

# **Ventia Services Group Pty Limited**

ABN 53 603 253 541

## **Financial report for the six months ended 30 June 2021**

**Ventia Services Group Pty Limited**  
**Contents**  
**For the six months ended 30 June 2021**

Directors' report	1
Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the consolidated financial statements	7
Directors' declaration	16
Independent auditor's review report to the members of Ventia Services Group Pty Limited	17

## **Directors' Report**

The Directors of Ventia Services Group Pty Limited present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'Group' or 'Ventia') 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 six months ended 30 June 2021.

### **Directors**

The following persons held office as Directors of the Company during the financial period 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) (resigned 3 May 2021)  
Mr Trevor Mills (Alternate Director)  
Ms Miryam Meza  
Mr Michael Cooper (Alternate Director) (appointed 2 March 2021)  
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 BRS Holdco Pty Ltd (formerly Ferrovia Services Australia Pty Ltd) on 30 June 2020 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 period.

### **Dividends**

Dividends of \$38,495,328 have been declared and paid during the period (2020: \$Nil declared and \$4,875,747 paid).

### **Significant changes in the state of affairs**

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.

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

### **Results of operations**

Revenue for the six months amounted to \$2,309,551,000, which was an increase of \$1,288,275,000 from the prior year. This was mainly as a result of the acquisition of BRS Holdco Pty Ltd on 30 June 2020. The profit after tax for the six months amounted to \$39,864,000 including \$24,595,000 from discontinued operations (30 June 2020: \$18,119,000 including \$nil from discontinued operations).

Ventia's business remained resilient during 2021, despite the continuing 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 period. 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 period include costs incurred in respect of the integration of the Broadspectrum business into the Ventia Group.

### **Likely developments and expected results of operations**

As one of the largest essential services providers in Australia and New Zealand, Ventia is well positioned for further growth.

Ventia's integrated services capability spans the full asset lifecycle (including operation and maintenance, minor capital works, facilities management, environmental services and project management), complemented by technology-enabled solutions and deep technical expertise.

The Group is operating in a growing and resilient market with significant outsourced market opportunities, supported by Government infrastructure spend and stimulus at record levels, and ageing existing infrastructure networks requiring continued long-term maintenance and next generation technology.

The Group has a strong pipeline of future opportunities which supports this positive outlook. Subsequent to the period end, Ventia has been awarded a number of significant contracts including:

- Across Government Facilities Management Arrangement contract with the Government of South Australia generating revenue of approximately \$300m per annum over an initial term of five years and seven months;
- N2P Evolution contract with NBN Co generating revenue of approximately \$400m over three years, subject to work orders and volumes; and
- Long-term maintenance master contract with Chevron Australia for works in Western Australia generating revenue of approximately \$100m per annum over 10 years, subject to predicted volumes and work orders being issued.

In addition, the Spark Consortium, to which Ventia is the Operations and Maintenance (O&M) contractor, has been announced as the preferred bidder for Melbourne's North East Link Project. The O&M contract is for a 25 year period to commence post construction.

Ventia's future performance is supported by favourable market trends, a high level of contract renewals and a strong work in hand position.

### **Matters subsequent to the end of the financial period**

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 periods.

This report is made in accordance with a resolution of Directors.

On behalf of the directors



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David Kenneth Hunter Moffatt  
Director

20 August 2021  
Sydney

**Ventia Services Group Pty Limited**  
**Consolidated statement of profit or loss and other comprehensive income**  
**For the six months ended 30 June 2021**

	Note	Six months ended 30 June 2021 \$'000	Six months ended 30 June 2020 \$'000
<b>Revenue</b>	2	2,309,551	1,021,276
Expenses	3	(2,149,262)	(921,161)
Share of profits of joint venture entities		<u>3,423</u>	<u>1,938</u>
<b>Earnings before interest, tax, depreciation and amortisation</b>		163,712	102,053
Depreciation expense		(51,712)	(22,425)
Amortisation expense		(38,902)	(13,583)
Finance costs	4	(52,446)	(40,480)
Interest income		<u>388</u>	<u>291</u>
<b>Profit before income tax expense</b>		21,040	25,856
Income tax expense		<u>(5,771)</u>	<u>(7,737)</u>
<b>Profit after tax for the period from continuing operations</b>		<u>15,269</u>	<u>18,119</u>
<b>Discontinued operations</b>			
Profit after tax for the period from discontinued operations	9	<u>24,595</u>	<u>-</u>
<b>Profit after tax for the period</b>		<u>39,864</u>	<u>18,119</u>
 <b>Basic Earnings per share – From continuing and discontinued operations</b>	6	6.66¢	3.03¢
<b>Diluted Earnings per share – From continuing and discontinued operations</b>	6	6.26¢	2.87¢
 <b>Basic Earnings per share – From continuing operations</b>	6	2.55¢	3.03¢
<b>Diluted Earnings per share – From continuing operations</b>	6	2.40¢	2.88¢
 <b>Other comprehensive income</b>			
<i>Items that may be reclassified to profit or loss</i>			
Foreign exchange translation differences		1,275	(1,268)
Cash flow hedges:			
Fair value gains arising during the period		9,545	28,480
Reclassification adjustments for amounts recognised in profit and loss		(2,834)	(34,801)
Tax effect		<u>(2,013)</u>	<u>1,896</u>
Total cash flow hedges		<u>4,698</u>	<u>(4,425)</u>
Other comprehensive income for the period, net of tax		<u>5,973</u>	<u>(5,693)</u>
<b>Total comprehensive income for the period</b>		<u>45,837</u>	<u>12,426</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 30 June 2021**

	Note	30 June 2021 \$'000	31 December 2020 \$'000 (restated*)
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		459,167	444,271
Trade and other receivables	7	745,425	583,574
Current tax asset		1,662	4,565
Inventories		29,940	30,472
Derivative assets	8	3,534	500
Assets held for sale	9	-	87,731
Total current assets		<u>1,239,728</u>	<u>1,151,113</u>
<b>Non-current assets</b>			
Trade and other receivables	7	8,451	8,992
Derivative assets	8	902	83
Investments accounted for using the equity method		5,005	10,073
Deferred tax assets		212,984	200,451
Right-of-use assets		123,993	125,493
Property, plant and equipment		167,168	179,978
Intangibles		164,329	203,318
Goodwill	10	1,093,018	1,093,018
Total non-current assets		<u>1,775,850</u>	<u>1,821,406</u>
<b>Total assets</b>		<u>3,015,578</u>	<u>2,972,519</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	11	885,669	719,998
Derivative liabilities	8	12,399	8,688
Provisions	12	258,517	297,171
Lease liabilities		46,958	49,733
Borrowings	13	-	5,746
Current tax liability		21,559	11,966
Liabilities associated with assets held for sale	9	-	37,076
Total current liabilities		<u>1,225,102</u>	<u>1,130,378</u>
<b>Non-current liabilities</b>			
Trade and other payables	11	31,047	31,997
Provisions	12	280,197	294,375
Derivative liabilities	8	74,023	90,311
Lease liabilities		78,092	83,588
Borrowings	13	1,284,635	1,308,215
Total non-current liabilities		<u>1,747,994</u>	<u>1,808,486</u>
<b>Total liabilities</b>		<u>2,973,096</u>	<u>2,938,864</u>
<b>Net assets</b>		<u>42,482</u>	<u>33,655</u>
<b>Equity</b>			
Share capital		2,705	2,591
Reserves		(4,394)	(11,738)
Retained earnings		<u>44,171</u>	<u>42,802</u>
<b>Total equity</b>		<u>42,482</u>	<u>33,655</u>

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

(\*) The consolidated statement of financial position as at 31 December 2020 has been restated to reflect finalisation of acquisition accounting. Refer to Note 15 for details.

**Ventia Services Group Pty Limited**  
**Consolidated statement of changes in equity**  
**For the six months ended 30 June 2021**

	Share capital \$'000	Other Reserves \$'000	Retained earnings \$'000	Total equity \$'000
<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 period	-	-	18,119	18,119
Other comprehensive income for the period, net of tax	-	(5,693)	-	(5,693)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>(5,693)</b>	<b>18,119</b>	<b>12,426</b>
<b>Transactions with owners</b>				
Shares bought back	(4,084)	-	-	(4,084)
Transfers between share capital and share capital payment reserve	1,315	(1,315)	-	-
Transfers between share capital and capital redemption reserve	2,061	(2,061)	-	-
Share based payments	-	(1,154)	-	(1,154)
<b>Total transactions with owners</b>	<b>(708)</b>	<b>(4,530)</b>	<b>-</b>	<b>(5,238)</b>
<b>Balance at 30 June 2020</b>	<b>2,541</b>	<b>(5,551)</b>	<b>32,887</b>	<b>29,877</b>
<b>Balance at 1 January 2021</b>	<b>2,591</b>	<b>(11,738)</b>	<b>42,802</b>	<b>33,655</b>
<b>Total Comprehensive income</b>				
Profit for the period	-	-	39,864	39,864
Other comprehensive income for the period, net of tax	-	5,973	-	5,973
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>5,973</b>	<b>39,864</b>	<b>45,837</b>
<b>Transactions with owners</b>				
Share based payments	-	1,485	-	1,485
Transfers between share capital and share capital payment reserve	114	(114)	-	-
Dividends paid	-	-	(38,495)	(38,495)
<b>Total transactions with owners</b>	<b>114</b>	<b>1,371</b>	<b>(38,495)</b>	<b>(37,010)</b>
<b>Balance at 30 June 2021</b>	<b>2,705</b>	<b>(4,394)</b>	<b>44,171</b>	<b>42,482</b>

*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 six months ended 30 June 2021**

Note	Six months ended 30 June 2021 \$'000	Six months ended 30 June 2020 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	2,355,679	1,096,361
Payments to suppliers and employees	(2,250,921)	(1,013,978)
Interest received	388	291
Interest paid on lease liabilities	(3,827)	(2,041)
Interest paid on bank loans	(39,117)	(30,366)
<b>Cash generated from operating activities</b>	<u>62,202</u>	<u>50,267</u>
Income tax paid	(16,698)	(436)
Cash flow from discontinued operations <sup>1</sup>	<u>1,150</u>	<u>-</u>
<b>Net cash from operating activities</b>	<u>46,654</u>	<u>49,831</u>
<b>Cash flows provided by/(used in) investing activities</b>		
Proceeds from sale of property, plant and equipment	170	120
Acquisition of subsidiary	-	(465,284)
Cash acquired upon acquisition of subsidiary	-	225,218
Proceeds from sale of discontinued operations <sup>1</sup>	9 89,367	-
Acquisition of intangibles	(498)	(6,300)
Acquisition of property, plant and equipment	(5,204)	(438)
Dividends received from equity accounted investments	7,794	1,918
<b>Net cash provided by/(used in) investing activities</b>	<u>91,629</u>	<u>(244,766)</u>
<b>Cash flows provided by / (used in) financing activities</b>		
Capital reductions	-	(4,084)
Proceeds from borrowings	-	478,810
Proceeds from derivatives	-	56,100
Repayment of principal portion of lease liabilities	(34,582)	(17,296)
Repayment of borrowings	(50,000)	(5,152)
Borrowing costs paid	-	(37,399)
Dividends paid	(38,495)	(4,876)
<b>Net cash (used in) / provided by financing activities</b>	<u>(123,077)</u>	<u>466,103</u>
<b>Net increase in cash and cash equivalents</b>	<u>15,206</u>	<u>271,168</u>
Cash and cash equivalents at beginning of period	444,271	212,044
Effect of movements in exchange rates on cash and cash equivalents	(310)	(2,847)
<b>Cash and cash equivalents at period end</b>	<u>459,167</u>	<u>480,365</u>

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



## **1. Significant accounting policies**

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

### **(a) Statement of compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 Interim Financial Reporting and complies with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

The consolidated interim financial report does not include all the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 31 December 2020.

The consolidated financial statements were authorised for issue by the Board of Directors on 20 August 2021.

### **(b) Basis of preparation**

The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for derivative financial instruments that have been measured at fair value at the reporting date.

Ventia Services Group Pty Limited is a company domiciled in Australia. The consolidated interim financial report for the six months ended 30 June 2021 comprises the Company and its controlled entities (the "Consolidated Entity" or "Group") and the Consolidated Entity's interest in associates and joint ventures.

The accounting policies and methods of computation adopted in the preparation of the consolidated interim financial report are consistent with those adopted and disclosed in the Group's annual financial report for the financial year ended 31 December 2020, unless stated otherwise. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

### **(c) New and amended accounting standards and interpretations**

In the current period, the Group has applied new and revised accounting standards and amendments that are mandatorily effective for an accounting period that begins on or after 1 January 2021, as follows:

- AASB 2020-8: Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2

This standard does not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

### **(d) Implementation of IFRIC agenda decision relating to Software as a Service (SaaS) arrangements**

During the period, the Group revised its accounting policy in relation to upfront configuration and customisation costs incurred in implementing Software-as-a-Service (SaaS) arrangements in response to the IFRIC agenda decision clarifying its interpretation of how current accounting standards apply to these types of arrangements. The new accounting policy is presented below. This change in accounting policy had no impact on the financial statements of the Group as to date the Group has not incurred upfront configuration and customisation costs in implementing Software-as-a-Service (SaaS) arrangements which have been capitalised.

#### Software-as-a-Service (SaaS) arrangements

SaaS arrangements are service contracts providing the Group with the right to access the cloud provider's application software over the contract period. Costs incurred to configure or customise, and the ongoing fees to obtain access to the cloud provider's application software, are recognised as operating expenses when the services are received.

Some of these costs incurred are for the development of software code that enhances or modifies, or creates additional capability to, existing on-premises systems and meets the definition of and recognition criteria for an intangible asset. These costs are recognised as intangible software assets and amortised over the useful life of the software on a straight-line basis. The useful lives of these assets are reviewed at least at the end of each financial year, and any change accounted for prospectively as a change in an accounting estimate.

**Ventia Services Group Pty Limited**  
**Notes to the consolidated financial statements**  
**For the six months ended 30 June 2021**

**2. Revenue**

	<b>Six months ended 30 June 2021 \$'000</b>	<b>Six months ended 30 June 2020 \$'000</b>
Services revenue	2,309,129	1,021,155
Net gains on sale of property, plant and equipment	<u>422</u>	<u>121</u>
Revenue	<u>2,309,551</u>	<u>1,021,276</u>

**3. Expenses**

	<b>Six months ended 30 June 2021 \$'000</b>	<b>Six months ended 30 June 2020 \$'000</b>
Labour	874,116	298,168
Subcontractors	936,210	512,463
Materials	181,382	67,926
Professional fees	26,297	7,697
IT costs	69,186	18,938
Foreign exchange losses / (gains)	(2)	661
Other expenses	<u>62,073</u>	<u>15,308</u>
Total expenses excluding interest, tax, depreciation and amortisation	<u>2,149,262</u>	<u>921,161</u>

**4. Finance costs**

	<b>Six months ended 30 June 2021 \$'000</b>	<b>Six months ended 30 June 2020 \$'000</b>
Interest paid on bank loans	39,118	30,367
Amortisation of borrowing costs	3,805	4,399
Bank guarantee and bank charges	5,696	3,673
Lease liabilities interest costs	<u>3,827</u>	<u>2,041</u>
Total finance costs	<u>52,446</u>	<u>40,480</u>

## 5. Segment information

### (a) Description of segments

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group Chief Executive Officer, who is also the chief operating decision maker (CODM). The Group operates in the following operating segments which are equivalent to its reportable segments under AASB 8 Segment Reporting:

- Defence and Social Infrastructure (Defence and SI)
- Infrastructure Services
- Telecommunications (Telco)
- Transport

The Group acquired BRS Holdco Pty Limited on 30 June 2020 and as a result re-organised its operations on 1 July 2020. Accordingly, the operating segments for the six months to 30 June 2020 reflect this reorganisation.

The performance of each segment forms the primary basis of all management reporting to the CODM.

### (b) Accounting policies and inter-segment transactions

Segment revenues and expenses are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. The types of activities from which segments derive revenue are described in Note (1) Significant Accounting Policies - Revenue in the financial report for the year ended 31 December 2020. The Group's share of revenue from equity accounted joint ventures is included in revenue reported for each segment. Segment revenues exclude transactions between segments incurred in the ordinary course of business. These transactions are priced on an arms' length basis and are eliminated on consolidation. The accounting policies used in the Group in reporting segments internally are the same as those contained in these financial statements and are consistent with those of the prior period.

Performance is measured on the segment result which is Underlying EBITA (earnings before interest, taxation and amortisation of acquired intangibles\* and before acquisition, integration and other restructuring costs). The segment result includes the allocation of overhead that can be directly attributable to an individual business segment. The following items are not allocated to segments as they are not considered part of the core operations of any segment.

- Corporate costs
- Acquisition and integration costs
- Other restructuring costs
- Amortisation of acquired intangibles\*
- Interest
- Taxation

\* This represents the intangible assets acquired as part of acquisition of BRS Holdco Pty Ltd (refer to note 15).

### (c) Operating segments

<b>Six months to 30 June 2021</b>	<b>Defence and SI \$'000</b>	<b>Infrastructure Services \$'000</b>	<b>Telco \$'000</b>	<b>Transport \$'000</b>	<b>Total \$'000</b>
Segment revenue	951,875	590,635	490,598	290,939	2,324,047
Segment result	54,067	36,639	62,440	14,691	167,837
<b>Six months to 30 June 2020</b>	<b>Defence and SI \$'000</b>	<b>Infrastructure Services \$'000</b>	<b>Telco \$'000</b>	<b>Transport \$'000</b>	<b>Total \$'000</b>
Segment revenue	115,057	180,710	600,272	142,057	1,038,096
Segment result	2,015	12,048	69,437	4,241	87,741

**(d) Reconciliation of segment revenue to revenue per the statement of profit or loss**

	Six months to 30 June 2021 \$'000	Six months to 30 June 2020 \$'000
Segment revenue	2,324,047	1,038,096
Add: Other income	422	121
Less: Share of revenue of equity accounted associates and joint ventures	<u>(14,918)</u>	<u>(16,941)</u>
Revenue per statement of profit or loss	<u>2,309,551</u>	<u>1,021,276</u>

**(e) Reconciliation of segment result to profit after income tax per the profit and loss statement**

	Six months to 30 June 2021 \$'000	Six months to 30 June 2020 \$'000
Segment result	167,837	87,741
Corporate Costs including amortisation of software and other intangible assets	<u>(41,504)</u>	<u>(8,370)</u>
<b>Underlying EBITA from continuing operations</b>	<b>126,333</b>	<b>79,371</b>
Acquisition and integration costs	(36,847)	(10,308)
Other restructuring costs	<u>(5,605)</u>	<u>(3,018)</u>
<b>EBITA from continuing operations</b>	<b>83,881</b>	<b>66,045</b>
Amortisation of acquired intangibles	<u>(10,783)</u>	<u>-</u>
<b>EBIT from continuing operations</b>	<b>73,098</b>	<b>66,045</b>
Net financing costs	<u>(52,058)</u>	<u>(40,189)</u>
<b>Profit before taxation</b>	<b>21,040</b>	<b>25,856</b>
Income tax	<u>(5,771)</u>	<u>(7,737)</u>
<b>Profit after tax for the period</b>	<b>15,269</b>	<b>18,119</b>
<b>Profit after taxation from discontinued operations</b>	<b>24,595</b>	<b>-</b>
<b>Net profit after tax for the period</b>	<b>39,864</b>	<b>18,119</b>

**6. Earnings per share**

	Six months ended 30 June 2021	Six months ended 30 June 2020
Basic earnings per share from continuing operations (cents)	2.55	3.03
Diluted earnings per share from continuing operations (cents)	2.40	2.87
Profit/(loss) from continuing operations attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share (\$m)	15.269	18.119
Profit/(loss) from continuing and discontinued operations attributable to shareholders of the parent entity used in the calculation of basic and diluted earnings per share (\$m)	39.864	18.119
<b>Weighted average number of shares used as the denominator in calculating basic and diluted earnings per share for continued and discontinued operations</b>		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	598,368,046	598,368,046
Weighted average effect of options on issue	<u>38,374,058</u>	<u>32,552,420</u>
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	<u>636,742,104</u>	<u>630,920,466</u>

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

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000 (*) restated</b>
<b>Current assets - Trade and other receivables</b>		
Trade receivables, net of impairment allowances	299,927	214,237
Contract work in progress	387,531	313,944
Other receivables	6,211	7,784
Prepayments	36,511	18,415
Amounts receivable from related parties	15,245	29,194
	<u>745,425</u>	<u>583,574</u>
<b>Total current trade and other receivables</b>		
	<u>745,425</u>	<u>583,574</u>
<b>Non-current assets - Trade and other receivables</b>		
Amounts receivable from related parties	8,451	8,992
	<u>8,451</u>	<u>8,992</u>
<b>Total non-current trade and other receivables</b>		
	<u>8,451</u>	<u>8,992</u>
Current	745,425	583,574
Non-current	8,451	8,992
	<u>753,876</u>	<u>592,566</u>
<b>Total</b>		
	<u>753,876</u>	<u>592,566</u>

**8. Derivative asset / liability**

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
<b>Current assets</b>		
Cross currency interest rate swaps	3,534	500
<b>Non-current assets</b>		
Cross currency interest rate swaps	902	83
<b>Total derivative assets</b>	<u>4,436</u>	<u>583</u>
<b>Current liabilities</b>		
Cross currency interest rate swaps	12,399	8,688
<b>Non-current liabilities</b>		
Cross currency interest rate swaps	74,023	90,311
<b>Total derivative liabilities</b>	<u>86,422</u>	<u>98,999</u>
<b>Total net derivative (liabilities) / assets</b>	<u>(81,986)</u>	<u>(98,416)</u>

The Group has borrowings denominated in US dollars. 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 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 amounts) 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.

The Directors consider that the carrying amounts of derivative assets and liabilities recognised in the consolidated financial statements approximate their fair values. Hedging instruments are categorised within Level 2 of the fair value hierarchy.

(\*) The consolidated statement of financial position as at 31 December 2020 has been restated to reflect finalisation of acquisition accounting. Refer to Note 15 for details.

## 9. Discontinued Operations

APP Corporation Pty Ltd ('APP') delivers professional services to the property and infrastructure sectors and was 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 was considered to be a subsidiary acquired exclusively with a view to resale and was classified as an asset held for sale at 31 December 2020.

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. Completion of the transaction took place on 19 March 2021. The disposal group comprised the following assets and liabilities:

	30 June 2021 \$'000	31 December 2020 \$'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>	<b>-</b>	<b>87,731</b>
Trade and other payables	-	21,641
Provisions	-	8,283
Lease liabilities	-	7,152
<b>Liabilities associated with assets held for sale</b>	<b>-</b>	<b>37,076</b>

The results of APP for the period up to the date of disposal were as follows:

	Period ended 19 March 2021 \$'000
Revenue	18,177
Expenses	(15,830)
Profit before income tax expense	2,347
Income tax expense	(710)
Profit after tax	1,637

The net assets of APP at the date of disposal were as follows:

	19 March 2021 \$'000
Cash consideration received	89,367
Deferred consideration	2,855
<b>Total consideration</b>	<b>92,222</b>
Net assets disposed of excluding goodwill	12,327
Attributable goodwill	50,834
<b>Total assets disposed off</b>	<b>63,161</b>
Gain on disposal before income tax	29,061
Gain on disposal after tax	22,958
Profit after tax from discontinued operations	1,637
<b>Total profit after tax attributable to discontinued operations</b>	<b>24,595</b>

**10. Non-current assets – Goodwill**

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000 (*) restated</b>
Balance at the beginning of the period	1,093,018	842,420
Recognised on acquisition of subsidiary	-	301,432
Reclassified to assets held for sale	-	(50,834)
	<u>1,093,018</u>	<u>1,093,018</u>

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

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

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000 (*) restated</b>
<b>Current liabilities - Trade and other payables</b>		
Trade payables	253,333	152,679
Accruals	415,081	294,742
Deferred revenue	146,712	201,468
Other creditors	68,579	68,223
Amounts payable to related parties	1,964	2,886
	<u>885,669</u>	<u>719,998</u>
Total current trade and other payables		
<b>Non-current liabilities - Trade and other payables</b>		
Deferred revenue	31,047	31,997
	<u>31,047</u>	<u>31,997</u>
Total non-current trade and other payables		
Current	885,669	719,998
Non-current	31,047	31,997
	<u>886,716</u>	<u>751,995</u>
Total		

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

During the current six months ended 30 June 2021, the current provisions have decreased by \$38,654,000 and non-current provisions have decreased by \$14,178,000, i.e., total reduction of \$52,832,000. These movements have been predominantly driven by a net decrease in employee benefits provisions of \$22,104,000 and other provisions used during the period of \$28,501,000. The rest of the movement in the provisions was due to reversal of unused provisions, reclassification of provisions and the movement in the exchange rate.

(\*) The consolidated statement of financial position as at 31 December 2020 has been restated to reflect finalisation of acquisition accounting. Refer to Note 15 for details.

### 13. Current and non-current liabilities – Borrowings

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
Borrowings	1,315,074	1,355,813
Capitalised borrowing costs	<u>(30,439)</u>	<u>(41,852)</u>
Total	<u>1,284,635</u>	<u>1,313,961</u>
Current	-	5,746
Non-current	<u>1,284,635</u>	<u>1,308,215</u>
Total	<u>1,284,635</u>	<u>1,313,961</u>

### 14. 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:

	<b>30 June 2021 \$'000</b>	<b>31 December 2020 \$'000</b>
Insurance, performance and payment bonds	344,577	323,437
Letters of credit	<u>3,256</u>	<u>3,285</u>
Total	<u>347,834</u>	<u>326,722</u>

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.

### 15. Significant changes in the state of affairs

#### 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:

	<b>Provisional Fair value \$'000</b>	<b>Final Fair value \$'000</b>
<b>Purchase consideration</b>		
Cash consideration transferred	460,036	460,036
Net assets acquired at fair value	<u>185,244</u>	<u>158,604</u>
<b>Goodwill</b>	<u><b>274,792</b></u>	<u><b>301,432</b></u>



**Ventia Services Group Pty Limited**  
**Notes to the consolidated financial statements**  
**For the six months ended 30 June 2021**

The acquisition accounting was performed on a provisional basis at 31 December 2020 with the key values for final determination relating to tax adjustments following completion of the Allocable Cost Amount (ACA) calculations and provisions. At 30 June 2021, the acquisition accounting has now been finalised. The provisional and final fair value of assets and liabilities recognised as a result of the acquisition are noted below.

In accordance with AASB 3 *Business Combinations* (AASB 3), the provisional fair values of assets and liabilities acquired are retrospectively adjusted to reflect information obtained during the measurement period that existed at acquisition date. Therefore, the Statement of Financial Position as at 31 December 2020 has been revised. There are no changes to the Statement of Profit or Loss and Other Comprehensive Income of the Statement of Cash Flows from the amounts noted for the 2020 financial year.

	<b>Provisional Fair value \$'000</b>	<b>Final Fair value \$'000</b>
Cash and cash equivalents	225,218	225,218
Trade and other receivables	414,257	406,712
Current tax asset	7	-
Inventories	21,352	21,352
<b>Total current assets</b>	<b>660,834</b>	<b>653,282</b>
Trade and other receivables	10,265	-
Investments accounted for using equity method	2,171	2,171
Deferred tax assets	263,918	203,954
Right-of-use assets	84,503	84,503
Property, plant and equipment	169,033	159,033
Intangibles	163,771	159,871
<b>Total non-current assets</b>	<b>693,661</b>	<b>609,532</b>
<b>Total assets</b>	<b>1,354,495</b>	<b>1,262,814</b>
Trade and other payables	517,515	527,320
Provisions	207,651	233,497
Lease liabilities	28,263	28,263
<b>Total current liabilities</b>	<b>753,429</b>	<b>789,080</b>
Trade and other payables	-	38,827
Provisions	291,956	216,178
Deferred tax liabilities	53,741	-
Lease liabilities	56,527	60,125
Other liabilities	13,598	-
<b>Total non-current liabilities</b>	<b>415,822</b>	<b>315,130</b>
<b>Total liabilities</b>	<b>1,169,251</b>	<b>1,104,210</b>
<b>Total identifiable net assets acquired</b>	<b>185,244</b>	<b>158,604</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 were classified as discontinued operation and has now been sold as noted in note 9.

#### **16. Events after the reporting period**

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 periods.

**Ventia Services Group Pty Limited**  
**Directors' declaration**  
**For the six months ended 30 June 2021**

The Directors of Ventia Services Group Pty Limited ("the Group") declare that:

- (a) the consolidated interim financial statements and notes that are set out on pages 3 to 15 are in accordance with AASB 134 Interim Financial Reporting, including giving a true and fair view of the Company's and the Group's financial position as at 30 June 2021 and of their performance for the six-month period ended on that date; and
- (b) in the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the board of Directors.



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David Kenneth Hunter Moffatt  
Director

20 August 2021  
Sydney

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

We have reviewed the accompanying half-year financial report of Ventia Services Group Pty Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 30 June 2021, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration. The consolidated entity comprises the Company and the entities it controlled at the end of the half year or from time to time during the half year.

### Directors' Responsibilities for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report and have determined that the basis of accounting described in Note 1 is appropriate to meet the financial reporting requirements of Accounting Standard AASB 134 *Interim Financial Reporting* ("AASB 134") and is appropriate to meet the needs of the Members. The directors' responsibility also includes such internal control as the directors determine is necessary for the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

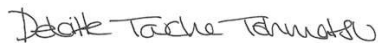
### Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* ("ASRE 2410"), in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not prepared, in all material respects, in accordance with AASB 134. As the auditor of Ventia Services Group Pty Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Ventia Services Group Pty Limited is not prepared, in all material respects, in accordance with AASB 134.



DELOITTE TOUCHE TOHMATSU



H Fortescue  
Partner  
Chartered Accountants

Sydney, 20 August 2021