,673,741. The group has also the ability if required to divest existing idle property plant and equipment and significantly reduce its capital expenditure. Total written down value of property plant and equipment at 31 December 2020 was \$77,407,139 and total net assets as at 31 December 2020 was \$59,601,343.

In addition, the group has access to an overdraft facility of \$1.7m that can be used for short-term working capital mismatches.

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

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3. Other expenses

In dollars

	31 Dec 2020	31 Dec 2019 (Restated)
Acquisition and integration related expenses	567,108	1,217,120
Audit, tax & legal expenses	312,824	246,197
Doubtful debts-trade	100,000	-
Insurance expenses	403,300	387,772
Motor vehicle expenses	319,919	305,549
P&E operation expenses	178,521	195,356
Travelling	104,205	287,115
Other expenses	900,841	538,196
	2,886,718	3,177,305

4. Income tax (expense)

In dollars

	31 Dec 2020	31 Dec 2019
Current income tax (expense)	(284,144)	(1,056,084)
Deferred income tax (expense)	(243,976)	596,946
Changes to estimate from prior years	(3,585)	-
Income tax (expense) attributable to profit	(531,705)	(459,138)

The prima facie tax on profit before income tax is reconciled to the income tax expense as follows:

Profit/(loss) before income tax	2,398,016	839,278
Income tax benefit / (expense) using the Company's domestic tax rate (30%)	(719,405)	(251,784)
Income tax effects of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible losses on overseas entities	72	58
Non-deductible share-based payment expense	(362,580)	(267,743)
Non-deductible acquisition expense	(31,005)	(103,055)
Non-deductible impairment expense	(8,952)	(8,891)
Other non-deductible expenses	(16,456)	288,042
Tax losses not brought to account	606,621	(240,280)
Utilization of prior year tax losses not previously recognised	-	124,515
Income tax (expense) attributable to profit	(531,705)	(459,138)

5. Assets and liabilities held for sale

In dollars

	31 Dec 2020	30 Jun 2020
Assets classified as held for sale	64,918	72,854
Liabilities classified as held for sale	59,984	67,317

Acrow continues to explore the divestment of Noble Mineral Resources Ghana Ltd, which owns the Group's exploration and evaluation assets in Ghana. The business remains non-core to the Group, has an immaterial financial and limited management impacts.

6. Other payables

In dollars

	31 Dec 2020	30 Jun 2020
Natform deferred consideration	-	2,230,661

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Uni-span deferred consideration	3,358,420	1,262,291
	3,358,420	3,492,952

Non-current

Other payables

Natform deferred consideration	-	-
Uni-span deferred consideration	-	3,331,309
	-	3,331,309

Other payables represent the present values of deferred considerations relating to the acquisitions of the Uni-span group of companies.

A second and final payment of \$2,250,000 relating to Natform acquisition was paid on 13 September 2020 to Margaret Prokop.

A deferred payment of \$1,500,000, reduced by \$182,056 adjustments relating to Uni-span acquisition was paid on 1 October 2020; a further deferred payment of \$3,500,000 is payable in September 2021 along with further adjustments which is currently valued at \$3,358,420. A contingent consideration payable in September 2021 has not been provided for as the probability is deemed low.

All Uni-span deferred considerations are recognised at the present value of future expected cash outflows, based on Acrow's incremental borrowing rate.

7. Loans and borrowings

In dollars

	31 Dec 2020	30 Jun 2020
Current	8,071,425	5,981,098
Non-current	12,744,252	15,837,398
	20,815,677	21,818,496

Borrowings are represented by the following finance facilities:

Secured amortising business loan of \$13,750,000, commenced in October 2019, maturing in 30 April 2024 (Uni-span acquisition).	11,741,000	12,602,000
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Secured amortising business loan of \$7,000,000 commenced in October 2018, maturing in 8 May 2023 (Natform acquisition).	4,226,000	4,664,000
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Equipment finance facility, revolving 3-year limit of \$5,000,000	4,406,916	4,539,975
Headroom	593,084	460,025

Working capital facility, \$3m including \$1.3m bank guarantee (2020: \$1.4m) and \$1.7m bank overdraft (2020: \$1.6m):		
Headroom	1,700,000	1,600,000

Insurance premium funding	441,761	12,521
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Borrowings utilised	20,815,677	21,818,496
Headroom	2,293,084	2,060,025
Total borrowings	23,108,761	23,878,521

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

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Interest rates on secured amortised business loans are variable and dependent on prevailing market rates and bank margins.

The maturity date of the two secured business loans includes an extension of 6 months (from April to September 2020) agreed to by our banker as part of our response to the Covid-19 response. Repayments have resumed since at the pre-COVID-19 level.

All borrowing costs incurred in the year have been expensed.

8. Deferred income tax

In dollars

31 Dec 2020 30 Jun 2020

Deferred income tax liability movement during the year:

Opening balance at 1 July	4,727,900	1,683,999
The balance comprises temporary differences attributed to:		
Recognised in business combination	-	3,385,694
Accruals	(6,510)	(850,759)
Property, plant and equipment	217,356	(204,448)
Provisions	36,715	2,053,004
Revenue tax loss	138,483	(1,318,500)
Recognised in equity	-	(21,090)
Closing balance at 31 Dec 2020	5,113,944	4,727,900

Income tax liabilities

Current tax liabilities	145,660	-
Unpaid tax liabilities	-	556,301

Unrecognised deferred tax assets

Deferred tax assets not recognised for the following items:

Revenue tax losses	13,310,532	12,877,219
Capital losses	202,441	674,802
Temporary differences	(4,483,274)	(4,592,901)
	9,029,699	8,959,120

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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9. Issued capital

	31 Dec 2020	30 Jun 2020
Number of shares		
On issue of 1 July	216,039,534	175,006,455
Issue of shares (i)	1,159,290	1,087,746
	217,198,824	176,094,201
Shares issued at Uni-span acquisition	-	10,000,000
	217,198,824	186,094,201
Issue of shares for cash	-	17,333,333
	217,198,824	203,427,534
Shares issued through conversion of performance rights	-	12,375,000
	217,198,824	215,802,534
Exercise of share options (ii)	780,767	237,000
	217,979,591	216,039,534

(i) 1,159,290 shares were issued at 34.44 cents per share following the dividend declaration on 29 August 2020 pursuant to the Dividend Reinvestment Plan (DRP);

(ii) 780,767 shares were issued on the exercise of 780,767 options, 241,733 options were forfeited in lieu of the 20 cents per share consideration.

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.

Options

On 31 July 2020 15,108,000 Performance Rights were issued in four tranches, each with Earnings Per Share or Total Shareholder Return performance vesting conditions. Two tranches vest each at the end of the financials years 2021 and 2022. If the vesting conditions are met, each Performance Right can be exercised into one Fully Paid Ordinary Share at the holder's discretion until the expiry date of 31 July 2035. The Performance Rights were issued to employees of the Company under the Company's Rights Plan and form part of the Long-Term Variable Remuneration of the employees. A further issue of 2,204,000 options under the same scheme, to Steven Boland (CEO) were given approval at the Annual General Meeting on 24 November 2020.

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 year:

<i>In dollars</i>	31 Dec 2020	31 Dec 2019
Dividends on ordinary shares declared and paid:		
Final dividend in respect of the previous reporting period:		
FY20: 1.05 cent per share (FY19: 1.0 cent per share)		
- Paid in cash	1,875,227	1,408,676
- Paid via DRP	399,287	341,661
	2,274,514	1,750,337

A final franked dividend of \$2,274,514 for the year ended 30 June 2020 was paid on 13 November 2020 at 1.05 cent per share, with \$399,287 worth of new shares issued as part of the DRP.

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Subsequent to the balance date, the Directors declared a dividend of 0.75 cents per share fully franked on 22 February 2021.

Franking credit balance at 31 December 2020 was \$3,321,795 (30 June 2020: \$3,016,901).

10. 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:

<i>In dollars</i>	31 Dec 2020	31 Dec 2019
Earnings reconciliation		(Restated)
Profit excluding significant items	3,671,620	2,139,735
Net share-based payments and significant items*	(1,805,309)	(1,759,595)
Net profit after tax	1,866,311	380,140
* Dec-19 recalculated to exclude the net impact of IFRS 16 adoption so that Profit excluding significant items are comparable		
Number of ordinary shares:		
Weighted average number of ordinary shares used in the calculation of basic EPS	216,674,735	180,482,312
Weighted average number of ordinary shares used in the calculation of diluted EPS	217,964,456	193,201,921
Basic EPS excluding significant items (cents per share)	1.69	1.19
Diluted EPS excluding significant items (cents per share)	1.68	1.11
Basic EPS (cents per share)	0.86	0.21
Diluted EPS (cents per share)	0.86	0.20

11. Group entities

The 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.

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

12. 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 5.

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 2020

<i>In dollars</i>	Formwork and construction services	Mineral exploration	Total
Hire of equipment	20,060,684	-	20,060,684
Provision of labour and contracting services	12,750,787	-	12,750,787
Other hardware sales	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)
Finance costs	(1,537,369)	-	(1,537,369)
Profit before income tax			2,398,016
Income tax expense	(531,705)	-	(531,705)
Profit after income tax			1,866,311
Other material items:			
Goodwill on acquisition	7,428,703	-	7,428,703
Capital expenditure	6,387,878	-	6,387,878
Depreciation and amortisation	2,775,530	-	2,775,530
Segment assets	144,764,320	64,918	144,829,238
Segment liabilities	84,845,415	382,481	85,227,895

Segment Information as at 31 Dec 2019

<i>In dollars</i>	Formwork and construction services	Mineral exploration	Total
Hire of equipment	17,471,637	-	17,471,637
Provision of labour and contracting services	10,470,982	-	10,470,982
Other hardware sales	8,541,702	-	8,541,702
Other income	1,295,848	-	1,295,848

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Segment revenue	37,780,170	-	37,780,170
Segment operating profit	3,228,191	(30,073)	3,198,118
Unallocated corporate overhead costs	-	-	(1,344,607)
Finance costs	(1,014,233)	-	(1,014,233)
Profit before income tax			839,278
Income tax expense	(459,138)	-	(459,138)
Profit after income tax			380,140
Other material items:			
Goodwill on acquisition	7,301,902	-	7,301,902
Capital expenditure	4,867,033	-	4,867,033
Depreciation and amortisation	2,460,907	-	2,460,907
Segment assets	128,418,080	71,367	128,489,447
Segment liabilities	72,944,333	351,800	73,296,133

Geographical information

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

13. Subsequent events

An equipment finance loan of \$729,772 was drawn on 31 January 2021 repayable in full by 31 December 2023.

On 22 February 2021, the Directors declared a franked dividend of 0.75 cents per share to be paid on Friday 14 May 2021. 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 2020.

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.

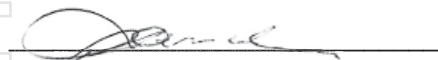
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Directors' Declaration

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

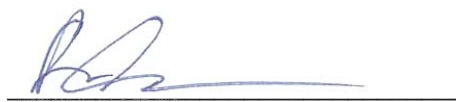
- (a) the consolidated interim financial statements and notes are in accordance with the Corporations Act 2001, including:
 - i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the financial year ended on that date; and
 - ii) complying 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

Sydney
22 February 2021



Steven Boland
Director, Chief Executive Officer

Independent Auditor's 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 2020, 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, nothing has come to our attention that causes us to believe that the half-year financial report of Acrow Formwork and Construction Services Limited does not give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the half-year ended on that date, in accordance with the *Corporations Act 2001*, including complying with Accounting Standard AASB 134 *Interim Financial Reporting*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of Financial Report Performance 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 2020 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*. As the auditor of Acrow Formwork and Construction Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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 2021