

# **Ventia Services Group Pty Limited**

ABN 53 603 253 541

## **Financial report for the year ended 31 December 2020**

**Ventia Services Group Pty Limited**  
**Contents**  
**For the year ended 31 December 2020**

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## Directors' Report

The Directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group') consisting of Ventia Services Group Pty Limited (referred to hereafter as the 'Company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2020.

### Directors

The following persons held office as Directors of the Company during the financial year and up to the date of this report:

Mr David Kenneth Hunter Moffatt  
Mr Kevin Edward Crowe  
Mr Robert Brian Cotterill  
Mr Steve Martinez  
Mr Stefan Camphausen (resigned on 11 February 2021)  
Mr Marc Alexander Casal (Alternate Director)  
Mr Trevor Mills (Alternate Director)  
Ms Miryam Meza (appointed on 19 November 2020)  
Mr Michael Cooper (Alternate Director; appointed on 19 November 2020)  
Mr Ignacio Segura Surinach (appointed on 2 March 2021)

### Principal activities

Ventia Services Group Pty Limited (Ventia) is one of the largest essential services providers in Australia and New Zealand. Ventia organises its operations into four sectors as follows:

- Defence & Social Infrastructure provides a comprehensive range of services including facilities management, asset management, operations support and maintenance services primarily for government agencies associated with defence, justice, public housing, health, education and local governments.
- Infrastructure Services provides owners and operators of critical infrastructure, including those in the power, water, industrial and resources industries with operations and maintenance, capital works, environmental services and remediation works.
- Telecommunications provides public and private clients with end-to-end telecommunication services spanning design, supply, construction, installation, commissioning and maintenance of network infrastructure.
- Transport provides owners and operators of essential road, motorway and tunnel, and rail networks with integrated operations and maintenance services, project delivery and technology solutions.

The acquisition of Ferrovial Services Australia Pty Ltd on 30 June 2020 (see Significant changes in the state of affairs below), expanded the sector coverage of the Group into the defence, resources and social infrastructure sectors.

Other than as noted above, there were no significant changes in the nature of the activities of the Group during the year.

### Dividends

No dividends have been declared during the year (2019: \$82,879,483). Dividend payments of \$4,875,747 were paid during the year (2019: \$78,003,736).

### Significant changes in the state of affairs

On 30 June 2020, Ventia Holdings I Pty Limited (a controlled entity of Ventia Services Group Pty Limited) acquired the entire share capital of Ferrovial Services Australia Pty Ltd from Ferrovial S.A. (a Spanish public limited liability company). The acquisition price was \$460.0m. Ferrovial Services Australia Pty Ltd is the parent entity of Broadspectrum Pty Ltd ("Broadspectrum"). Broadspectrum delivers operations, maintenance, asset management and project management services in Australia and New Zealand. On 1 July 2020, Ventia announced that the Group would be branded as Ventia and that the use of brand names such as Broadspectrum and Visionstream would be phased out.

On 8 July 2020, Ferrovial Services Australia Pty Ltd changed its name to Ventia Investment Holdings Pty Ltd. Subsequently on 27 October 2020, Ventia Investment Holdings Pty Ltd changed its name to BRS Holdco Pty Ltd.

There have been no other significant changes in the state of affairs of the Group during the year.

### Results of operations

The profit for the Group after providing for income tax amounted to \$28,034,000 (31 December 2019: \$62,122,000).

Ventia's business remained resilient during 2020, despite the presence of COVID-19 impacting the broader economy. Due to the essential nature of services delivered by Ventia, the majority of clients requested that work continue as usual during the year. As a result, the impact of COVID-19 was limited to a delay in the award of some new projects and a slowdown of revenues on a small number of projects.

The results for the year include costs incurred in respect of the integration of the Broadspectrum business into the Group together with related restructuring and impairment charges.

### Likely developments and expected results of operations

In the opinion of the Directors, disclosure of information regarding likely developments in the operations of the Group and the expected results of those operations in financial years after the current financial year would prejudice the interests of the Group. Accordingly, this information has not been included in this report.

### Environmental regulation

The Group is committed to a safe and sustainable future for our employees, customers and communities. The Group operates within an integrated Environmental Management System, externally verified to ISO AS/NZS14001 requirements. The Management System provides a framework for identifying and managing environmental aspects and impacts and embeds a culture of continual improvement for environmental performance across the business.

Our environmental management system contains a suite of policies and procedures that guide our environmental performance, complemented by supporting tools and training to ensure our people are supported to deliver positive environmental outcomes.

Our management system undergoes an internal auditing and review program each year to ensure we continue to meet International Standards' requirements and industry best practice.

As at 31 December 2020, no prosecutions, penalty infringement or improvement notices for breaches of environmental legislation had been brought against the Group.

### Matters subsequent to the end of the financial year

On 3 March 2021, Broadspectrum (Holdings) Pty Ltd (a controlled entity of Ventia Services Group Pty Limited), signed an agreement with a third party to sell the entire share capital of APP Corporation Pty Limited ('APP'). Completion of the transaction took place on 19 March 2021. The agreed sale price exceeds the carrying amount of APP as at 31 December 2020. APP delivers professional services to the property and infrastructure sectors.

No other matter or circumstance has occurred subsequent to the reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

### Insurance of officers

During the financial year, a premium was paid to insure the Directors and officers of the Company and of any related body corporate against a liability incurred to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

### Indemnity of auditors

Ventia Services Group Pty Limited has not agreed to indemnify their auditors, Deloitte Touche Tohmatsu, except to the extent permitted by law, against any claim by a third party arising from Ventia Services Group Pty Limited's breach of their agreement.

### Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

### Auditor's independence declaration


A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

**Rounding off**

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of Directors pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the directors

  
\_\_\_\_\_  
David Kenneth Hunter Moffatt  
Director

26 March 2021  
Sydney

26 March 2021

The Board of Directors  
Ventia Services Group Pty Limited  
Level 8, 80 Pacific Highway  
North Sydney, NSW 2060

Dear Board Members

**Auditor's Independence Declaration to Ventia Services Group Pty Limited**

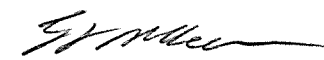
In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the Directors of Ventia Services Group Pty Limited.

As lead audit partner for the audit of the financial report of Ventia Services Group Pty Limited for the year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

  
DELOITTE TOUCHE TOHMATSU

  
G J McLean  
Partner  
Chartered Accountants

Ventia Services Group Pty Limited  
Consolidated statement of profit or loss and other comprehensive income  
For the year ended 31 December 2020

|  | Note  | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|--|-------|---|---|
| <b>Revenue</b>   | 2     | 3,227,784                                   | 2,256,536                                   |
| Expenses   | 3     | (2,965,427)                                 | (2,026,394)                                 |
| Share of profits of joint venture entities                             | 12    | <u>3,112</u>                                | <u>5,648</u>                                |
| <b>Earnings before interest, tax, depreciation and amortisation</b>    |       | 265,469                                     | 235,790                                     |
| Depreciation expense   | 14,15 | (79,278)                                    | (45,531)                                    |
| Amortisation expense   | 16    | (59,561)                                    | (22,611)                                    |
| Finance costs  | 4     | (92,930)                                    | (80,297)                                    |
| Interest income  |       | <u>682</u>                                  | <u>954</u>                                  |
| <b>Profit before income tax expense</b>                                |       | 34,381                                      | 88,305                                      |
| Income tax expense   | 6     | <u>(10,282)</u>                             | <u>(26,183)</u>                             |
| <b>Profit after tax for the year from continuing operations</b>        |       | <u>24,099</u>                               | <u>62,122</u>                               |
| <b>Discontinued operations</b>   |       |   |   |
| Profit after tax for the year from discontinued operations             | 11    | <u>3,935</u>                                | <u>-</u>                                    |
| <b>Profit after tax for the year</b>                                   |       | <u>28,034</u>                               | <u>62,122</u>                               |
| <br><b>Other comprehensive income</b>                                  |       |   |   |
| <i>Items that may be reclassified to profit or loss</i>                |       |   |   |
| Foreign exchange translation differences                               | 23    | (1,104)                                     | 860   |
| Cash flow hedges:  |       |   |   |
| Fair value (losses)/gains arising during the year                      | 23    | 20,177                                      | 5,049                                       |
| Reclassification adjustments for amounts recognised in profit and loss | 23    | (35,894)                                    | (4,164)                                     |
| Tax effect   | 23    | <u>4,715</u>                                | <u>(264)</u>                                |
| Total cash flow hedges   |       | <u>(11,002)</u>                             | <u>621</u>                                  |
| Other comprehensive income for the year, net of tax                    |       | <u>(12,106)</u>                             | <u>1,481</u>                                |
| <b>Total comprehensive income for the year</b>                         |       | <u>15,927</u>                               | <u>63,603</u>                               |

The above consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Ventia Services Group Pty Limited  
Consolidated statement of financial position  
As at 31 December 2020

|  | Note | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|--|------|-------------------------------|-------------------------------|
| <b>Assets</b>                                    |      |                               |                               |
| <b>Current assets</b>                            |      |                               |                               |
| Cash and cash equivalents                        | 7    | 444,271                       | 212,044                       |
| Trade and other receivables                      | 8    | 591,119                       | 357,553                       |
| Current tax asset                                | 6    | 4,565                         | 21,327                        |
| Inventories                                      | 9    | 30,472                        | 10,313                        |
| Derivative assets                                | 10   | 500                           | 50,651                        |
| Assets held for sale                             | 11   | 87,731                        | -                             |
| Total current assets                             |      | <u>1,158,658</u>              | <u>651,888</u>                |
| <b>Non-current assets</b>                        |      |                               |                               |
| Trade and other receivables                      | 8    | 8,992                         | 9,285                         |
| Derivative assets                                | 10   | 83                            | 146                           |
| Investments accounted for using equity method    | 12   | 10,073                        | 7,859                         |
| Deferred tax assets                              | 6    | 206,674                       | 8,917                         |
| Right-of-use assets                              | 14   | 125,493                       | 80,515                        |
| Property, plant and equipment                    | 15   | 189,978                       | 28,437                        |
| Intangibles                                      | 16   | 207,218                       | 102,042                       |
| Goodwill   | 17   | 1,066,378                     | 842,420                       |
| Total non-current assets                         |      | <u>1,814,889</u>              | <u>1,079,621</u>              |
| <b>Total assets</b>                              |      | <u>2,973,547</u>              | <u>1,731,509</u>              |
| <b>Liabilities</b>                               |      |                               |                               |
| <b>Current liabilities</b>                       |      |                               |                               |
| Trade and other payables                         | 18   | 715,048                       | 528,387                       |
| Derivative liabilities                           | 10   | 8,688                         | 55                            |
| Provisions                                       | 19   | 322,778                       | 94,938                        |
| Lease liabilities                                | 20   | 49,733                        | 33,085                        |
| Borrowings                                       | 21   | 5,746                         | 4,641                         |
| Current tax liability                            | 6    | 11,966                        | -                             |
| Liabilities associated with assets held for sale | 11   | 37,076                        | -                             |
| Total current liabilities                        |      | <u>1,151,035</u>              | <u>661,106</u>                |
| <b>Non-current liabilities</b>                   |      |                               |                               |
| Trade and other payables                         | 18   | 28,942                        | -                             |
| Provisions                                       | 19   | 277,801                       | 15,515                        |
| Deferred tax liabilities                         | 6    | -                             | 26,560                        |
| Derivative liabilities                           | 10   | 90,311                        | 1,164                         |
| Lease liabilities                                | 20   | 83,588                        | 49,765                        |
| Borrowings                                       | 21   | 1,308,215                     | 954,710                       |
| Total non-current liabilities                    |      | <u>1,788,857</u>              | <u>1,047,714</u>              |
| <b>Total liabilities</b>                         |      | <u>2,939,892</u>              | <u>1,708,820</u>              |
| <b>Net assets</b>                                |      | <u>33,655</u>                 | <u>22,689</u>                 |
| <b>Equity</b>                                    |      |                               |                               |
| Share capital                                    | 22   | 2,591                         | 3,249                         |
| Reserves   | 23   | (11,738)                      | 4,672                         |
| Retained earnings                                |      | <u>42,802</u>                 | <u>14,768</u>                 |
| <b>Total equity</b>                              |      | <u>33,655</u>                 | <u>22,689</u>                 |

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.



Ventia Services Group Pty Limited  
Consolidated statement of changes in equity  
For the year ended 31 December 2020

|   | Share<br>capital<br>\$'000 | Reserves*<br>\$'000 | Retained<br>earnings<br>\$'000 | Total<br>equity<br>\$'000 |
|---|----------------------------|---------------------|--------------------------------|---------------------------|
| <b>Balance at 1 January 2019</b>                    | <b>2,844</b>               | <b>3,425</b>        | <b>38,587</b>                  | <b>44,856</b>             |
| Opening balance - AASB 16 adjustment                | -                          | -                   | (3,062)                        | (3,062)                   |
| <b>Balance at 1 January 2019</b>                    | <b>2,844</b>               | <b>3,425</b>        | <b>35,525</b>                  | <b>41,794</b>             |
| <b>Total Comprehensive income</b>                   |                            |                     |                                |                           |
| Profit for the year                                 | -                          | -                   | 62,122                         | 62,122                    |
| Other comprehensive income for the year, net of tax | -                          | 1,481               | -                              | 1,481                     |
| <b>Total comprehensive income for the year</b>      | <b>-</b>                   | <b>1,481</b>        | <b>62,122</b>                  | <b>63,603</b>             |
| <b>Transactions with owners</b>                     |                            |                     |                                |                           |
| Shares bought back                                  | (534)                      | -                   | -                              | (534)                     |
| Dividends declared                                  | -                          | -                   | (82,879)                       | (82,879)                  |
| Share based payments                                | -                          | 705                 | -                              | 705                       |
| Transfers   | 939                        | (939)               | -                              | -                         |
| <b>Total transactions with owners</b>               | <b>405</b>                 | <b>(234)</b>        | <b>(82,879)</b>                | <b>(82,708)</b>           |
| <b>Balance at 1 January 2020</b>                    | <b>3,249</b>               | <b>4,672</b>        | <b>14,768</b>                  | <b>22,689</b>             |
| <b>Total Comprehensive income</b>                   |                            |                     |                                |                           |
| Profit for the year                                 | -                          | -                   | 28,034                         | 28,034                    |
| Other comprehensive income for the year, net of tax | -                          | (12,106)            | -                              | (12,106)                  |
| <b>Total comprehensive income for the year</b>      | <b>-</b>                   | <b>(12,106)</b>     | <b>28,034</b>                  | <b>15,928</b>             |
| <b>Transactions with owners</b>                     |                            |                     |                                |                           |
| Shares bought back                                  | (4,084)                    | -                   | -                              | (4,084)                   |
| Share based payments                                | -                          | (878)               | -                              | (878)                     |
| Transfers   | 3,426                      | (3,426)             | -                              | -                         |
| <b>Total transactions with owners</b>               | <b>(658)</b>               | <b>(4,304)</b>      | <b>-</b>                       | <b>(4,962)</b>            |
| <b>Balance at 31 December 2020</b>                  | <b>2,591</b>               | <b>(11,738)</b>     | <b>42,802</b>                  | <b>33,655</b>             |

\* Refer to Note 23 for further detail of reserves.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

**Ventia Services Group Pty Limited**  
**Consolidated statement of cash flows**  
**For the year ended 31 December 2020**

|  | Note | Year ended 31<br>December 2020<br>\$'000 | Year ended 31<br>December 2019<br>\$'000 |
|--|------|--|--|
| <b>Cash flows from operating activities</b>                        |      |  |  |
| Receipts from customers  |      | 3,617,798                                | 2,484,302                                |
| Payments to suppliers and employees                                |      | (3,478,127)                              | (2,298,634)                              |
| Interest received  |      | 682                                      | 954                                      |
| Interest paid  |      | (74,260)                                 | (68,780)                                 |
| <b>Cash generated from operating activities</b>                    |      | <u>66,093</u>                            | <u>117,842</u>                           |
| Income tax refund/(paid)   |      | 1,220                                    | (4,847)                                  |
| Cash flow from discontinued operations <sup>1</sup>                |      | <u>13,238</u>                            | <u>-</u>                                 |
| <b>Net cash from operating activities</b>                          | 26   | <u>80,551</u>                            | <u>112,995</u>                           |
| <b>Cash flows used in investing activities</b>                     |      |  |  |
| Proceeds from sale of property, plant and equipment                |      | 524                                      | 1,599                                    |
| Acquisition of subsidiary  | 29   | (460,036)                                | -  |
| Cash acquired upon acquisition of subsidiary                       | 29   | 225,218                                  | -  |
| Acquisition of intangibles   | 16   | (8,653)                                  | (16,152)                                 |
| Acquisition of property, plant and equipment                       | 15   | (20,579)                                 | (5,624)                                  |
| Dividends received from equity accounted investments               | 12   | <u>1,918</u>                             | <u>1,575</u>                             |
| <b>Net cash used in investing activities</b>                       |      | <u>(261,608)</u>                         | <u>(18,602)</u>                          |
| <b>Cash flows provided by / (used in) financing activities</b>     |      |  |  |
| Capital reductions   | 22   | (4,084)                                  | (534)                                    |
| Proceeds from borrowings   | 21   | 478,810                                  | 100,000                                  |
| Proceeds from derivatives  |      | 56,100                                   | -  |
| Repayment of principal portion of lease liabilities                |      | (52,943)                                 | (31,771)                                 |
| Repayment of borrowings  |      | (20,091)                                 | (5,689)                                  |
| Borrowing costs paid   | 21   | (37,399)                                 | (9,632)                                  |
| Dividends paid   |      | <u>(4,876)</u>                           | <u>(78,004)</u>                          |
| <b>Net cash provided by / (used in) financing activities</b>       |      | <u>415,517</u>                           | <u>(25,630)</u>                          |
| <b>Net increase in cash and cash equivalents</b>                   |      | <u>234,460</u>                           | <u>68,763</u>                            |
| Cash and cash equivalents at beginning of year                     |      | 212,044                                  | 143,281                                  |
| Effect of movements in exchange rates on cash and cash equivalents |      | <u>(2,233)</u>                           | <u>-</u>                                 |
| <b>Cash and cash equivalents at year end</b>                       | 7    | <u>444,271</u>                           | <u>212,044</u>                           |

<sup>1</sup> There were no cash flows relating to investing or financing activities for the discontinued operations.

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.*

## 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below.

### (a) Statement of compliance

Ventia Services Group Pty Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office and principal place of business is 80 Pacific Highway, North Sydney NSW 2060, Australia. The consolidated financial statements of the Company as at and for the year ended 31 December 2020 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The Group is a for-profit entity and is one of the largest essential services providers in Australia and New Zealand. Ventia Services Group Pty Limited (Ventia) provides a range of integrated services for the telecommunications, defence, transport, electricity and energy, water, social infrastructure, resources and environmental services sectors. Integrated services include the provision of design, delivery and maintenance services, the operation, maintenance and optimisation of assets, project management services and the design and delivery of projects.

In the opinion of the Directors, the Company is not publicly accountable and has elected to adopt Tier 2 Australian Accounting Standards – Reduced Disclosure Requirements.

These consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*.

The consolidated financial statements were authorised for issue by the Board of Directors on 26 March 2021.

### (b) Basis of preparation

#### *Going concern*

The consolidated financial statements have been prepared on the going concern basis given the Group is profitable, it generated positive net cash from operating activities of \$80,551,000 (2019: \$112,995,000) and has net assets of \$33,655,000 (2019: \$22,689,000).

#### *Basis of Measurement*

The consolidated financial statements have been prepared on the historical cost basis, except for derivative financial instruments, which are measured at fair value.

#### *Functional and presentation currency*

These consolidated financial statements are presented in Australian dollars which is the Company's functional currency. Certain companies within the Group have different functional currencies.

**(c) Critical accounting judgements and estimates**

In the application of the Company's accounting policies, which are described in Note 1, the Directors of the Company are required to make judgements and estimates about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectation of future events that may have a financial impact on the Group and are believed to be reasonable under the circumstances. Actual results may differ from these estimates. Revisions to estimates are recognised in the year in which the estimate is revised and in any future year affected.

Judgements made in the application of accounting standards that could have a significant effect on the consolidated financial statements and estimates with a risk of adjustment in the next year are as follows:

- Services and other contracting projects:
  - Determination of stage of completion;
  - Estimation of total contract revenue and contract costs;
  - Assessment of the probability of customer approval of variations and acceptance of claims;
  - Estimation of project completion date; and
  - Assumed levels of project execution productivity.
- Leasing:
  - Determination of the existence of leases;
  - Estimation of residual value guarantees and buy out options of lease liabilities; and
  - Estimation of lease extension options.
- Asset disposals – determination as to whether control has transferred;
- Estimation of the economic life of property, plant and equipment;
- Determination of the fair value of assets acquired and liabilities assumed in business combinations;
- Asset impairment testing, including assumptions in value in use calculations; and
- Goodwill and intangible asset impairment testing, including assumptions in determining the recoverable amount of all cash-generating units containing goodwill.
- Significant judgement is required in determining the consolidated entity's provision for income taxes. There are a number of transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain and on which professional judgement, based on relevant tax law, is exercised.

**(d) New and amended accounting standards and interpretations**

In the current year, the Company has applied a number of new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2020, as follows:

- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business;
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material;
- AASB 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework;
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform; and
- AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia.

While these standards introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

**(e) Basis of consolidation**

*Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Results of controlled entities are included in the consolidated statement of profit or loss from the date control is obtained and excluded from the date the entity is no longer controlled. Intragroup balances and transactions, and any unrealised gains or losses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements.

*Investments in equity accounted investees*

The Group's interests in equity accounted investees comprise interests in joint venture entities only.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint venture entities are accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated statement of financial position at cost, including transaction costs and goodwill on acquisition, and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively. A reconciliation of joint ventures accounted for using the equity method is in Note 12.

*Joint operations*

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for its share of jointly held assets, liabilities, revenues and expenses of joint operations. A list of joint operations is in Note 13.

**(f) Business Combinations**

The acquisition method of accounting is used to account for all business combinations. The consideration for the acquisition of a controlled entity comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any pre-existing equity interest in the controlled entity. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the acquisition date. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The excess of the consideration transferred over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. Where the consideration is less than the fair value of the net identifiable assets of the controlled entity acquired the difference is recognised directly in the statement of profit or loss as a gain on acquisition of a controlled entity.

**(g) Revenue**

Revenue earned from the provision of services to entities outside the Group is presented net of the amount of goods and services tax (GST).

The Group performs construction, installation, maintenance and other services for a variety of different industries. Contracts entered into can cover servicing of related assets which may involve various different processes.

With respect to the method for recognising revenue over time (i.e. the method for measuring progress towards complete satisfaction of a performance obligation), the Group has established certain criteria that are applied consistently for similar performance obligations:

- In contracts to provide different highly interrelated goods or services in order to produce a combined output, the applicable output method is that of surveys of performance completed to date (or measured unit of production). Under this method, the revenue recognised represents the amount of work performed, valued at unitary prices.
- In routine or recurring service contracts in which the services are substantially the same and are transferred with the same pattern of consumption over time in such a way that the customer receives and consumes the benefits of the services as the entity provides them, the method selected by the Group to recognise revenue is the time elapsed output method.
- Only in those contracts that are not for routine or recurring services, and where the unit price of the goods and services to be performed cannot be determined, the percentage of completion measured in terms of the costs incurred (input method) is used to recognise revenue.

In applying this criteria to the Group, there is no single contract type due to the considerable diversity of the services rendered. In general, the contracts involve various tasks and unit prices and the related revenue is recognised in the consolidated statement of profit or loss as the services are provided, based on the time elapsed, i.e. when the customer simultaneously receives and consumes the benefits provided by the entity's performance of the service as the entity performs. This occurs for example in routine or recurring services such as facilities management, cleaning or planned maintenance services.

*Variable consideration*

It is common for contracts to include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Where consideration in respect of a contract is variable, the expected value of revenue is only recognised when the uncertainty associated with the variable consideration is subsequently resolved. The Group assesses these requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance. Where modifications in contract requirements are entered into, the transaction price is updated to reflect these. Where the price of the modification has not been confirmed, an estimate is made of the amount of revenue to recognise whilst also considering these requirements.

*Contract fulfilment costs*

Costs incurred prior to the commencement of a contract may arise due to mobilisation/site setup costs, feasibility studies, environmental impact studies and preliminary design activities as these are costs incurred to fulfil a contract. Where these costs are expected to be recovered, they are capitalised and amortised over the course of the contract consistent with the transfer of service and asset to the customer. Where the costs, or a portion of these costs, are reimbursed by the customer, the amount received is recognised as deferred revenue and allocated to the performance obligations within the contract and recognised as revenue over the course of the contract.

*Financing components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

*Loss making contracts*

A provision is made for the difference between the expected cost of fulfilling a contract and the expected unearned portion of the transaction price where the unavoidable forecast costs are greater than the forecast revenue.

*Other revenue*

Interest revenue is recognised on an accrual basis.

Dividend income is recognised when the dividend is declared. A payable is not recognised for dividends to be paid unless the dividend has been declared by the Directors, but not distributed, at or before the end of the year.

**(h) Income tax**

Income tax expense on the profit or loss for the year comprises current and deferred tax expense. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The Group adopts the balance sheet liability method to provide for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Taxable temporary differences are not provided for the initial recognition of goodwill.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the statement of financial position date. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The Company and its subsidiaries are part of a Tax Consolidated Group of which Ventia Services Group Pty Limited is the head entity. The head entity recognises all of the current tax assets and liabilities and deferred tax assets in respect of tax losses of the Tax Consolidated Group (after elimination of intra-group transactions). Deferred tax assets and liabilities in respect of temporary differences are recognised in the respective Companies' financial statements.

The Tax Consolidated Group has entered into a tax funding agreement that requires the Group to make contributions to the head entity for current tax assets and liabilities occurring after the implementation of tax consolidation. Under the tax funding agreement, the contributions are calculated using the "group allocation" approach so that the contributions are equivalent to the current tax balances generated by transactions entered into by wholly-owned subsidiaries. The contributions are payable as set out in the agreement and reflect the timing of the head entity's obligations to make payments for tax liabilities to the relevant tax authorities. The assets and liabilities arising under the tax funding agreement are recognised as intercompany assets and liabilities with a consequential adjustment to current income tax.

**(i) Inventory**

Inventories are carried at the lower of cost and net realisable value. Inventories comprise of:

*Raw materials and consumables*

Cost is based on weighted averages and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location.

**(j) Property, plant and equipment**

Property, plant and equipment is stated at cost less accumulated depreciation and any impairment in value.

*Depreciation*

Depreciation is calculated so as to write off the cost of property, plant and equipment over their estimated effective useful lives for the current and comparative reporting years as follows:

- Leasehold buildings and improvements: straight line method — over the terms of the leases, up to 40 years;
- Plant and equipment: straight line method — up to 15 years;
- Motor vehicles: straight line method — up to 10 years.

*Subsequent costs*

Subsequent expenditure is included in the carrying amount of property, plant and equipment only when it is probable that the associated future economic benefits will flow to the Group. All other costs are recognised in the statement of profit or loss.

**(k) Leases**

*The Group as Lessee*

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In such instances, the Group recognises a right of use asset and a corresponding lease liability with respect to all lease agreements, except for short term leases and low value leased assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed. The Group has a significant lease portfolio, comprising predominantly property, plant, minor equipment and fleet vehicle rentals.

*Measurement and presentation of lease liability*

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The following items are also included in the measurement of the lease liability:

- Fixed lease payments offset by any lease incentives;
- Variable lease payments, for lease liabilities which are tied to a floating index;
- The amounts expected to be payable to the lessor under residual value guarantees;
- The exercise price of purchase options (if it is reasonably certain that the option will be exercised); and
- Payments of penalties for terminating leases, if the lease term reflects the lease terminating early.

The lease liability is separately disclosed on the statement of financial position. The liabilities which will be repaid within twelve months are recognised as current and the liabilities which will be repaid in excess of twelve months are recognised as non-current.

The lease liability is subsequently measured by reducing the balance to reflect the principal lease repayments made and increasing the carrying amount by the interest on the lease liability.

The Group is required to remeasure the lease liability and make an adjustment to the right of use asset in the following instances:

- The term of the lease has been modified or there has been a change in the Group's assessment of the purchase option being exercised, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate; and
- The lease payments are adjusted due to changes in the index or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate. However, if a change in lease payments is due to a change in a floating interest rate, a revised discount rate is used.

*Measurement and presentation of right-of-use asset*

The right of use assets recognised by the Group comprise the initial measurement of the related lease liability, any lease payments made at or before the commencement of the contract, less any lease incentives received and any direct costs. Costs incurred by the Group to dismantle the asset, restore the site or restore the asset are included in the cost of the right of use asset.

It is subsequently measured under the cost model with any accumulated depreciation and impairment losses applied against the right of use asset. If the cost of the right of use asset reflects that the Group will exercise a purchase option, the right of use asset is depreciated from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the asset over the shorter period of either the useful life of the asset or the lease term. The depreciation starts at the commencement date of the lease and the carrying value of the asset is adjusted to reflect the accumulated depreciation balance.

Any remeasurement of the lease liability is also applied against the right of use asset value. The right of use assets are separately disclosed on the statement of financial position.

*The Group as Lessor*

The Group enters into lease agreements as a lessor with respect to some property subleases as well as renting equipment to its partners, suppliers and contractors.

The leases entered into by the Group are recognised as either finance or operating leases. If the terms of the lease agreement transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. If this is not the case, then the lease is recognised as an operating lease. The income received from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred in negotiating and arranging operating leases are included in the carrying amount of the leased asset. Amounts due from lessees under finance leases are recognised as receivables.

**(I) Intangibles**

*Goodwill*

Goodwill arising from a business combination is not amortised but is tested for impairment annually or more frequently if there is an indication that it might be impaired. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

*Brand names*

Brand names acquired as part of a business combination are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where brand names' useful lives are assessed as being indefinite, the brand names are not amortised but are tested for impairment annually, or more frequently whenever there is an indication that it might be impaired. Where brand names' useful lives are assessed as finite, the brand names are amortised over their estimated useful lives.

*Customer contracts and relationships*

Customer contracts and relationships were acquired as part of a business combination. Customer contracts and relationships are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Customer contract and relationship intangible assets are amortised over a period of up to 5 years on a straight-line basis.

*Capitalised software*

Software and development costs consist of costs incurred in developing systems, costs incurred in acquiring software and licences that will provide future economic benefits. These assets are carried at cost less accumulated amortisation and amortised over a period of up to 7 years on a straight-line basis.



**(m) Impairment**

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and indefinite useful life intangible assets, the recoverable amount is estimated annually regardless of whether any indicators of impairment exist.

An asset's recoverable amount is the greater of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying of the other assets in the unit on a pro-rata basis.

**(n) Non-derivative financial instruments**

Non-derivative financial instruments comprise of cash and cash equivalents, trade and other receivables, trade and other payables and interest-bearing liabilities. When acquired, non-derivative financial instruments are recognised at fair value. At subsequent reporting dates they are measured at amortised cost unless specifically mentioned below.

*Cash and cash equivalents*

Cash and cash equivalents include cash on hand and cash at bank.

*Trade and other receivables*

Trade debtors include all net receivables from services and other contracting services. Trade debtors are normally settled within 60 days of billing.

Contract work in progress represents the amount expected to be collected from customers for contract work performed to date. It is measured as costs incurred plus profits recognised to date, less progress billings. In the statement of financial position, services contracts in progress for which costs incurred plus recognised profits exceed progress billings and recognised losses are presented as trade and other receivables.

Other receivables generally arise from transactions other than the provision of services and include amounts in respect of sales of assets and GST receivable.

The Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, contract debtors and lease receivables, the Group applies the simplified approach permitted by AASB 9: Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

*Trade and other payables*

Liabilities are recognised for amounts to be paid for goods or services received. Trade payables are also comprised of amounts received from customers in advance of work completed. Contracts for which progress billings and recognised losses exceed costs incurred plus recognised profits are presented as deferred revenue. Advances received from customers are presented as deferred revenue.

Trade payables are settled on terms aligned with normal commercial terms.

*Interest-bearing liabilities*

Borrowings are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method.

**(o) Derivative financial instruments**

Derivative financial instruments are stated at fair value, with changes in fair value recognised in the statement of profit or loss. Where derivative financial instruments qualify for hedge accounting, recognition of changes in fair value depends on the nature of the item being hedged. Hedge accounting is discontinued when the hedging relationship is revoked, the hedging instrument expires, is sold, terminated, exercised, or no longer qualifies for hedge accounting.

*Cash flow hedge*

Changes in the fair value of designated and qualifying cash flow hedges are deferred in equity. Where it is expected that all or a portion of a loss recognised directly in equity will not be recovered in future periods, that loss is recognised in the statement of profit or loss. Amounts deferred are included in the initial measurement of the cost of the asset or liability where the forecast transaction being hedged results in the recognition of a non-financial asset or a non-financial liability.

Cash flow hedges relating to operating activities are recognised in profit or loss in the same period the hedged item is recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss deferred in equity is recognised immediately in profit or loss.

The cash flow hedging reserve represents the cumulative effective portion of the gains or losses arising on changes in fair value of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve will be reclassified to profit or loss only when the hedged transaction affects profit or loss.

A reconciliation of the cash flow hedging reserve is in Note 23(b).

**(p) Employee benefits**

Liabilities in respect of employee benefits which are not due to be settled within twelve months are discounted at year end using rates which most closely match the terms of maturity of the related liabilities. Corporate bond rates are utilised where a deep market exists. Rates from national government securities are utilised where a deep market for corporate bonds does not exist.

*Wages, salaries, annual and long service leave*

The provision for employee entitlements to wages, salaries, annual and long service leave represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to the reporting date. Provisions have been calculated based on expected wage and salary rates and include related on-costs. In determining the liability for these employee entitlements, consideration has been given to estimated future increases in wage rates, and the Group's experience with staff departures.

*Superannuation*

Defined contribution superannuation plans exist to provide benefits for eligible employees or their dependants. Contributions by the Group are expensed to the statement of profit or loss as incurred.

*Annual bonus and deferred incentive arrangements*

Annual bonuses and deferred incentives are provided for at reporting date and include related on-costs. The Group recognises a provision where there is a contractual or constructive obligation.

**(q) Share capital**

Ordinary and vested EIP shares are classified as equity and recognised at the value of consideration received by the Company.

**(r) Capital redemption reserve**

The Capital Redemption Reserve arises on the repurchase of shares by the Company and consists of the difference between the value attributed at grant date to share options issued under the Ventia Executive Incentive Plan and the value of the shares which have been repurchased by the Company.

**(s) Share based payment reserve**

Share capital compensation benefits ("EIP shares") are provided to executive employees via the Ventia Executive Incentive Plan ("EIP"). This share scheme was approved by the shareholders and is designed to provide incentives to attract, retain and motivate key people within the Company and its controlled entities ("the Group") whose contributions are important to the Group's success.

The EIP is administered by Ventia Services Group EIP Pty Limited ('the Trustee') and the Company. The Trustee is a wholly owned subsidiary of the Company.

The fair value of the EIP shares is recognised as an expense with a corresponding increase in the share based payments reserve. The share based payments reserve is used to recognise the fair value of share based payments issued to executive employees over the vesting period, and to recognise the value attributable to the share based payments during the year. A reconciliation of the share based payments reserve is in Note 23(c).

The total amount of the expense is determined by reference to the fair value of EIP shares granted:

- including any market performance conditions (e.g. the Group's share valuation);
- excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an executive employee of the Group over a specified time period); and
- including the impact of any non-vesting conditions (e.g. the requirement for executive employees to save or hold shares for a specified period of time).

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the Company revises its estimates of the number of EIP shares that are expected to vest based on the non-market vesting and service conditions. The Company recognises the impact of the revision to original estimates, if any, in profit or loss and the Company recognises the corresponding adjustment in the share based payment reserve.

A portion of the EIP shares issued to executive employees under the EIP are funded by a limited recourse loan and therefore are treated like share options in accordance with AASB 2 Share-based Payment.

**(t) Foreign currency translation**

*Transactions*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions are recognised in the statement of profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

*Translation of controlled foreign entities*

Assets and liabilities of controlled foreign entities are translated into the presentation currency at the rates of exchange at reporting date and the statement of profit or loss is translated at the rates approximating foreign exchange rates ruling at the dates of the transactions. The resulting exchange differences are taken directly to the foreign currency translation reserve. Exchange gains and losses on transactions which form part of the net investments in foreign controlled entities together with any related income tax effect are recognised in the foreign currency translation reserve. On disposal of a controlled foreign entity, the deferred cumulative amount recognised in equity relating to that particular foreign entity is recognised in the statement of profit or loss as part of the gain or loss on sale.

A reconciliation of the foreign currency translation reserve is in Note 23(a).

**(u) Restatement of comparative information**

Ventia engages in cross currency swaps in order to hedge its USD denominated loan liabilities. During the year ended 31 December 2020, a detailed analysis of the tax implications of these cross currency swaps was undertaken. This review highlighted that a timing difference in relation to these cross currency swaps had not been recognised in 2019 and earlier financial years.

The statement of financial position as at 31 December 2019 was adjusted as noted below. There was no impact on the statement of financial performance and other comprehensive income as a result of this adjustment.

| Asset/(liabilities)    | As reported<br>31 December 2019<br>\$'000 | Adjustment<br>\$'000 | Adjusted balance<br>31 December 2019<br>\$'000 |
|------------------------|---|----------------------|--|
| Current tax asset      | 5,097                                     | 16,230               | 21,327   |
| Deferred tax liability | (10,330)                                  | (16,230)             | (26,560)                                       |

## 2. Revenue

|  | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|--|---|---|
| Services revenue                                   | 3,226,756                                   | 2,255,470                                   |
| Net gains on sale of property, plant and equipment | 1,028                                       | 1,066                                       |
| Revenue  | <u>3,227,784</u>                            | <u>2,256,536</u>                            |

The Group's services revenue for the year ended 31 December 2020 can be disaggregated as follows, in line with how revenue is reviewed by the chief operating decision makers of the Group:

|                                 |                  |                  |
|---------------------------------|------------------|------------------|
| Defence & Social Infrastructure | 908,232          | 292,214          |
| Infrastructure Services         | 794,296          | 366,447          |
| Telecommunications              | 1,160,712        | 1,408,962        |
| Transport                       | 363,516          | 187,847          |
| Services revenue                | <u>3,226,756</u> | <u>2,255,470</u> |

Ventia Services Group Pty Limited (Ventia) is one of the largest essential services providers in Australia and New Zealand. Ventia organises its operations into four sectors as follows:

- Defence & Social Infrastructure provides a comprehensive range of services including facilities management, asset management, operations support and maintenance services primarily for government agencies associated with defence, justice, public housing, health, education and local governments.
- Infrastructure Services provides owners and operators of critical infrastructure, including those in the power, water, industrial and resources industries with operations and maintenance, capital works, environmental services and remediation works.
- Telecommunications provides public and private clients with end-to-end telecommunication services spanning design, supply, construction, installation, commissioning and maintenance of network infrastructure.
- Transport provides owners and operators of essential road, motorway and tunnel, and rail networks with integrated operations and maintenance services, project delivery and technology solutions.

## 3. Expenses

|   | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|---|---|---|
| Labour  | 1,144,099                                   | 693,833                                     |
| Subcontractors  | 1,437,842                                   | 1,123,129                                   |
| Materials   | 227,343                                     | 93,630                                      |
| Professional fees   | 31,207                                      | 25,245                                      |
| IT costs  | 70,345                                      | 40,975                                      |
| Lease payments  | 13,840                                      | 15,721                                      |
| Foreign exchange losses/(gains)                                       | 2,041                                       | (779)                                       |
| Other expenses  | 38,710                                      | 34,640                                      |
| Total expenses excluding interest, tax, depreciation and amortisation | <u>2,965,427</u>                            | <u>2,026,394</u>                            |

Ventia Services Group Pty Limited  
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4. Finance costs

|   | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|---|---|---|
| Interest paid and payable on bank loans | 73,512                                      | 60,206                                      |
| Amortisation of borrowing costs         | 8,203                                       | 9,595                                       |
| Bank guarantee costs                    | 4,912                                       | 5,694                                       |
| Lease liabilities interest costs        | 6,303                                       | 4,802                                       |
|   | <hr/>                                       | <hr/>                                       |
| Total finance costs                     | 92,930                                      | 80,297                                      |

5. Auditor's remuneration

|                                 | Year ended<br>31 December<br>2020<br>\$ | Year ended<br>31 December<br>2019<br>\$ |
|---------------------------------|---|---|
| Deloitte Touche Tohmatsu        |   |   |
| - Audit of financial statements | 1,100,000                               | 451,000                                 |
| - Other statutory assurance     | 47,900                                  | -                                       |
| - Other services                | 10,000                                  | 10,000                                  |
|                                 | <hr/>                                   | <hr/>                                   |
|                                 | 1,157,900                               | 461,000                                 |
| Other auditors                  |   |   |
| KPMG                            | <hr/>                                   | <hr/>                                   |
|                                 | 6,000                                   | 12,000                                  |
|                                 | <hr/>                                   | <hr/>                                   |
| Total                           | 1,163,900                               | 473,000                                 |

6. Income tax

|  | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|--|---|---|
| <b>6(a) Income tax expense recognised in the statement of profit or loss</b>         |   |   |
| Current tax expense  | 31,740                                      | 22,013                                      |
| Deferred tax expense   | (21,458)                                    | 11,544                                      |
| Adjustment of prior years  | -   | (6,069)                                     |
| Opening balance adjustment on application of AASB 16                                 | -   | (1,305)                                     |
| Aggregate income tax expense   | 10,282                                      | 26,183                                      |
| <b>6(b) Reconciliation of prima facie tax to income tax expense</b>                  |   |   |
| Profit before income tax expense   | 34,381                                      | 88,305                                      |
| Tax at the statutory tax rate of 30%   | 10,314                                      | 26,492                                      |
| Tax effect amounts which are not deductible/(taxable) in calculating taxable income: |   |   |
| Non-deductible expenses  | 1,224                                       | 884   |
| Share of (profits)/loss from associates and joint ventures                           | (932)                                       | -   |
| Imputation credits   | (821)                                       | -   |
| Effect of different tax rates on overseas income                                     | (359)                                       | (284)                                       |
| Adjustments in the current year in relation to prior year current tax balances       | -   | (399)                                       |
| Other  | 856   | (510)                                       |
| Income tax expense   | 10,282                                      | 26,183                                      |
|  | <b>31 December<br/>2020<br/>\$'000</b>      | <b>31 December<br/>2019<br/>\$'000</b>      |
| <b>6(c) Current taxes</b>  |   |   |
| Current tax asset  | 4,565                                       | 21,327                                      |
| Current tax liability  | (11,966)                                    | -   |
| Net current tax (liability)/asset  | (7,401)                                     | 21,327                                      |
|  | <b>31 December<br/>2020<br/>\$'000</b>      | <b>31 December<br/>2019<br/>\$'000</b>      |
| <b>6(d) Deferred taxes</b>   |   |   |
| Deferred tax liabilities are attributed to the following:                            |   |   |
| Contract debtors   | 8,365                                       | (36,020)                                    |
| Property, plant and equipment  | 14,424                                      | (5,887)                                     |
| Intangible assets  | (42,726)                                    | (9,355)                                     |
| Capitalised borrowing costs  | 1,905                                       | 3,472                                       |
| Acquisition costs  | -   | 2,149                                       |
| Other items  | (15,896)                                    | 1,801                                       |
| Hedging  | 5,490                                       | (15,455)                                    |
| Trade and other payables   | 17,127                                      | 8,462                                       |
| Provisions   | 176,968                                     | 33,190                                      |
| Tax losses   | 41,017                                      | -   |
| Net deferred tax assets/(liabilities)  | 206,674                                     | (17,643)                                    |

**6(e) Unrecognised tax losses**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| Unused tax losses for which no deferred tax asset has been recognised | 372,924                       | -                             |
| Potential tax benefit   | 111,877                       | -                             |

The amount of unrecognised tax losses relates to certain capital and revenue losses transferred to Ventia as part of the acquisition of Ferrovia Services Australia Pty Ltd. Presently, there is insufficient information to support the probability that Ventia will utilise these tax losses in future years. A deferred tax asset has been recognised in respect of those revenue losses that are considered probable for future use.

Ventia NZ Operations Limited (formerly Broadspectrum NZ Limited) had carry forward losses available of approximately NZD 43 million as at the date of acquisition by Ventia. The New Zealand Inland Revenue Department (NZIRD) has announced its legislative intention to allow losses to be available for carry forward in cases where continuity of ownership is failed and instead a business continuity test can be satisfied. Ventia NZ Operations Limited will not recognise losses until legislation has been substantially enacted and any NZIRD guidance around implementation of the rules has been fully assessed.

**6(f) Uncertain tax positions**

Ventia is committed to the management and payment of taxes in a responsible manner within the context of its Tax Governance and Risk Policy. This means that Ventia ensures internal controls exist to achieve accurate financial reporting in accordance with relevant laws, accounting standards, policies and procedures, as well as ensuring compliance with applicable tax laws, regulations and external reporting requirements by their due dates and in line with local taxation requirements.

The Tax Governance policy documents that Ventia will not enter into any transaction for the purpose of tax avoidance, undertake aggressive tax planning transactions, nor enter into transactions that do not have a legitimate business purpose.

Ferrovia Services Australia group had a similar Tax Governance policy in place and was fundamentally aligned with the business values of Ventia as they pertain to tax and financial reporting. The acquisition of Ferrovia Services Australia group has not increased the Tax Governance risk of Ventia although it has inherited the tax history of Ferrovia Services Australia group. Both Ventia and Ferrovia Services Australia group, historically and currently, have their tax affairs under examination by Revenue authorities. Once a Revenue Authority's position is concluded, Ventia will make further appropriate disclosures to the extent not already accounted.

**7. Current assets – Cash and cash equivalents**

|                          | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|--------------------------|-------------------------------|-------------------------------|
| Cash at bank and on hand | 444,271                       | 212,044                       |

**8. Current and non-current assets - Trade and other receivables**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>Current assets - Trade and other receivables</b>     |                               |                               |
| Trade receivables, net of impairment allowances*        | 218,826                       | 57,771                        |
| Contract work in progress                               | 316,900                       | 283,057                       |
| Other receivables                                       | 7,784                         | 4,812                         |
| Prepayments   | 18,415                        | 10,245                        |
| Amounts receivable from related parties                 | 29,194                        | 1,668                         |
| Total current trade and other receivables               | <u>591,119</u>                | <u>357,553</u>                |
| <b>Non-current assets - Trade and other receivables</b> |                               |                               |
| Amounts receivable from related parties                 | <u>8,992</u>                  | <u>9,285</u>                  |
| Total non-current trade and other receivables           | <u>8,992</u>                  | <u>9,285</u>                  |
| Current   | 591,119                       | 357,553                       |
| Non-current   | <u>8,992</u>                  | <u>9,285</u>                  |
| Total   | <u>600,111</u>                | <u>366,838</u>                |

\* The movement in the allowance for impairment in respect of trade and other receivables is detailed below:

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| Balance at the beginning of the year    | 177                           | 300                           |
| Recognised on acquisition of subsidiary | 7,890                         | -                             |
| Provisions raised                       | 1,126                         | -                             |
| Provisions no longer needed             | <u>-</u>                      | <u>(123)</u>                  |
| Balance at the end of the year          | <u>9,193</u>                  | <u>177</u>                    |

**9. Current assets – Inventories**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| Raw materials and consumables at lower of cost and net realisable value | <u>30,472</u>                 | <u>10,313</u>                 |



10. Derivative asset / liability

|  | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|--|-------------------------------|-------------------------------|
| <b>Current assets</b>                              |                               |                               |
| Cross currency interest rate swaps                 | 500                           | 50,651                        |
| <b>Non-current assets</b>                          |                               |                               |
| Cross currency interest rate swaps                 | 83                            | 146                           |
| <b>Total derivative assets</b>                     | <u>583</u>                    | <u>50,797</u>                 |
| <b>Current liabilities</b>                         |                               |                               |
| Cross currency interest rate swaps                 | 8,688                         | 55                            |
| <b>Non-current liabilities</b>                     |                               |                               |
| Cross currency interest rate swaps                 | 90,311                        | 1,164                         |
| <b>Total derivative liabilities</b>                | <u>98,999</u>                 | <u>1,219</u>                  |
| <b>Total net derivative (liabilities) / assets</b> | <u>(98,416)</u>               | <u>49,578</u>                 |

The group has borrowings denominated in US dollars as detailed in Note 21. The risk management strategy in terms of foreign currency exposure is to hedge 100% of exposure such that the changes in borrowings are matched by the changes in derivatives. The impact of hedge accounting on the Group's financial statements is summarised above.

The hedging instruments that are used are cross currency and interest rate swaps. The Group performs a quantitative assessment of effectiveness in line with AASB 9 Financial Instruments paragraph B6.4.14 as the critical terms (such as the nominal amount, maturity and underlying) of the cross currency and interest rate swaps match or are closely aligned with the borrowings. Hence an economic relationship exists between the hedging instrument and the hedged item. The source of hedge ineffectiveness is the mismatch in the nominal amount or maturity between the borrowings and the cross currency and interest rate swaps.

11. Assets and liabilities held for sale

APP Corporation Pty Ltd ('APP') is a wholly-owned subsidiary of BRS Holdco Pty Ltd which was acquired on 30 June 2020. On 1 July 2020, the Group announced its intention to sell APP and its subsidiaries, and actively started to market the business for sale. Therefore, APP is considered to be a subsidiary acquired exclusively with a view to resale and as it is classified as an asset held for sale, it is also classified as a discontinued operation. Refer to Note 30 for further information.

At 31 December 2020, the disposal group comprised the following assets and liabilities:

|   | 31 December<br>2020<br>\$'000 |
|---|-------------------------------|
| Trade and other receivables                             | 12,798                        |
| Property, plant and equipment                           | 1,008                         |
| Right-of-use assets                                     | 7,748                         |
| Intangible assets                                       | 7,678                         |
| Goodwill  | 50,834                        |
| Deferred tax assets                                     | 7,317                         |
| Other non-current assets                                | 348                           |
| <b>Assets held for sale</b>                             | <u>87,731</u>                 |
| Trade and other payables                                | 21,641                        |
| Provisions  | 8,283                         |
| Lease liabilities                                       | 7,152                         |
| <b>Liabilities associated with assets held for sale</b> | <u>37,076</u>                 |

12. Non-current assets – Investments accounted for using equity method

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>Joint venture entities</b>           |                               |                               |
| Balance at the beginning of the year    | 7,859                         | 5,455                         |
| Recognised on acquisition of subsidiary | 2,171                         | -                             |
| Share of profit for the year            | 3,112                         | 5,648                         |
| Share of tax expense                    | (751)                         | (1,669)                       |
| Dividends received                      | (2,318)                       | (1,575)                       |
| Balance at the end of the year          | 10,073                        | 7,859                         |

The Group has the following interests in joint venture entities whose principal activity is services, and are accounted for using the equity method:

|  |                | Ownership interest<br>31 December<br>2020<br>% | 31 December<br>2019<br>% |
|--|----------------|--|--------------------------|
| <b>Joint venture entities</b>                              | <b>Country</b> |  |                          |
| Brisbane Motorway Services Pty Limited <sup>1,2</sup>      | Australia      | -  | 50.0%                    |
| Gateway Motorway Services Pty Limited                      | Australia      | 50.0%  | 50.0%                    |
| Infocus Infrastructure Management Pty Limited <sup>2</sup> | Australia      | -  | 50.0%                    |
| SV Joint Venture Pty Limited                               | Australia      | 50.0%  | 50.0%                    |
| Ventia Boral Amey QLD Pty Limited <sup>3,6</sup>           | Australia      | 66.6%  | 44.4%                    |
| Ventia Boral Amey NSW Pty Limited <sup>4,6</sup>           | Australia      | 64.4%  | 44.4%                    |
| Venture Smart Pty Limited                                  | Australia      | 50.0%  | 50.0%                    |
| Skout Solutions Pty Limited <sup>5</sup>                   | Australia      | 50.0%  | -                        |
| Skout Solutions (NZ) Limited <sup>5</sup>                  | New Zealand    | 50.0%  | -                        |
| Broadspectrum WorleyParsons JV(M) Sn Bhd <sup>5</sup>      | Malaysia       | 50.0%  | -                        |

<sup>1</sup> The sole contract of the company ended in March 2019.

<sup>2</sup> This joint venture was dissolved in the current year.

<sup>3</sup> The Group acquired an additional 22.2% ownership interest in this joint venture entity through the acquisition of BRS Holdco Pty Ltd.

<sup>4</sup> The Group acquired an additional 20.0% ownership interest in this joint venture entity through the acquisition of BRS Holdco Pty Ltd.

<sup>5</sup> These joint venture entities were acquired as part of the acquisition of BRS Holdco Pty Ltd.

<sup>6</sup> Whilst the group holds a greater than 50 per cent interest in these joint venture entities, voting rights on key matters are shared among the joint venture entity participants, and therefore the Group accounts for these joint venture entities using the equity method.

### 13. Non-current assets – Joint operations

The Group has the following interests in joint operations whose primary activity is providing services:

| Name  | Country   | Ownership interest |                  |
|---|-----------|--------------------|------------------|
|   |           | 31 December 2020   | 31 December 2019 |
|   |           | %                  | %                |
| Arup Pty Limited & BMD Constructions Pty & Ventia Pty Ltd (Smartways) | Australia | 20.0%              | 20.0%            |
| Optus Wireless Project (OWP)  | Australia | 50.0%              | 50.0%            |
| Ventia Boral Amey QLD <sup>1,4</sup>                                  | Australia | 66.6%              | 44.4%            |
| Ventia Boral Amey NSW <sup>2,4</sup>                                  | Australia | 64.4%              | 44.4%            |
| Watersure   | Australia | 40.0%              | 40.0%            |
| Allwater <sup>3</sup>   | Australia | 50.0%              | -                |
| Aroona Alliance <sup>3</sup>  | Australia | 50.0%              | -                |
| BRSJay <sup>3</sup>   | Australia | 50.0%              | -                |
| Confluence Water <sup>3</sup>   | Australia | 42.5%              | -                |
| MTC-Broadspectrum <sup>3</sup>  | Australia | 50.0%              | -                |
| Trace UJV <sup>3,4</sup>  | Australia | 80.0%              | -                |
| Transcom Connect <sup>3</sup>   | Australia | 50.0%              | -                |
| Utilita Water Solutions <sup>3</sup>                                  | Australia | 50.0%              | -                |

<sup>1</sup> The Group acquired an additional 22.2% ownership interest in this joint operation through the acquisition of BRS Holdco Pty Ltd.

<sup>2</sup> The Group acquired an additional 20.0% ownership interest in this joint operation through the acquisition of BRS Holdco Pty Ltd.

<sup>3</sup> These joint operations were acquired as part of the acquisition of BRS Holdco Pty Ltd.

<sup>4</sup> Whilst the group holds a greater than 50 per cent interest in these joint operations, as they are formed by contractual arrangements and are not entities, the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

### 14. Non-current assets – Right-of-use assets

|  | Property<br>\$'000 | Plant and<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Total<br>\$'000 |
|--|--------------------|----------------------------------|-----------------------------|-----------------|
| Cost at 1 January 2020                       | 41,627             | 26,562                           | 45,336                      | 113,525         |
| Accumulated depreciation at 1 January 2020   | (11,431)           | (4,468)                          | (17,111)                    | (33,010)        |
| Balance at 1 January 2020                    | 30,196             | 22,094                           | 28,225                      | 80,515          |
| Recognised on acquisition of subsidiary      | 33,911             | 18,408                           | 32,184                      | 84,503          |
| Additions                                    | 8,307              | 3,647                            | 10,555                      | 22,509          |
| Disposals                                    | (1,581)            | (435)                            | (409)                       | (2,425)         |
| Depreciation                                 | (19,223)           | (8,658)                          | (24,396)                    | (52,277)        |
| Reclassified to assets held for sale         | -                  | (7,748)                          | -                           | (7,748)         |
| Effect of movements in exchange rates        | 361                | 153                              | (98)                        | 416             |
| Balance at 31 December 2020                  | 51,971             | 27,461                           | 46,061                      | 125,493         |
| Cost at 31 December 2020                     | 74,525             | 35,513                           | 80,892                      | 190,930         |
| Accumulated depreciation at 31 December 2020 | (22,554)           | (8,052)                          | (34,831)                    | (65,437)        |
| Balance at 31 December 2020                  | 51,971             | 27,461                           | 46,061                      | 125,493         |

15. Non-current assets – Property, plant and equipment

|  | Leasehold<br>improvements<br>\$'000 | Plant and<br>equipment<br>\$'000 | Motor<br>vehicles<br>\$'000 | Total<br>\$'000 |
|--|-------------------------------------|----------------------------------|-----------------------------|-----------------|
| Cost at 1 January 2019                       | 8,295                               | 50,939                           | 1,149                       | 60,383          |
| Accumulated depreciation at 1 January 2019   | (4,171)                             | (12,982)                         | (657)                       | (17,810)        |
| Balance at 1 January 2019                    | 4,124                               | 37,957                           | 492                         | 42,573          |
| Additions                                    | 510                                 | 5,114                            | -                           | 5,624           |
| Disposals                                    | (3)                                 | (385)                            | (154)                       | (542)           |
| Depreciation                                 | (1,037)                             | (11,357)                         | (103)                       | (12,497)        |
| Transfers                                    | -                                   | (6,721)                          | -                           | (6,721)         |
| Balance at 31 December 2019                  | 3,594                               | 24,608                           | 235                         | 28,437          |
| Cost at 31 December 2019                     | 8,799                               | 45,449                           | 714                         | 54,962          |
| Accumulated depreciation at 31 December 2019 | (5,205)                             | (20,841)                         | (479)                       | (26,525)        |
| Balance at 31 December 2019                  | 3,594                               | 24,608                           | 235                         | 28,437          |
| Balance at 1 January 2020                    | 3,594                               | 24,608                           | 235                         | 28,437          |
| Recognised on acquisition of subsidiary      | 8,911                               | 155,804                          | 4,318                       | 169,033         |
| Additions                                    | 119                                 | 20,416                           | 45                          | 20,580          |
| Disposals                                    | (41)                                | (768)                            | (64)                        | (873)           |
| Depreciation                                 | (4,349)                             | (22,131)                         | (522)                       | (27,002)        |
| Transfers                                    | 954                                 | (954)                            | -                           | -               |
| Reclassified to assets held for sale         | -                                   | (1,008)                          | -                           | (1,008)         |
| Effect of movements in exchange rates        | (27)                                | 839                              | (1)                         | 811             |
| Balance at 31 December 2020                  | 9,161                               | 176,806                          | 4,011                       | 189,978         |
| Cost at 31 December 2020                     | 17,038                              | 189,773                          | 4,260                       | 211,071         |
| Accumulated depreciation at 31 December 2020 | (7,877)                             | (12,967)                         | (249)                       | (21,093)        |
| Balance at 31 December 2020                  | 9,161                               | 176,806                          | 4,011                       | 189,978         |

16. Non-current assets – Intangibles

|  | Brand names*<br>\$'000 | Customer<br>contracts and<br>relationships<br>\$'000 | Capitalised<br>software<br>\$'000 | Total<br>\$'000 |
|--|------------------------|--|-----------------------------------|-----------------|
| Cost at 1 January 2019                       | 31,184                 | 76,103   | 87,881                            | 195,168         |
| Accumulated amortisation at 1 January 2019   | -                      | (68,566)   | (18,069)                          | (86,635)        |
| Balance at 1 January 2019                    | 31,184                 | 7,537  | 69,812                            | 108,533         |
| Additions                                    | -                      | -  | 16,152                            | 16,152          |
| Disposals                                    | -                      | -  | (32)                              | (32)            |
| Amortisation                                 | -                      | (7,537)  | (15,074)                          | (22,611)        |
| Balance at 31 December 2019                  | 31,184                 | -  | 70,858                            | 102,042         |
| Cost at 31 December 2019                     | 31,184                 | 76,103   | 103,970                           | 211,257         |
| Accumulated amortisation at 31 December 2019 | -                      | (76,103)   | (33,112)                          | (109,215)       |
| Balance at 31 December 2019                  | 31,184                 | -  | 70,858                            | 102,042         |
| Balance at 1 January 2020                    | 31,184                 | -  | 70,858                            | 102,042         |
| Recognised on acquisition of subsidiary      | 7,400                  | 96,186   | 60,185                            | 163,771         |
| Additions                                    | -                      | -  | 8,653                             | 8,653           |
| Disposals                                    | -                      | -  | (4)                               | (4)             |
| Amortisation                                 | (10,395)               | (11,395)   | (37,771)                          | (59,561)        |
| Reclassified to assets held for sale         | (1,500)                | (6,178)  | -                                 | (7,678)         |
| Effect of movements in exchange rates        | -                      | 18   | (23)                              | (5)             |
| Balance at 31 December 2020                  | 26,689                 | 78,631   | 101,898                           | 207,218         |
| Cost at 31 December 2020                     | 37,084                 | 172,310  | 172,331                           | 381,725         |
| Accumulated amortisation at 31 December 2020 | (10,395)               | (93,679)   | (70,433)                          | (174,507)       |
| Balance at 31 December 2020                  | 26,689                 | 78,631   | 101,898                           | 207,218         |

\* On 1 July 2020, Ventia announced that the Group would be branded as Ventia and that the use of brand names such as Broadspectrum and Visionstream would be phased out. As a result, the Visionstream brand name is being amortised on a straight-line basis over its remaining effective life of 18 months from 1 July 2020.

**17. Non-current assets – Goodwill**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| Balance at the beginning of the year    | 842,420                       | 842,420                       |
| Recognised on acquisition of subsidiary | 274,792                       | -                             |
| Reclassified to assets held for sale    | (50,834)                      | -                             |
|   | <u>1,066,378</u>              | <u>842,420</u>                |
| Balance at the end of the year          |                               |                               |

Goodwill has been allocated to groups of Cash Generating Units (CGU) represented by the Group's operating segments for the purpose of impairment testing.

The recoverable amounts of all CGUs are based on value in use calculations. The calculations use five year cash flow projections based on a 2.0% growth in forecasted operating results. A pre-tax discount rate of 14.2% (2019: 13.6%) has been used in discounting the projected cash flows.

The recoverable amount of each CGU exceeds its carrying amount at balance sheet date.

The key assumptions included in the value in use approach to determine the recoverable amount of all CGUs in the current year are:

- Market / segment growth
- Economic forecasts, taking into account the Group's participation in each market
- Analysis of price forecasts, adjusted for actual experience
- Inflation / CPI rates and foreign currency rates

A reasonable change in the above assumptions would not result in an impairment of goodwill.

**18. Current and non-current liabilities – Trade and other payables**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <b>Current liabilities - Trade and other payables</b>     |                               |                               |
| Trade payables  | 152,679                       | 74,660                        |
| Accruals  | 289,935                       | 146,845                       |
| Deferred revenue  | 201,325                       | 217,170                       |
| Other creditors   | 68,223                        | 84,836                        |
| Amounts payable to related parties                        | 2,886                         | -                             |
| Dividend payable  | -                             | 4,876                         |
|   | <u>715,048</u>                | <u>528,387</u>                |
| Total current trade and other payables                    |                               |                               |
| <b>Non-current liabilities - Trade and other payables</b> |                               |                               |
| Deferred revenue  | 28,942                        | -                             |
|   | <u>28,942</u>                 | <u>-</u>                      |
| Total non-current trade and other payables                |                               |                               |
| Current   | 715,048                       | 528,387                       |
| Non-current   | 28,942                        | -                             |
|   | <u>743,990</u>                | <u>528,387</u>                |
| Total   |                               |                               |

**19. Current and non-current liabilities – Provisions**

|   | Employee<br>benefits<br>\$'000 | Workers<br>compensation<br>\$'000 | Make good<br>\$'000 | Other*<br>\$'000 | Total<br>\$'000 |
|---|--------------------------------|-----------------------------------|---------------------|------------------|-----------------|
| Balance at 1 January 2020               | 84,989                         | -                                 | 10,830              | 14,634           | 110,453         |
| Current                                 | 76,742                         | -                                 | 3,562               | 14,634           | 94,938          |
| Non-current                             | 8,247                          | -                                 | 7,268               | -                | 15,515          |
| Balance at 1 January 2020               | 84,989                         | -                                 | 10,830              | 14,634           | 110,453         |
| Recognised on acquisition of subsidiary | 157,945                        | 40,767                            | 5,020               | 295,875          | 499,607         |
| Additions                               | 135,149                        | 1,750                             | 84                  | 9,881            | 146,864         |
| Provisions used during the year         | (130,593)                      | -                                 | (876)               | (13,064)         | (144,533)       |
| Reversal of unutilised provisions       | (1,527)                        | -                                 | (1,664)             | (4,011)          | (7,202)         |
| Provisions reclassified during the year | -                              | -                                 | (734)               | (3,263)          | (3,997)         |
| Effect of movements in exchange rates   | 25                             | -                                 | 2                   | 10               | 37              |
| Provisions transferred during the year  | (8,938)                        | 4,200                             | -                   | 4,088            | (650)           |
| Balance at 31 December 2020             | 237,050                        | 46,717                            | 12,662              | 304,150          | 600,579         |
| Current                                 | 184,505                        | 27,110                            | 4,421               | 106,742          | 322,778         |
| Non-current                             | 52,545                         | 19,607                            | 8,241               | 197,408          | 277,801         |
| Total                                   | 237,050                        | 46,717                            | 12,662              | 304,150          | 600,579         |

\* Other provisions include estimated amounts for:

- onerous or unfavourable contracts;
- provisions for contractual disputes and other legal exposures; and
- warranty claims against the Group for claims incurred.

**20. Current and non-current liabilities – Lease liabilities**

|                         | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|-------------------------|-------------------------------|-------------------------------|
| Current                 | 49,733                        | 33,085                        |
| Non-current             | 83,588                        | 49,765                        |
| Total lease liabilities | 133,321                       | 82,850                        |

The total cash outflow for leases was \$59,246,000 (2019: \$38,074,000).

21. Current and Non-current liabilities – Borrowings

|                             | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|-----------------------------|-------------------------------|-------------------------------|
| Borrowings                  | 1,355,813                     | 972,006                       |
| Capitalised borrowing costs | (41,852)                      | (12,655)                      |
| Total                       | <u>1,313,961</u>              | <u>959,351</u>                |
| Current                     | 5,746                         | 4,641                         |
| Non-current                 | <u>1,308,215</u>              | <u>954,710</u>                |
| Total                       | <u>1,313,961</u>              | <u>959,351</u>                |

In May 2015 the Group raised debt in the Term Loan B market. The Borrowers to the Syndicated Agreement are Ventia Finco Pty Limited and Ventia Deco LLC.

| Facility Type         | Facility Limit<br>\$'000 | Utilised Facility<br>\$'000 | Unutilised facility<br>\$'000 | Maturity   |
|-----------------------|--------------------------|-----------------------------|-------------------------------|------------|
| USD Term Loan B       | 584,053                  | 584,053                     | -                             | 22/05/2026 |
| AUD Term Loan B       | 587,527                  | 587,527                     | -                             | 22/05/2026 |
| AUD Revolver facility | 232,850                  | -                           | 232,850                       | 22/05/2024 |

In the current year, the Group borrowed \$478,810,844 of additional funds (\$200,000,000 USD and \$185,000,000 AUD). The interest rate margin on both AUD and USD components was increased (USD: from LIBOR + 3.5% to LIBOR + 4% and AUD from BBSW + 4.625% to BBSW + 5.5%). There were additional borrowing costs of \$37,399,083 during the year.

The facilities have a fixed and floating charge over the assets of Ventia Midco Pty Ltd and its controlled entities.

The Group has entered into swap arrangements to mitigate its exposure to unfavourable foreign exchange and interest rate movements. The swap arrangements satisfy the requirements for hedge accounting and are accounted for accordingly. Refer to Note 23(b).



22. Equity – Share capital

|  | Number of<br>Shares<br>'000 | Amount<br>\$'000 |
|--|-----------------------------|------------------|
| <b>Ordinary and vested EIP shares</b>      |                             |                  |
| Balance at 1 January 2019                  | 614,823                     | 2,844            |
| Shares bought back                         | (555)                       | (534)            |
| Transfers from share based payment reserve | 2,637                       | 939              |
|  | <hr/>                       | <hr/>            |
| Balance at 31 December 2019                | 616,905                     | 3,249            |
|  | <hr/>                       | <hr/>            |
| Transfer to capital redemption reserve     | -                           | 2,061            |
| Shares bought back                         | (5,182)                     | (4,084)          |
| Transfer from share based payment reserve  | 4,049                       | 1,365            |
|  | <hr/>                       | <hr/>            |
| Balance at 31 December 2020                | 615,772                     | 2,591            |

During the year 4,342,633 partly paid EIP shares were issued under the Executive Incentive Plan ("EIP" or "the Plan") and paid to \$0.001 each and with outstanding calls of \$0.920 each. The partly paid EIP shares carry a right to dividend on the same basis as holders of ordinary shares. Partly paid EIP shares do not carry any voting rights but may become voting shares under certain circumstances outlined in the rules of the Plan. However, these voting rights cannot be exercised until the partly paid EIP shares are vested and the trigger events in the Plan have materialised. Where a dividend is payable on partly paid EIP shares, the value of the dividend (net of tax) will be applied to reduce the amount outstanding on the shares. Under certain circumstances the Company has the right to call for the outstanding payment on the EIP shares to be settled.

In addition to the 615,772,000 shares above, there are 11,635,770 treasury shares which were issued under the Company's EIP share scheme as at 31 December 2020 (31 December 2019: 16,873,429). As these EIP shares are unvested and held in trust, they do not form part of the total ordinary shares outstanding.

**23. Equity - Reserves**

|  | 31 December<br>2020<br>\$'000          | 31 December<br>2019<br>\$'000          |
|--|--|--|
| Foreign currency translation reserve (a)   | (853)                                  | 251                                    |
| Cash flow hedging reserve (b)  | (12,810)                               | (1,808)                                |
| Share based payment reserve (c)  | 3,986                                  | 6,229                                  |
| Capital redemption reserve (d)   | (2,061)                                | -                                      |
|  | <u>(11,738)</u>                        | <u>4,672</u>                           |
|  | <b>31 December<br/>2020<br/>\$'000</b> | <b>31 December<br/>2019<br/>\$'000</b> |
| <b>23.(a) Foreign currency translation reserve</b>   |  |  |
| Balance at beginning of the year   | 251                                    | (609)                                  |
| Currency translation differences during the year   | <u>(1,104)</u>                         | <u>860</u>                             |
| Balance at the end of the year   | <u>(853)</u>                           | <u>251</u>                             |
|  | <b>31 December<br/>2020<br/>\$'000</b> | <b>31 December<br/>2019<br/>\$'000</b> |
| <b>23.(b) Cash flow hedging reserve</b>  |  |  |
| Balance at beginning of the year   | (1,808)                                | (2,429)                                |
| Gains arising on the change in the fair value of hedging instruments entered into for cash flow hedges | 20,177                                 | 5,049                                  |
| Income tax related to gains recognised in other comprehensive income                                   | (6,053)                                | (1,515)                                |
| Cumulative loss arising on changes in fair value of hedging instruments reclassified to profit or loss | (35,894)                               | (4,164)                                |
| Income tax related to losses reclassified to profit or loss  | <u>10,768</u>                          | <u>1,251</u>                           |
| Balance at end of the year   | <u>(12,810)</u>                        | <u>(1,808)</u>                         |

**23.(c) Share based payment reserve**

The Company has a share scheme for certain executive employees of the Company and its subsidiaries, which is referred to as the Executive Incentive Plan. The EIP share scheme is designed to provide incentives to attract, retain and motivate those whose contributions are important to the Company's success. In accordance with the terms of the Plan, as approved by shareholders and the Board of the Company, an executive employee or Director of the Company or its subsidiaries may be invited to participate in the Plan at the discretion of the Board of the Company. If the invitation is accepted, the executive employee or Director will be granted a class of share called an "EIP share" which is unvested upon issue.

Unvested EIP shares will vest in accordance with the time vesting and performance vesting conditions outlined in the Plan. Only vested EIP shares will be able to be sold for market value, subject to certain trigger events set out in the Plan.

EIP shares do not carry any voting rights but may become voting shares under certain circumstances outlined in the rules of the Plan. However, these voting rights cannot be exercised until the EIP shares are vested and the trigger events in the Plan have materialised.

The participating executive employee or Director may pay for their EIP shares with their own money or by taking out a limited recourse loan with the Company. If the executive employee or Director chooses to pay for their EIP shares using a limited recourse loan, then there are additional requirements in relation to the receipt and treatment of dividends or other distributions.

The number of EIP shares granted and the price of the EIP shares are at the discretion of the Board.

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The following share based payment arrangements were in existence during the current and prior years:

| EIP Plan No    | Grant Date       | Number of<br>EIP shares<br>granted | Fair value at<br>grant date |
|----------------|------------------|------------------------------------|-----------------------------|
| EIP Plan No. 1 | 31 March 2015    | 31,028,107                         | \$0.36                      |
| EIP Plan No. 1 | 1 January 2016   | 3,898,819                          | \$0.33                      |
| EIP Plan No. 2 | 1 January 2016   | 650,000                            | \$0.33                      |
| EIP Plan No. 2 | 19 May 2016      | 2,000,000                          | \$0.33                      |
| EIP Plan No. 2 | 9 January 2017   | 433,333                            | \$0.33                      |
| EIP Plan No. 1 | 1 July 2017      | 433,333                            | \$0.33                      |
| EIP Plan No. 2 | 1 July 2017      | 666,666                            | \$0.33                      |
| EIP Plan No. 1 | 1 September 2018 | 600,000                            | \$0.33                      |
| EIP Plan No. 1 | 1 October 2019   | 1,085,658                          | \$0.33                      |
| EIP Plan No. 1 | 17 December 2019 | 2,714,146                          | \$0.18                      |
| EIP Plan No. 1 | 31 March 2020    | 1,628,488                          | \$0.25                      |
| EIP Plan No. 1 | 3 August 2020    | 2,950,000                          | \$0.41                      |

The following reconciles the EIP shares outstanding at the beginning and end of the year:

|   | Number of<br>options                                  | Weighted<br>average<br>exercise price                 |
|---|---|---|
| Balance at 1 January 2020                     | 16,873,429  | \$0.17  |
| Granted during the year                       | 7,292,633   | \$0.97  |
| Forfeited during the year                     | (8,481,209)   | -   |
| Vested during the year                        | (4,049,083)   | -   |
| Balance at 31 December 2020                   | <u>11,635,770</u>                                     | \$0.51  |
| Balance at 1 January 2019                     | 19,106,463  | \$0.13  |
| Granted during the year                       | 1,085,658   | \$0.92  |
| Forfeited during the year                     | (682,293)   | -   |
| Vested during the year                        | (2,636,399)   | -   |
| Balance at 31 December 2019                   | <u>16,873,429</u>                                     | \$0.17  |
|   | <b>Year ended<br/>31 December<br/>2020<br/>\$'000</b> | <b>Year ended<br/>31 December<br/>2019<br/>\$'000</b> |
| <b>Share based payments reserve</b>           |   |   |
| Balance at beginning of the year              | 6,229   | 6,463   |
| Share capital (income) / expense for the year | (878)   | 705   |
| Transfers to share capital                    | <u>(1,365)</u>  | <u>(939)</u>  |
| Balance at end of the year                    | <u>3,986</u>  | <u>6,229</u>  |
|   | <b>31 December<br/>2020<br/>\$'000</b>                | <b>31 December<br/>2019<br/>\$'000</b>                |

**23.(d) Capital redemption reserve**

|                                  |                |          |
|----------------------------------|----------------|----------|
| Balance at beginning of the year | -              | -        |
| Transfers from share capital     | <u>(2,061)</u> | <u>-</u> |
| Balance at end of the year       | <u>(2,061)</u> | <u>-</u> |

The Capital Redemption Reserve arises on the repurchase of EIP shares by the company and consists of the difference between the value attributed at grant date to share options issued under the Executive Incentive Plan and the value of the EIP shares which have been repurchased by the Company.

**24. Commitments**

|   | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|---|-------------------------------|-------------------------------|
| <i>Capital expenditure commitments</i>  |                               |                               |
| Capital expenditure contracted for but not recognised as liabilities, are payable as follows: |                               |                               |
| Within one year   | 4,317                         | 4,291                         |

There are no material commitments related to joint arrangements.

**25. Contingent liabilities**

*Bank guarantees, insurance bonds and letters of credit*

Indemnities given by third parties on behalf of the Group in the ordinary course of business are as follows:

|  | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|--|-------------------------------|-------------------------------|
| Insurance, performance and payment bonds | 323,437                       | 152,770                       |
| Letters of credit                        | 3,285                         | 3,364                         |
|  | 326,722                       | 156,134                       |

Legal claims arise in the ordinary course of business. The Directors consider that appropriate provisions have been raised to reflect expected settlement amounts and finalisation of open matters and therefore no contingent liabilities for legal settlements have been noted.

**26. Reconciliation of profit for the year to cash generated from operating activities**

|  | 31 December<br>2020<br>\$'000 | 31 December<br>2019<br>\$'000 |
|--|-------------------------------|-------------------------------|
| Profit for the year                                    | 28,034                        | 62,122                        |
| Adjustments for:                                       |                               |                               |
| Tax expense  | 10,282                        | 26,183                        |
| Income tax (paid)/refund                               | 1,220                         | (4,847)                       |
| Depreciation and amortisation                          | 138,839                       | 68,142                        |
| Share of profit of joint venture entities              | (3,112)                       | (5,648)                       |
| (Gain) / loss on sale of property, plant and equipment | (524)                         | (1,066)                       |
| Amortisation of capitalised borrowing costs            | 8,203                         | 9,595                         |
| EIP  | (878)                         | 706                           |
| Hedging cost   | 849                           | 305                           |
| Finance cost accrual                                   | 10,467                        | 1,815                         |
| Others   | 2,263                         | 2,939                         |
| Changes in:  |                               |                               |
| Inventories  | 1,192                         | 4,174                         |
| Trade and other receivables                            | 56,548                        | (14,291)                      |
| Trade and other payables                               | (155,621)                     | (25,036)                      |
| Provisions and employee benefits                       | (30,449)                      | (12,098)                      |
| Cash flow from discontinued operations                 | 13,238                        | -                             |
| Net cash inflow from operating activities              | 80,551                        | 112,995                       |

## 27. Related party transactions

### 27.(a) Ultimate parent entity

The Group is jointly controlled by the immediate parent entity AIF VIII Singapore Pte Ltd, a company domiciled in Singapore and CIMIC Group Limited, a company domiciled in Australia and listed on the Australian Securities Exchange.

The ultimate parent entities of the Group and the respective entities above are Apollo Global Management, LLC a company incorporated in the United States of America and listed on the New York Stock Exchange and Actividades de Construcción y Servicios, SA (ACS) a company incorporated in Spain and listed on the Bolsa de Madrid Stock Exchange.

### 27.(b) Terms and conditions of transactions with related parties

The terms and conditions of the transactions with related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-related parties on an arm's length basis.

### 27.(c) Key Management Personnel compensation

Key Management Personnel (KMP) are considered to be the Chief Executive Officer, the Chief Financial Officer and the Executive General Managers of each of the operating segments. KMP compensation was \$8,469,878 for the year ended 31 December 2020 (2019: \$5,147,245).

### 27.(d) Related party disclosures

The following table provides the total amount of transactions that have been entered into with related parties.

|                                      | Revenue<br>\$'000 | Expenses<br>\$'000 | Current<br>receivables<br>\$'000 | Non-current<br>receivables<br>\$'000 | Current<br>payables<br>\$'000 |
|--------------------------------------|-------------------|--------------------|----------------------------------|--------------------------------------|-------------------------------|
| 31 Dec 2019                          |                   |                    |                                  |                                      |                               |
| Directors                            | -                 | 750                | -                                | -                                    | -                             |
| Parent and their controlled entities | 320               | 6,012              | 512                              | -                                    | -                             |
| Joint Ventures                       | 20,814            | 3,537              | 1,156                            | 9,285                                | -                             |
|                                      | <u>21,134</u>     | <u>10,299</u>      | <u>1,668</u>                     | <u>9,285</u>                         | <u>-</u>                      |
| 31 Dec 2020                          |                   |                    |                                  |                                      |                               |
| Directors                            | -                 | 755                | -                                | -                                    | -                             |
| Parent and their controlled entities | 3,653             | 6,502              | 454                              | -                                    | 68                            |
| Joint Ventures                       | 82,440            | 20,159             | 28,740                           | 8,992                                | 2,818                         |
|                                      | <u>86,093</u>     | <u>27,416</u>      | <u>29,194</u>                    | <u>8,992</u>                         | <u>2,886</u>                  |

**28. Ventia Services Group Pty Limited and controlled entities**

**28.(a) Parent entity disclosures**

As at, and throughout, the financial year ended 31 December 2020 the parent entity of the Group was Ventia Services Group Pty Limited. A statement of profit or loss and statement of financial position is set out below:

|   | Year ended<br>31 December<br>2020<br>\$'000 | Year ended<br>31 December<br>2019<br>\$'000 |
|---|---|---|
| <b>Statement of profit or loss</b>      |   |   |
| Dividend income                         | -   | 100,000                                     |
| Interest income                         | 54  | 228   |
| Profit before tax                       | 54  | 100,228                                     |
| Income tax expense                      | (16)  | (68)  |
| Total comprehensive income for the year | 38  | 100,160                                     |
|   | <b>31 December<br/>2020<br/>\$'000</b>      | <b>31 December<br/>2019<br/>\$'000</b>      |
| <b>Statement of financial position</b>  |   |   |
| Cash and cash equivalents               | 11,069                                      | 20,658                                      |
| Current tax asset                       | 4,039                                       | 5,097                                       |
| Trade and other receivables             | 10,579                                      | 9,733                                       |
| Total current assets                    | 25,687                                      | 35,488                                      |
| Investment in subsidiaries              | 103   | 103   |
| Deferred tax assets                     | 41,017                                      | -   |
| Total non-current assets                | 41,120                                      | 103   |
| Total assets                            | 66,807                                      | 35,591                                      |
| Trade and other payables                | 41,017                                      | -   |
| Dividend payable                        | -   | 4,876                                       |
| Total current liabilities               | 41,017                                      | 4,876                                       |
| Total non-current liabilities           | -   | -   |
| Total liabilities                       | 41,017                                      | 4,876                                       |
| Net Assets                              | 25,790                                      | 30,715                                      |
| Share capital                           | 2,591                                       | 3,249                                       |
| Reserves                                | 1,925                                       | 6,229                                       |
| Retained earnings                       | 21,274                                      | 21,237                                      |
| Total equity                            | 25,790                                      | 30,715                                      |

**28.(b) Parent entity commitments and contingent liabilities**

The Company does not have any commitments or contingent liabilities (2019: nil).

28.(c) Controlled entities

| Name of entity   | Country                  | Interest held % |      |
|--|--------------------------|-----------------|------|
|  |                          | 2020            | 2019 |
| Ventia Services Group EIP Pty Ltd <sup>2</sup>                         | Australia                | 100             | 100  |
| Ventia Midco Pty Limited <sup>2</sup>                                  | Australia                | 100             | 100  |
| Ventia Finco Pty Limited <sup>2</sup>                                  | Australia                | 100             | 100  |
| Ventia Holdings I Pty Limited <sup>2</sup>                             | Australia                | 100             | 100  |
| Ventia Pty Limited <sup>2, 4</sup>                                     | Australia                | 100             | 100  |
| Visionstream Services Pty Limited <sup>2, 4</sup>                      | Australia                | 100             | 100  |
| Visionstream Australia Pty Limited <sup>2, 4</sup>                     | Australia                | 100             | 100  |
| Ventia Leasing Pty Limited <sup>2, 4</sup>                             | Australia                | 100             | 100  |
| Vision Hold Pty Limited <sup>2, 4</sup>                                | Australia                | 100             | 100  |
| ChargePoint Pty Limited <sup>2, 4</sup>                                | Australia                | 100             | 100  |
| ChargeLink Australia Pty Limited <sup>1</sup>                          | Australia                | -               | 100  |
| Visionstream Pty Limited <sup>2, 4</sup>                               | Australia                | 100             | 100  |
| Ventia Utility Services Pty Limited <sup>2, 4</sup>                    | Australia                | 100             | 100  |
| Silcar Pty Ltd <sup>2, 4</sup>   | Australia                | 100             | 100  |
| Ventia Asset Infrastructure Services Pty Limited <sup>2, 4</sup>       | Australia                | 100             | 100  |
| Ventia NBH Pty Limited <sup>2</sup>                                    | Australia                | 100             | 100  |
| Delron Cleaning Pty Ltd <sup>2, 4</sup>                                | Australia                | 100             | 100  |
| Delron Group Facility Services Pty Limited <sup>2, 4</sup>             | Australia                | 100             | 100  |
| Ventia Environmental Services Pty Limited <sup>2</sup>                 | Australia                | 100             | 100  |
| Chargepoint Limited <sup>1</sup>                                       | New Zealand              | -               | 100  |
| Ventia NZ Limited  | New Zealand              | 100             | 100  |
| Ventia Pty Limited (NZ Branch)   | New Zealand              | 100             | 100  |
| Visionstream NZ Ltd  | New Zealand              | 100             | 100  |
| Visionstream Pty Ltd (NZ Branch)                                       | New Zealand              | 100             | 100  |
| Ventia (PNG) Ltd   | Papua New Guinea         | 100             | 100  |
| Silcar Nouvelle-Caledonie SAS  | New Caledonia            | 100             | 100  |
| Ventia Deco LLC  | United States of America | 100             | 100  |
| APP Corporation Pty Ltd <sup>2, 3</sup>                                | Australia                | 100             | -    |
| Appoint Consulting Pty Ltd <sup>2, 3</sup>                             | Australia                | 100             | -    |
| Australian Drilling Solutions Pty Ltd <sup>2, 3</sup>                  | Australia                | 100             | -    |
| Australian Quality Assurance & Superintendence Pty Ltd <sup>2, 3</sup> | Australia                | 100             | -    |
| BE & MG Pty Ltd <sup>2, 3</sup>  | Australia                | 100             | -    |
| BR & I Pty Ltd <sup>2, 3, 4</sup>                                      | Australia                | 100             | -    |
| Broadspectrum (Asset Management Optimisation) Pty Ltd <sup>2, 3</sup>  | Australia                | 100             | -    |
| Broadspectrum (Chile) Pty Ltd <sup>2, 3</sup>                          | Australia                | 100             | -    |
| Broadspectrum (East Timor) Pty Ltd <sup>2, 3</sup>                     | Australia                | 100             | -    |
| Broadspectrum (Finance) Pty Ltd <sup>2, 3, 4</sup>                     | Australia                | 100             | -    |
| Broadspectrum (Holdings) Pty Ltd <sup>2, 3, 4</sup>                    | Australia                | 100             | -    |
| Broadspectrum (India) Pty Ltd <sup>2, 3</sup>                          | Australia                | 100             | -    |
| Broadspectrum (International) Pty Ltd <sup>2, 3, 4</sup>               | Australia                | 100             | -    |
| Broadspectrum (IP) Holdings Pty Limited <sup>2, 3</sup>                | Australia                | 100             | -    |
| Broadspectrum (Oil & Gas) Pty Ltd <sup>2, 3, 4</sup>                   | Australia                | 100             | -    |
| Broadspectrum (QLD) Infrastructure Pty Ltd <sup>2, 3</sup>             | Australia                | 100             | -    |
| Broadspectrum (USM) Holdings Pty Ltd <sup>2, 3</sup>                   | Australia                | 100             | -    |
| Broadspectrum Australia (QLD) Pty Ltd <sup>2, 3</sup>                  | Australia                | 100             | -    |
| Broadspectrum Escrow Pty Ltd <sup>2, 3</sup>                           | Australia                | 100             | -    |
| Broadspectrum Holdings (Delaware) Pty Ltd <sup>2, 3</sup>              | Australia                | 100             | -    |
| Broadspectrum Metrolink Pty Ltd <sup>2, 3</sup>                        | Australia                | 100             | -    |
| Broadspectrum Pty Ltd <sup>2, 3, 4</sup>                               | Australia                | 100             | -    |
| Broadspectrum Services Pty Ltd <sup>2, 3</sup>                         | Australia                | 100             | -    |
| Broadspectrum Training Services Pty Ltd <sup>2, 3</sup>                | Australia                | 100             | -    |
| BRS Employee Plan Co Pty Limited <sup>2, 3</sup>                       | Australia                | 100             | -    |
| BRS Holdco Pty Ltd <sup>2, 3, 4, 5</sup>                               | Australia                | 100             | -    |
| CI Australia Pty Limited <sup>2, 3</sup>                               | Australia                | 100             | -    |
| Collinsville Operations Pty Ltd <sup>2, 3</sup>                        | Australia                | 100             | -    |
| Eastern Catering Services Holdings Pty Ltd <sup>2, 3</sup>             | Australia                | 100             | -    |
| Eastern Catering Services Pty Ltd <sup>2, 3</sup>                      | Australia                | 100             | -    |
| Eastern Pressure Control Pty Ltd <sup>3</sup>                          | Australia                | 51              | -    |
| Eastern Well Rigs Pty Ltd <sup>2, 3</sup>                              | Australia                | 100             | -    |
| Eastern Well Service No 2 Pty Ltd <sup>2, 3, 4</sup>                   | Australia                | 100             | -    |
| Easternwell Drilling Holdings Pty Ltd <sup>2, 3, 4</sup>               | Australia                | 100             | -    |
| Easternwell Drilling Labour Hire Pty Ltd <sup>2, 3</sup>               | Australia                | 100             | -    |
| Easternwell Drilling Services Assets Pty Ltd <sup>2, 3</sup>           | Australia                | 100             | -    |

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| Name of entity  | Country     | Interest held % |      |
|---|-------------|-----------------|------|
|   |             | 2020            | 2019 |
| Easternwell Drilling Services Holdings Pty Ltd <sup>2, 3</sup>        | Australia   | 100             | -    |
| Easternwell Drilling Services Labour Pty Ltd <sup>2, 3</sup>          | Australia   | 100             | -    |
| Easternwell Drilling Services Operations Pty Ltd <sup>2, 3</sup>      | Australia   | 100             | -    |
| Easternwell Energy Rigs Pty Ltd <sup>2, 3, 4</sup>                    | Australia   | 100             | -    |
| Easternwell Engineering Pty Ltd <sup>2, 3</sup>                       | Australia   | 100             | -    |
| Easternwell Group Assets Pty Ltd <sup>2, 3, 4</sup>                   | Australia   | 100             | -    |
| Easternwell Group Investments Pty Limited <sup>2, 3, 4</sup>          | Australia   | 100             | -    |
| Easternwell Group Operations Pty Ltd <sup>2, 3, 4</sup>               | Australia   | 100             | -    |
| Easternwell Group Pty Ltd <sup>2, 3, 4</sup>                          | Australia   | 100             | -    |
| Easternwell WA Pty Ltd <sup>2, 3, 4</sup>                             | Australia   | 100             | -    |
| Gorey & Cole Drillers Pty Ltd <sup>2, 3</sup>                         | Australia   | 100             | -    |
| Gorey & Cole Holdings Pty Ltd <sup>2, 3</sup>                         | Australia   | 100             | -    |
| ICD (Asia Pacific) Pty Limited <sup>2, 3, 4</sup>                     | Australia   | 100             | -    |
| O.G.C. Services Pty Ltd <sup>2, 3</sup>                               | Australia   | 100             | -    |
| Piver Pty Ltd <sup>2, 3, 4</sup>                                      | Australia   | 100             | -    |
| Sides Drilling Contractors Pty Ltd <sup>2, 3</sup>                    | Australia   | 100             | -    |
| Sides Drilling Pty Ltd <sup>2, 3</sup>                                | Australia   | 100             | -    |
| Silver City Drilling (QLD) Pty Ltd <sup>2, 3</sup>                    | Australia   | 100             | -    |
| Ten Rivers Pty Ltd <sup>2, 3</sup>                                    | Australia   | 100             | -    |
| Transhare Plan Company Pty Ltd <sup>2, 3</sup>                        | Australia   | 100             | -    |
| TS (Procurement) Pty Ltd <sup>2, 3</sup>                              | Australia   | 100             | -    |
| Ventia Australia Pty Ltd <sup>2, 3, 4, 6</sup>                        | Australia   | 100             | -    |
| Ventia Investment Holdings (Consolidated) Pty Ltd <sup>2, 3, 11</sup> | Australia   | 100             | -    |
| Ventia Property Pty Ltd <sup>2, 3, 4, 7</sup>                         | Australia   | 100             | -    |
| BRS (NZ Holdings) Limited <sup>3, 9</sup>                             | New Zealand | 100             | -    |
| BRS (NZ) Limited <sup>3, 10</sup>                                     | New Zealand | 100             | -    |
| TSNZ Pulp & Paper Maintenance Limited <sup>3</sup>                    | New Zealand | 100             | -    |
| Ventia NZ Operations Limited <sup>3, 8</sup>                          | New Zealand | 100             | -    |
| Transfield Services (Asia) Sdn Bhd <sup>3</sup>                       | Malaysia    | 100             | -    |
| Broadspectrum (Mauritius) Ltd <sup>3</sup>                            | Mauritius   | 100             | -    |

<sup>1</sup> These entities have been deregistered in 2020.

<sup>2</sup> Entities included in the Tax Consolidated Group.

<sup>3</sup> These entities were acquired as part of the acquisition of BRS Holdco Pty Ltd.

<sup>4</sup> Entities party to the Deed of Cross Guarantee entered into on 22 December 2020, pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, with Ventia Holdings I Pty Limited as the Holding Entity of the Deed.

<sup>5</sup> This entity was renamed from Ferrovial Services Australia Pty Ltd to Ventia Investment Holdings Pty Ltd on 8 July 2020, and subsequently to BRS Holdco Pty Ltd on 27 October 2020.

<sup>6</sup> This entity was renamed from Broadspectrum (Australia) Pty Ltd on 2 December 2020.

<sup>7</sup> This entity was renamed from Broadspectrum Property Pty Ltd on 2 December 2020.

<sup>8</sup> This entity was renamed from Broadspectrum (New Zealand) Limited on 15 September 2020.

<sup>9</sup> This entity was renamed from Ferrovial Services (NZ Holdings) Limited on 13 July 2020.

<sup>10</sup> This entity was renamed from Ferrovial Services (NZ) Limited on 13 July 2020.

<sup>11</sup> This entity was renamed from Ferrovial Services Consolidated Pty Ltd on 9 July 2020.



## 29. Significant changes in the state of affairs

### 29.(a) Acquisition of BRS Holdco Pty Ltd and its controlled entities

On 30 June 2020, Ventia Holdings I Pty Limited (a controlled entity of Ventia Services Group Pty Limited) acquired the entire share capital of Ferrovia Services Australia Pty Ltd from Ferrovia S.A. (a Spanish public limited liability company). The acquisition price was \$460,035,988. Ferrovia Services Australia Pty Ltd is the parent entity of Broadspectrum Pty Ltd ("Broadspectrum"). Broadspectrum delivers operations, maintenance, asset management and project management services in Australia and New Zealand.

On 8 July 2020, Ferrovia Services Australia Pty Ltd changed its name to Ventia Investment Holdings Pty Ltd. Subsequently on 27 October 2020, Ventia Investment Holdings Pty Ltd changed its name to BRS Holdco Pty Ltd.

#### Assets acquired and liabilities assumed

Details of the purchase consideration and net assets acquired are summarised as follows:

| Purchase consideration            | \$'000                |
|-----------------------------------|-----------------------|
| Cash consideration transferred    | 460,036               |
| Net assets acquired at fair value | <u>185,244</u>        |
| <b>Goodwill</b>                   | <b><u>274,792</u></b> |

The provisional value of assets and liabilities recognised as a result of the acquisition are as follows:

|   | Fair value<br>\$'000    |
|---|-------------------------|
| Cash and cash equivalents                     | 225,218                 |
| Trade and other receivables                   | 414,257                 |
| Current tax asset                             | 7                       |
| Inventories                                   | <u>21,352</u>           |
| <b>Total current assets</b>                   | <b><u>660,834</u></b>   |
| Trade and other receivables                   | 10,265                  |
| Investments accounted for using equity method | 2,171                   |
| Deferred tax assets                           | 263,918                 |
| Right-of-use assets                           | 84,503                  |
| Property, plant and equipment                 | 169,033                 |
| Intangibles                                   | <u>163,771</u>          |
| <b>Total non-current assets</b>               | <b><u>693,661</u></b>   |
| <b>Total assets</b>                           | <b><u>1,354,495</u></b> |
| Trade and other payables                      | 517,515                 |
| Provisions                                    | 207,651                 |
| Lease liabilities                             | <u>28,263</u>           |
| <b>Total current liabilities</b>              | <b><u>753,429</u></b>   |
| Provisions                                    | 291,956                 |
| Deferred tax liabilities                      | 53,741                  |
| Lease liabilities                             | 56,527                  |
| Other liabilities                             | <u>13,598</u>           |
| <b>Total non-current liabilities</b>          | <b><u>415,822</u></b>   |
| <b>Total liabilities</b>                      | <b><u>1,169,251</u></b> |
| <b>Total identifiable net assets acquired</b> | <b><u>185,244</u></b>   |

The Group measured the acquired lease liabilities using the present value of the remaining lease payments at the date of acquisition. The right-of-use assets were measured at an amount equal to the lease liabilities and adjusted to reflect the favourable terms of the lease relative to market terms. The identifiable net assets included assets of APP Corporation Pty Ltd which has been sold subsequent to 31 December 2020. Refer to Note 30 for further details.

The acquisition accounting has been performed on a provisional basis and the key values for final determination relate to tax adjustments following completion of the Allocable Cost Amount (ACA) calculations and provisions.

**30. Events after the reporting period**

On 3 March 2021, Broadspectrum (Holdings) Pty Ltd (a controlled entity of Ventia Services Group Pty Limited), signed an agreement with a third party to sell the entire share capital of APP Corporation Pty Limited ('APP'). Completion of the transaction took place on 19 March 2021. The agreed sale price exceeds the carrying amount of APP as at 31 December 2020. APP delivers professional services to the property and infrastructure sectors.

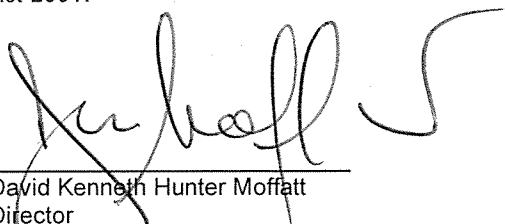
No other matter or circumstance has occurred subsequent to the reporting date that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial years.

Ventia Services Group Pty Limited  
Directors' declaration  
For the year ended 31 December 2020

In the opinion of the Directors of Ventia Services Group Pty Limited ("the Company"):

- (a) the consolidated financial statements and notes that are set out on pages 5 to 40 are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2020 and of their performance, for the financial year ended on that date;
  - (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*; and
- (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.

This declaration is made in accordance with a resolution of the Board of Directors pursuant to section 295(5) of the *Corporations Act 2001*.



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David Kenneth Hunter Moffatt  
Director

26 March 2021  
Sydney

## **Independent Auditor's Report to the Members of Ventia Services Group Pty Limited**

### *Opinion*

We have audited the financial report of Ventia Services Group Pty Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is 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 financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### *Basis for Opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Other Information*

The directors are responsible for the other information. The other information comprises the directors' report for the year ended 31 December 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## *Responsibilities of the Directors for the Financial Report*

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

## *Auditor's Responsibilities for the Audit of the Financial Report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.


As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  
DELOITTE TOUCHE TOHMATSU

  
G J McLean  
Partner  
Chartered Accountants  
Sydney, 26 March 2021