



Acrow Formwork and  
Constructions Services Limited  
ABN 36 124 893 465

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## APPENDIX 4D

Half Yearly Report  
As at 31 December 2018

## Acrow Formwork and Construction Services Limited

ABN 36 124 893 465

### Details of Reporting Period

Reporting Period 6 months ended 31 December 2018  
Previous Reporting Period 6 months ended 31 December 2017

### Results for announcement to the market

	2018 <i>dollars</i>	2017 <i>dollars</i>	% change
Revenue	35,958,214	Nil	Not meaningful
Net profit after tax from ordinary activities attributable to members	3,357,289	(336,996)	Up 1096%
Significant costs – acquisition and integration costs	389,516		
Net profit after tax from ordinary activities excluding significant costs	3,746,805	(336,996)	Up 1212%
	<i>Cents</i>	<i>Cents</i>	
Basic earnings per share (cents)	1.98	(2.00)	Up 199%
Diluted earnings per share (cents)	1.95	(2.00)	Up 198%
Basic earnings per share (cents) excluding significant costs	2.21	(2.00)	Up 210%
Diluted earnings per share (cents) excluding significant costs	2.18	(2.00)	Up 209%
Net tangible asset per share (cents)	22.79	2.13	Up 968%

Dividend distributions	Amount per security (cents)
Interim dividend per share (cents) – 100% unfranked	1.0
Record date for determining entitlements to the dividend	Thursday, 21 March 2019
Dividend payment date	Friday, 12 April 2019
Dividend Reinvestment Plan is in place, last date for election to participate	Friday, 22 March 2019
The Company paid a final dividend for the year ended 30 June 2018 – 100% unfranked on the 22 October 2018	0.5

The above information is based on the Interim financial report which has been reviewed by KPMG 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 for the  
half-year ended  
31 December 2018

## 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 2018 and the auditor's review report thereon.

### DIRECTORS

The directors of the Company at any time during or since the end of the financial year are:

Peter Lancken (Chairman)	Appointed 27 March 2018
Steven Boland (Chief Executive Officer)	Appointed 27 March 2018
Michael Hill	Appointed 27 March 2018
Gregg Taylor	Appointed 11 August 2017
Joshua May	Appointed 27 March 2018
Margaret Prokop	Appointed 31 August 2018

### PRINCIPAL ACTIVITIES

Acrow operates in the Australian construction services industry, hiring formwork, falsework and scaffolding and undertaking sales of certain formwork equipment and consumables.

The Formwork operation involves the supply of the temporary mould that supports concrete structures in their construction. Scaffolding involves the supply of access solutions to builders and building contractors when working at heights.

### OPERATING AND FINANCIAL REVIEW

The Group performed strongly for the 6 months to 31 December 2018, with the inclusion of 4 months of the recently acquired Natform business. As the Acrow business was acquired by the Company on 27 March 2018 the review of operations has compared the current period results to the acquired business results in the comparative period, which is different to the statutory comparative period results. Highlights included:

- Revenue and other income of \$36.0m (an increase of 7% on 1H18)
- Formwork Hire Revenue of \$10.4m (an increase of 48% on 1H18)
- Sales Contribution of \$21.6m and Sales Contribution Margin of 60.1%. Result driven by a favourable revenue mix due to higher margin Formwork Hire and the contribution of Natform
- Underlying EBITDA of \$6.7m (+33% on 1H18) and Underlying EBITDA margin of 18.6% (up from 15.0% in 1H18)
- Strong operating cash flow of \$5.5m (cash conversion of c. 83%)
- Net debt of \$2.5M with a new \$15M Westpac facility

A summary of the Underlying Group EBITDA is provided in the below table:

HY/E 31 Dec, A\$'000	1HY18	2HY18	HY19
<b>Summary P&amp;L</b>			
Formwork Hire	6,992	8,591	10,382
Scaffold Hire	7,922	6,375	5,262
Residential	4,001	3,680	4,172
Labour & Cartage	7,434	6,209	8,005
Other	7,259	6,878	8,137
<b>Total Revenue and Other Income</b>	<b>33,608</b>	<b>31,733</b>	<b>35,958</b>
Formwork Hire	6,992	8,591	10,382
Scaffold Hire	7,922	6,375	5,262
Residential	1,690	1,694	1,815
Labour & Cartage	1,064	1,064	1,435
Other	1,925	2,014	2,732
<b>Total Contribution</b>	<b>19,593</b>	<b>19,738</b>	<b>21,626</b>
<i>Contribution Margin</i>	58.3%	62.2%	60.1%
Yard Related Expenses	6,032	6,128	6,393
Labour	6,145	6,370	6,793
Other	2,373	1,747	1,728
<b>Total Overheads</b>	<b>14,550</b>	<b>14,245</b>	<b>14,914</b>
Significant Items	-	536	389
<b>Reported EBITDA<sup>(1)</sup></b>	<b>5,042</b>	<b>4,958</b>	<b>6,320</b>
<b>Underlying EBITDA<sup>(1)</sup></b>	<b>5,042</b>	<b>5,494</b>	<b>6,736</b>
<i>Margin</i>	15.0%	17.3%	18.7%

(1) EBITDA is a non-statutory disclosure that is calculated as earnings before interest, tax, depreciation, amortisation and share based payments expense. Underlying EBITDA excludes significant items.

## DIVIDENDS

The Company paid a 0.5 cent unfranked dividend per share in respect of the financial year ended 30 June 2018, amounting to \$864,997 on 22 October 2018.

Since the end of half-year, the directors declared an interim unfranked dividend of 1.0 cent per share to be paid Friday 12 April 2019. Dividend Reinvestment Plan is available for election. The interim dividend has not been provided for in this financial report as it was not declared until after 31 December 2018.

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 31 August 2018 the Group acquired 100% of Natform Pty Ltd and Natform (QLD) Pty Ltd, a provider of screen-based formwork systems which support the construction of commercial and residential high-rise buildings and civil infrastructure in the NSW, ACT and Queensland markets.

The acquisition was financed through the issue of 10,000,000 shares in Acrow Formwork and Construction Services Limited, \$7,000,000 of debt and existing cash reserves. Two additional instalments of \$2,225,000 are payable in September 2019 and 2020 and a further \$2,000,000 is payable if certain performance targets are met.

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

## **EVENTS SUBSEQUENT TO THE REPORTING DATE**

Subsequent to 31 December 2018, the directors have declared an unfranked dividend of 1.0 cent per share on 26 February 2019.

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 5 and forms part of the Directors' report for the period ended 31 December 2018.

Dated at Sydney this 26<sup>th</sup> February 2019.

Signed in accordance with a resolution of the directors:



Peter Lancken  
Chairman



Steven Boland  
Chief Executive Officer



# Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Acrow Formwork and Construction Services Pty Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Acrow Formwork and Construction Services Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Greg Boyde'.

KPMG

A handwritten signature in blue ink, appearing to read 'Greg Boyde'.

Greg Boyde  
Partner

Sydney  
26 February 2019

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Consolidated statement of comprehensive income

For the half-year ended 31 December 2018

<i>In dollars</i>	<b>Note</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
Revenue	11	35,765,807	-
Other income		192,407	-
Personnel expenses		(10,739,724)	(42,150)
Sub-contract labour costs		(8,925,999)	-
Inventory purchased, net of changes in finished goods		(5,404,620)	-
Property costs		(2,023,180)	-
Depreciation		(1,449,624)	-
Other expenses	2	(3,089,094)	(295,690)
<b>Results from operating activities</b>		<b>4,325,973</b>	<b>(337,840)</b>
Finance income		8,045	844
Finance cost		(653,806)	-
<b>Net finance income/(expense)</b>		<b>(645,761)</b>	<b>844</b>
<b>Profit/(loss) before income tax</b>		<b>3,680,212</b>	<b>(336,996)</b>
Income tax expense	3	(322,923)	-
<b>Profit/(loss) for the period</b>		<b>3,357,289</b>	<b>(336,996)</b>
<b>Other comprehensive income</b>			
<i>Items that may subsequently be reclassified to profit or loss</i>			
Foreign operations - foreign currency translation differences		33	194
<b>Total comprehensive income for the half-year</b>		<b>3,357,322</b>	<b>(336,802)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings / (loss) per share (cents)	9	1.98	(2.00)
Diluted earnings / (loss) per share (cents)	9	1.95	(2.00)

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

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Consolidated statement of financial position

As at 31 December 2018

<i>In dollars</i>	<b>Note</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
<b>Assets</b>			
Cash and cash equivalents		4,478,917	4,917,837
Other financial assets		-	491,827
Receivables		11,842,659	10,548,983
Inventories		2,960,500	2,111,446
Prepayments and other assets		972,091	125,106
Assets held for sale	4	70,842	67,650
<b>Total current assets</b>		<b>20,325,009</b>	<b>18,262,849</b>
Other financial assets		-	311,583
Intangibles		7,216,272	-
Property, plant & equipment		44,928,001	31,710,998
<b>Total non-current assets</b>		<b>52,144,273</b>	<b>32,022,581</b>
<b>Total assets</b>		<b>72,469,282</b>	<b>50,285,430</b>
<b>Liabilities</b>			
Trade payables		8,074,823	7,298,117
Other payables	5	2,178,257	-
Employee benefits		2,873,822	3,095,040
Borrowings	6	1,971,190	-
Current tax liabilities		714,329	-
Liabilities held for sale	4	70,319	62,508
<b>Total current liabilities</b>		<b>15,882,740</b>	<b>10,455,665</b>
Other payables	5	2,077,351	-
Employee benefits		402,285	331,597
Borrowings	6	5,102,000	-
Provisions		452,474	452,474
Deferred tax liabilities		1,820,439	-
<b>Total non-current liabilities</b>		<b>9,854,549</b>	<b>784,071</b>
<b>Total liabilities</b>		<b>25,737,289</b>	<b>11,239,736</b>
<b>Net assets</b>		<b>46,731,993</b>	<b>39,045,694</b>
Share capital		34,320,041	29,377,927
Reserves		1,250,598	679,297
Retained earnings		11,161,354	8,988,470
<b>Total equity</b>		<b>46,731,993</b>	<b>39,045,694</b>

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



Acrow Formwork and Construction Services Limited  
Interim financial report

Consolidated statement of changes in equity

For the half-year ended 31 December 2018

	Share Capital	Share Based Payments Reserve	Foreign Currency Translation Reserve	Retained Earnings / (Accumulated Losses)	Total Equity
<i>In dollars</i>					
Balance at 1 July 2017	1,865,819	66,502	56,325	(1,522,188)	466,458
<b>Total comprehensive income for the period</b>					
(Loss) for the period	-	-	-	(336,996)	(336,996)
Other comprehensive income	-	-	194	-	194
Total comprehensive income	-	-	194	(336,996)	(336,802)
<b>Transactions with owners of the Company</b>					
Issue of share capital	200,000	-	-	-	200,000
Equity settled share based payments	-	31,654	-	-	31,654
Balance at 31 December 2017	<b>2,065,819</b>	<b>98,156</b>	<b>56,519</b>	<b>(1,859,184)</b>	<b>361,310</b>
Balance at 30 June 2018 as previously reported	29,377,927	623,011	56,286	8,988,470	39,045,694
Adjustment from adoption of AASB 9 net of tax	-	-	-	(319,408)	(319,408)
Restated balance at 1 July 2018	29,377,927	623,011	56,286	8,669,062	38,726,286
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	3,357,289	3,357,289
Other comprehensive income	-	-	33	-	33
Total comprehensive income	-	-	33	3,357,289	3,357,322
<b>Transactions with owners of the Company</b>					
Issue of share capital, net of costs	4,942,114	-	-	-	4,942,114
Dividends paid to shareholders	-	-	-	(864,997)	(864,997)
Equity settled share based payments	-	571,268	-	-	571,268
Balance at 31 December 2018	<b>34,320,041</b>	<b>1,194,279</b>	<b>56,319</b>	<b>11,161,354</b>	<b>46,731,993</b>

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

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Consolidated statement of cash flow

For the half-year ended 31 December 2018

*In dollars*

	Note	31 Dec 2018	31 Dec 2017
<b>Cash flows from operating activities</b>			
Receipts from customers		34,576,625	-
Payments to suppliers and employees		(29,096,153)	(136,068)
Cash generated from operations		5,480,472	(136,068)
Acquisition and integration costs paid		(389,516)	-
Finance income		8,045	844
<b>Net cash from operating activities</b>		<b>5,099,001</b>	<b>(135,224)</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		962,809	-
Purchase of property, plant and equipment		(5,586,962)	-
Consideration paid for controlled entities, net of cash acquired	10	(6,729,486)	-
<b>Net cash used in investing activities</b>		<b>(11,353,639)</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares		192,114	200,000
Proceeds from borrowings		7,219,190	-
Repayment of borrowings		(146,000)	-
Dividends paid		(864,997)	-
Finance costs paid		(584,601)	-
<b>Net cash used in financing activities</b>		<b>5,815,706</b>	<b>200,000</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(438,932)</b>	<b>64,776</b>
Effect of exchange rate fluctuations on cash held		12	1,093
Cash and cash equivalents at 1 July 2018		4,917,837	480,720
<b>Cash and cash equivalents at 31 Dec 2018</b>		<b>4,478,917</b>	<b>546,589</b>

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. General

##### (a) Reporting entity

Acrow Formwork and Construction Services Limited (Acrow or the Company) is a limited company whose shares are quoted on the Australian Securities Exchange under the issuer code "ACF". The consolidated financial statements of Acrow for the half-year ended 31 December 2018 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 formwork and construction related services. Acrow's Consolidated Annual Financial Report as at and for the year ended 30 June 2018 is available upon request from the Company's registered office at Level 29, 201 Elizabeth Street, Sydney NSW Australia 2000 or at [www.acrow.com.au](http://www.acrow.com.au).

##### (b) Basis of preparation

The consolidated 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.

The consolidated interim financial 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 2018. This report should also be read in conjunction with any public announcement made by Acrow during the half-year ended 31 December 2018 in accordance with continuous disclosure obligations arising under the Corporations Act 2001.

The consolidated interim financial report was authorised for issue by the Board of Directors on 26 February 2019.

Following the acquisition of Natform Pty Limited and Natform (QLD) Pty Limited on 31 August 2018, the consolidated interim financial statements include those subsidiaries results from 1 September 2018 to 31 December 2018.

##### (c) Significant accounting policies

The accounting policies applied by Acrow in this consolidated interim financial report are the same as those applied by the Company in the Annual Financial Report as at and for the year ended 30 June 2018.

This is the first set of the Group's financial statements where AASB9 Financial Instruments and AASB15 Revenue from Contract with Customers have been applied. Changes to significant accounting policies are set out in note 12.

##### (d) Use of estimates and judgements

The preparation of 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.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those described in the 30 June 2018 Annual Financial Report, except for new significant judgements and key sources of estimation uncertainty related to acquisition accounting, which is described in note 10.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements

#### 1. General (continued)

##### (e) Financial risk management

The Group's approach to financial risk management is consistent with that disclosed in the Annual Financial Report for the year ended 30 June 2018.

The Group's borrowings are held at amortised cost, with their fair values best approximated to the principal amount drawn down as disclosed in note 6.

##### *Fair value hierarchy*

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

Fair value inputs are summarised as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of financial instruments that are not traded in a an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and apply as little as possible on entity specific estimates. If all significant inputs required to fair value as instrument are observable, the instrument is included in level 2.

Level 3: If significant inputs are not based on observable market data, the instrument is included in level 3.

The following assets and liabilities are measured at fair value:

	Fair value hierarchy	Valuation technique
Derivatives	Level 2	Calculated as the present value of estimated future cash flows using a market based yield curve sourced from available market data quoted for all major interest rates.

At interim reporting date, derivative financial instruments continue to be carried at fair value, and trade receivables and payables carrying values continue to approximate their fair value due to their short-term nature.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

<b>2. Other expenses</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<i>In dollars</i>		
Significant item – acquisition and integration costs	389,516	-
Freight costs	320,751	-
Motor vehicle expenses	447,651	-
IT and telecommunication expenses	430,655	-
Insurance expenses	314,211	-
Other	1,186,310	295,690
	<b>3,089,094</b>	<b>295,690</b>
<b>3. Income tax (expense)/benefit</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<i>In dollars</i>		
Profit/(loss) before income tax	3,680,212	(336,996)
Income tax (expense)/benefit using the Company's domestic tax rate (30%)	(1,104,064)	101,099
Tax effect of amounts which are non-deductible/(taxable) in calculating taxable income		
Non-taxable income	225,116	-
Non-deductible expenses	(282,953)	-
Tax losses not brought to account	-	(101,099)
Recognition of tax losses not previously brought to account	838,978	-
Income tax (expense)	<b>(322,923)</b>	<b>-</b>
<b>Assets and liabilities held for sale</b>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<i>In dollars</i>		
<b>4. Assets classified as held for sale</b>	70,842	67,650
Liabilities classified as held for sale	70,319	62,508

On 21 March 2018, the Group entered into a conditional binding option agreement with AusGold Ghana Limited, an unlisted Ghanaian company, under which the Group has granted an option to AusGold to acquire a 100% legal and beneficial interest in Acrow's wholly owned subsidiary, Noble Mineral Resources Ghana Ltd, which owns the Group's exploration and evaluation assets in Ghana. The option has since expired in November 2018, however the Board is still working towards a successful sale and anticipates that a sale will be achieved by end of this financial year.

<b>5. Other payables</b>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
<i>In dollars</i>		
Current	2,178,257	-
Non-current	2,077,351	-
	<b>4,255,608</b>	<b>-</b>

Two equal payments in respect of the acquisition of Natform of \$2,250,000 are due on 7 September 2019 and 7 September 2020. The present value of these future expected cash flows have been based on a discount rate of 4.9%.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 6. Borrowings

<i>In dollars</i>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
Current	1,971,190	-
Non-current	5,102,000	-
	<b>7,073,190</b>	<b>-</b>

The Group entered into a \$15,000,000 secured loan agreement in October 2018 for a period of 4 years. The facility consists of four sub-facilities; a \$7,000,000 business loan paying variable rates (balance of \$6,854,000 at 31 December 2018) with a monthly principal repayment obligation of \$146,000; a \$5,000,000 revolving equipment finance facility and a \$3,000,000 flexible working capital / overdraft facility, neither of which had been drawn upon at balance date. The loans are secured by interlocking guarantees across all Group companies. Interest on the facilities is variable and charged at the prevailing market rates, being 4.93% at 31 December 2018.

Unsecured loans on insurance premiums of \$219,190 are charged at rates between 2.0% to 3.4% and expire in April 2019.

#### 7. Unrecognised deferred tax assets and liabilities

<i>In dollars</i>	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
Deferred tax assets have not been recognised in respect of the following items:		
Revenue tax losses	13,846,821	13,083,920
Capital losses	202,441	202,441
Temporary differences	(2,071,862)	(1,088,873)
	<b>11,977,400</b>	<b>12,197,488</b>

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 entities within the Group 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 Group has \$2,673,071 in available franking credits at 31 December 2018 (2017: nil).

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 8. Share capital

	31 Dec 2018	30 Jun 2018
<b>Number of shares</b>		
On issue of 1 July	162,982,615	338,328,147
Issue of shares for cash (i)	10,380,348	-
	<hr/>	<hr/>
	173,362,963	338,328,147
Share consolidation (ii)	-	(321,411,654)
	<hr/>	<hr/>
	173,362,963	16,916,493
Issue of shares for cash (iii)	-	136,000,000
	<hr/>	<hr/>
	173,362,963	152,916,493
Issue of shares in exchange for debt (iv)	-	6,316,122
Exercise of share options (v)	-	3,750,000
	<hr/>	<hr/>
	<b>173,362,963</b>	<b>162,982,615</b>

- (i) 10,000,000 shares under 12 month escrow were issued on 31 August 2018 to as part of the consideration for the acquisition of the Natform companies at \$0.475 fair value per share; 380,348 shares were issued at \$0.51 per share following the dividend declaration on 28 August 2018 pursuant to the Dividend Reinvestment Plan (DRP);
- (ii) Consolidation of shares on 22 March 2018 at a conversion rate of 20:1;
- (iii) 136,000,000 shares were issued on 27 March 2018 at \$0.20 per share;
- (iv) 6,316,000 shares were issued at \$0.20 per share to extinguish existing debt; and
- (v) 3,750,000 options (post share consolidation) were exercised at \$0.20 per share.

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 Company.

#### Dividends

A final unfranked dividend of \$864,997 for the year ended 30 June 2018 was paid on 22 October 2018 at 0.5 cents per share, with 380,348 new shares issued as part of the DRP.

#### 9. Earnings per share

Basic EPS is calculated by dividing profit for the period attributable to ordinary equity holders of the Company 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 Group 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.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 9. Earnings per share (continued)

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

<i>In dollars</i>	<b>31 Dec 2018</b>	<b>31 Dec 2017</b>
<b>Earnings reconciliation</b>		
Profit excluding significant items	3,746,805	(336,996)
Net significant items	(389,516)	-
Net profit	<b>3,357,289</b>	<b>(336,996)</b>
	<b>Number of shares</b>	
<b>Number of ordinary shares</b>		
Weighted average number of ordinary shares used in the calculation of basic EPS	169,814,162	16,641,682
Weighted average number of ordinary shares used in the calculation of dilutive EPS	171,989,076	16,641,682
	<b>Cents</b>	<b>Cents</b>
Basic EPS excluding significant items (cents per share)	2.21	(2.00)
Diluted EPS excluding significant items (cents per share)	2.18	(2.00)
Basic earnings / (loss) per share (cents)	1.98	(2.00)
Diluted earnings / (loss) per share (cents)	1.95	(2.00)

#### 10. Acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd

On 31 August 2018 Acrow acquired 100% of the issued shares of Natform Pty Ltd and Natform (QLD) Pty Ltd (collectively Natform). Natform is a supplier of screen-based formwork systems which support the construction of commercial and residential high rise buildings and civil infrastructure across the NSW, ACT and QLD markets.

The consideration comprised of \$7,105,341 in cash, 10,000,000 Acrow shares valued at \$0.475 each, escrowed for 12 months from 31 August 2018, two instalments of deferred consideration of \$2,225,000 due on 7 September 2019 and 7 September 2020 respectively, and contingent payments of \$1,000,000 cash or an equivalent number of shares based on a price of \$0.40 per share should Natform EBITDA reach \$4,600,000 between 1 September 2018 and 31 August 2019 and a further \$1,000,000 cash or an equivalent number of shares based on a price of \$0.60 per share should EBITDA reach \$5,000,000 between 1 September 2019 and 31 August 2020. As the contingent consideration EBITDA target was not considered probable, no amounts have been included in the consideration.

The following table represents the preliminary amounts recognised for assets acquired and liabilities assumed at the date of acquisition. The fair value assessment is still in progress with any revisions to be reflected as an adjustment to goodwill up to 12 months following the acquisition date of 31 August 2018.



# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 10. Acquisition of Natform Pty Ltd and Natform (QLD) Pty Ltd (continued)

##### Natform Pty Ltd and Natform (QLD) Pty Ltd

<i>In dollars</i>	<b>\$</b>
<b>Assets</b>	
Cash and cash equivalents	375,854
Receivables	1,194,304
Inventory	346,987
Property, plant and equipment	9,505,123
Other	368,841
<b>Total assets</b>	<b>11,791,109</b>
<b>Liabilities</b>	
Trade and other payables	257,347
Provisions	496,444
Provision for income tax	166,971
Deferred tax liabilities	2,044,875
<b>Total liabilities</b>	<b>2,965,637</b>
<b>Net assets</b>	<b>8,825,472</b>
Preliminary goodwill on acquisition	7,216,272
<b>Purchase consideration transferred</b>	<b>16,041,744</b>

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

<b>Asset acquired</b>	<b>Valuation technique</b>
Hire equipment	Depreciated replacement cost as determined by Acrow's management following a self-assessment. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

#### 11. Operating segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the executive management team (the chief operating decision makers) in assessing performance and in determining the allocation of resources.

The Group has the following segments:

- Formwork and Construction Services: the provision of formwork, scaffolding and related materials for hire and sales; and
- Mineral exploration activities.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 11. Operating segments (continued)

##### Segment information as at 31 Dec 2018

<i>In dollars</i>	<b>Formwork &amp; Construction</b>	<b>Mineral Exploration</b>	<b>Total</b>
Hire of equipment, provision of labour and contracting services	27,820,678	-	27,820,678
Sale of goods	7,945,129	-	7,945,129
<b>Segment revenue</b>	<b>35,765,807</b>	<b>-</b>	<b>35,765,807</b>
Segment operating profit	5,483,333	(29,420)	5,453,913
Unallocated corporate overhead costs			(1,127,940)
Net finance costs			(645,761)
<b>Profit before income tax</b>			<b>3,680,212</b>
<b>Segment assets</b>	<b>72,398,196</b>	<b>71,085</b>	<b>72,469,282</b>
<b>Segment liabilities</b>	<b>25,455,426</b>	<b>281,863</b>	<b>25,737,289</b>

##### Segment information as at 31 Dec 2017

<i>In dollars</i>	<b>Formwork &amp; Construction</b>	<b>Mineral Exploration</b>	<b>Total</b>
<b>Segment revenue</b>		-	-
Segment operating profit	-	(27,775)	(27,775)
Unallocated corporate overhead costs			(310,065)
Net finance costs			844
<b>Profit before income tax</b>			<b>(336,996)</b>
<b>Segment assets</b>	<b>-</b>	<b>620,164</b>	<b>620,164</b>
<b>Segment liabilities</b>	<b>-</b>	<b>258,854</b>	<b>258,854</b>

#### 12 Adoption of new accounting standards and interpretations

New and amended accounting standards relevant to the Group as well as their impact on the Group's consolidated interim financial statements that are effective for the period are as follows:

##### (a) AASB 9 Financial instruments

AASB 9 replaces the 'incurred loss' model in AASB 139 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the Group's receivables which continue to be measured at amortised cost. On transition to AASB 9, the new impairment model decreased the Group's equity by \$319,408 at 1 July 2018.

At each reporting period, the Group assesses whether financial assets carried at amortised cost are 'credit-impaired'. A financial asset is 'credit-impaired' when one or more events that has a detrimental impact on the estimated future cash flows of the financial asset have occurred.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Notes to the financial statements (continued)

#### 12 Adoption of new accounting standards and interpretations (continued)

##### (a) AASB 9 Financial instruments (continued)

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of the trade receivables and are a probability-weighted estimate of credit losses. Credit losses are measured as the difference between cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.

##### (b) AASB 15 Revenue from Contracts with Customers

AASB 15 applies to all contracts with customers to deliver goods or services as part of the entity's ordinary course of business excluding insurance contracts, financial instruments and leases which are addressed by other standards. It replaces existing revenue recognition guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*.

AASB 15 replaces the consideration of risks and rewards under AASB 118 to the concept of when control passes to the customer as the trigger point for the recognition of revenue.

The adoption of AASB 15 has resulted in no impact on the Group's previously reported financial position.

#### 13. Subsequent events

##### *Dividends*

On 26 February 2019 the Directors declared an unfranked dividend of 1.0 cent per share to be paid on Thursday 21 April 2019.

Acrow has drawn down an amount of \$579,252 on the Equipment Finance facility on 31 January 2019.

Other than the above matters there has not otherwise arisen between the end of the interim 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.

# Acrow Formwork and Construction Services Limited

## Interim financial report

### Directors' Declaration

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

- (a) the consolidated interim financial statements and notes that 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 2018 and of its performance, for the period 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 Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



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Peter Lancken  
Chairman



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Steven Boland  
Director, Chief Executive Officer

Sydney  
26 February 2019



# Independent Auditor's Review Report

To the shareholders of Acrow Formwork and Construction Services Limited

## Conclusion

We have reviewed the accompanying **Interim Financial Report** of Acrow Formwork and Construction Services Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Acrow Formwork and Construction Services Limited 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 2018 and of its performance for the **half-year** ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The **Interim Financial Report** comprises the:

- Consolidated statement of financial position as at 31 December 2018;
- 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;
- Notes comprising a summary of significant accounting policies and other explanatory information; and
- Directors' Declaration.

The **Group** comprises Acrow Formwork and Construction Services Limited (the Company) and the entities it controlled at the half year's end or from time to time during the half-year.

The **half-year** is the 6 months ended 31 December 2018.

## Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.



## Auditor's responsibility for the review of the Interim Financial Report

Our responsibility is to express a conclusion on the Interim 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 Interim 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 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As 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 an Interim 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

  
Greg Boyde  
Partner

Sydney  
26 February 2019