Securities Investors Association (Singapore)
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UEN No: S99SS0111B
GST Reg No: M90367530Y0Y

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Meeting details:
Date: 31 Oct 2023
Time: 10.30 a.m.
Venue: Carlton Hotel Singapore, 76 Bras Basah Road, Singapore

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Q1. Would the board and management provide shareholders with more detailed insights into the following operational and financial aspects? Specifically:

(i) **Energy:** As outlined in the annual report, some prominent clients include Baker Hughes, Woodside Energy, and Santos. The segment's revenue grew to over A$43 million in FY2023, compared to a relatively low base of A$30 million in FY2022. It was observed that there are "encouraging signs of optimism in the market." **Can management elaborate further on the key drivers of the segment? How sticky are the customers and are projects more ad-hoc and/or short term in nature? What are the opportunities to secure long-term contracts that are recurring in nature? What prospects exist for securing long-term, recurring contracts? Could management also elaborate on the opportunities associated with hydrogen and explain the group's competitive advantage in the hydrogen sector?**

(ii) **Resources:** In the resources sector, revenue increased to A$679 million in FY2023, marking a rise of A$48 million compared to the previous year. Leveraging a diverse portfolio of blue-chip clients and a well-established track record, management is confident that it has established itself as the preferred contractor for construction and maintenance within the resources sector. **Could management provide insights into the group's current market share within the resources sector? With 5 lithium projects under its belt, does management perceive the lithium sector as still offering significant growth opportunities in the foreseeable future?**

(iii) **Infrastructure, marine and defence:** Revenue from the sector decreased from A$148 million in FY2022 to A$109 million in FY2023. The group initiated the construction of OPV6, the Royal Australian Navy's Arafura Class Offshore Patrol Vessels, with the seventh vessel scheduled for commencement in early FY2024. **With several years of experience, has management made improvements in terms of efficiency and workflow for the OPVs? Can the group provide shareholders with an overview of the key highlights from the 2023 Defence Strategic Review and discuss how the group may benefit from or be impacted by it? Is the government engaging with stakeholders for the recently commissioned Naval fleet review, and if so, is the group actively contributing its insights?**

(iv) **Workforce:** The group's workforce ranged from 2,700 to 2,800 from FY2019 to FY2022 before increasing to 3,400 in FY2023. **Can management provide shareholders with a clearer understanding of the factors behind this significant increase in manpower following a period of relatively consistent numbers?**

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Q2. The company's net cash position returned to positive in December 2022 as a result of its strong net cash generated from operating activities of A$122.8 million.

(i) **What is the remaining capital expenditure needed to complete and fit-out the group's new facilities at Port Hedland?**

As highlighted in the chief executive officer's report, the group has formulated an operational growth strategy centered around the establishment of a new Queensland maintenance hub located in Gladstone. This strategic move is expected to create various opportunities for the group in the fields of maintenance, and potentially, construction, and to a lesser extent, heavy engineering.

(ii) **Could management elaborate further on the strategic vision for the new Gladstone facility, specifically regarding its intended capabilities and sophistication, floor space and level of automation?**

(iii) **What are the projected capital investment and timeline required to establish the Gladstone facility?**

In Note 2(l) to the financial statements (Significant accounting policies: Property, plant and equipment (PPE)), the company states that it has adopted the revaluation model for freehold land and buildings from 1 July 2019. While freehold land and buildings are initially recognised at cost, they are subsequently carried at their revalued amount, being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. As shown in Note 14 (Property, plant and equipment), the carrying values of freehold land and buildings as at 30 June 2023 amounted to A$363.3 million, in contrast to the net book value of A$189.2 million when based on historical costs. In the fair value hierarchy as at 30 June 2023, more than 92% of the group's PPE uses Level 3 fair value (Unobservable inputs for the asset or liability) while the remaining uses Level 2 fair value (Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly)

(iv) **Can the board affirm that the group's facilities are considered mission-critical assets, and that there are no plans to monetise them?**

(v) **Can the board elaborate further on the rationale to carry its PPE at fair value (under the revaluation model)? Can the board also address any concerns shareholders may have about the potential risk of the group's balance sheet lacking conservatism due to this approach?**

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Q3. As noted in the corporate governance report, the company has a whistle-blowing policy where people may, in confidence, raise concerns about possible improprieties in matters of financial reporting, fraudulent acts, bribery/corruption conduct, breach of code of conduct and other matters, and has ensured that arrangements are in place for independent investigations of such matters and for appropriate follow up actions.

Staff are regularly informed of the existence of the whistle-blowing mechanism and encouraged to report relevant matters. The group uses STOPline, an independent third-party whistle-blowing service provider.

There have been a total of five instances of the whistle-blowing in the past 5 years.

FY2023	There were two reports received through the whistle-blowing system during FY2023. These reports were related to the same grievance of an employee who felt unfairly treated. The reports were investigated and following discussion between the parties concerned a mutually satisfactory outcome was reached.
FY2022	There were two reports received through the whistle-blowing system during FY2022. These reports were related to breach of code of conduct and misuse of company resources/asset misappropriation. The reports were investigated and found to be unsubstantiated and no action was required to be taken in relation to the reports.
FY2021	There were no reports received through the whistle-blowing system during FY2021.
FY2020	There was one report received through the whistle-blowing system during FY2020. This report was minor in nature and related to an employee's pre-employment history. The report was investigated and found to be accurate, however the investigation found that the company's recruitment procedures had been followed and no action was required to be taken in relation to the report.
FY2019	There were no reports received through the whistle-blowing system during FY2019.

(Compiled from company annual reports)

(i) **Could the chairman of the audit committee (AC) clarify whether he is promptly notified in real-time of any whistle-blowing reports made?**

(ii) **What is the role of the service provider and how was STOPline selected?**

(iii) **Can the AC also clarify on its level of involvement in the investigation of whistle-blowing issues?**

Shareholders are welcome to use and/or adapt the questions prepared by SIAS and to forward them to the company.

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