

APPENDIX 4D

DURATEC LIMITED

ABN 94 141 614 075

RESULTS FOR ANNOUNCEMENT TO THE MARKET

The current reporting period is the half-year ended 31 December 2020 and the prior reporting period is the half-year ended 31 December 2019.

	H1 FY20 \$'000	H1 FY19 \$'000		%
Revenue	124,063	128,407	↓	3%
Profit after income tax expense for the half-year attributable to members	4,642	6,662	↓	30%

Net tangible assets per share

NTA Backing	31 December 2020 cents per share	31 December 2019 cents per share
Net tangible asset backing per ordinary share	9.34	11.34*

* A share split occurred on 24 September 2020 and to allow for improved comparability of NTA Backing the 2019 value was calculated using the increased number of shares.

Dividends

The board resolved to pay a pre-IPO dividend of \$0.13 per share (fully franked). The total dividend of \$25.2 million was paid in tranches between 29 October and 2 November 2020.

No interim dividend was declared for the half-year ended 31 December 2020.

Explanation of results

This information is contained in the Half-Year Results Announcement and Half-Year Results Presentation.

Details of associates and joint venture entities

Name of associate/ joint venture	Reporting entity's percentage holding		Contribution to profit/(loss) (where material)	
	Reporting period %	Previous period %	Reporting period \$'000	Previous period \$'000
Fortec Australia Pty Ltd	-*	40	149	207
Duratec Australia – Dundee Rock JV Pty Ltd	49	49	60	244
Duratec Ertech JV	50	50	982	455

* On 31 August 2020 Duratec disposed of its 40% interest in Fortec Australia Pty Ltd by way of a dividend in-specie to its shareholders.

Audit report

This report is based on the interim financial report which has been independently reviewed and is not subject to qualifications.

DURATEC LIMITED

ABN 94 141 614 075

INTERIM FINANCIAL REPORT

31 DECEMBER 2020

CORPORATE DIRECTORY

Registered Office

108 Motivation Drive
Wangara WA 6065

Principal Place of Business

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Wangara WA 6065

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Company Secretary

Dennis Wilkins

Share Registry

Computershare Investor Services Pty Limited
Level 11, 172 St George's Terrace
Perth WA 6000

CORPORATE INFORMATION

Duratec Limited is the Group's holding company that is listed on the ASX under code DUR.

The consolidated financial statements cover Duratec Limited as a consolidated entity consisting of Duratec Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars.

Duratec Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the consolidated entity are described in the Directors' Report.

The financial statements were authorised for issue, in accordance with resolution of Directors, on 24 February 2021.

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DIRECTORS' REPORT

The Directors of Duratec Limited present their report together with the consolidated financial statements of Duratec Limited, ABN 94 141 614 075 ("the Company" or "Duratec") and the entities it controlled (together referred to as "the Group" or the "consolidated entity") at the end of, or during, the half-year ended 31 December 2020.

Information on Directors

Name	Period of Directorship
Martin Brydon Non-Executive Chairman	Appointed 1 September 2020
Robert Philip Harcourt Managing Director	Appointed 26 August 2010
Christopher John Oates Executive Director – General Manager	Appointed 26 August 2010
Deane Gerald Diprose Executive Director – Operations Manager	Appointed 26 August 2010, Resigned 31 August 2020
Oliver McKeon Executive Director	Appointed 15 October 2019, Resigned 31 August 2020
Gavin Robert Miller Non-Executive Director Company Secretary	Appointed 14 April 2010 Appointed 14 April 2010, Resigned 31 August 2020
James Patrick Giumelli Non-Executive Director	Appointed 12 November 2014, Resigned 31 August 2020
Michael David Best Non-Executive Director	Appointed 1 October 2018, Resigned 31 August 2020

Principal activities

The principal activities of the consolidated entity during the period were the provision of assessment, protection, remediation and refurbishment services to a broad range of assets, in particular steel and concrete infrastructure. No significant change in the nature of these activities occurred during the period.

Review of operations

A review of the operations of the consolidated entity during the period and the results of those operations found that changes in market demand and competition have seen a decrease in sales of 3% to \$124,062,926 compared to the previous corresponding period.

	31 Dec 2020	31 Dec 2019
	\$'000	\$'000
Revenue from contracts with customers	124,063	128,207
Profit after income tax	4,642	6,662

Significant changes in state of affairs

On 4 November 2020 the official quotation of Duratec Limited's ordinary fully paid shares commenced on the ASX under code 'DUR'.

There were no other significant changes in the consolidated entity's state of affairs during the financial half-year.

Rounding of amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 immediately after this Directors' report.

This report is made in accordance with a resolution of Directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the Directors,



Robert Philip Harcourt

Managing Director

24 February 2021

RSM Australia Partners

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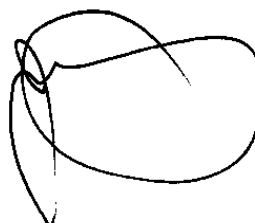
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Duratec Limited for the half-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 review; and
- (ii) any applicable code of professional conduct in relation to the review.



RSM AUSTRALIA PARTNERS



J A KOMNINOS
Partner

Perth, WA
Dated: 24 February 2021

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**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Consolidated Entity			
	<i>Note</i>	Dec 2020 \$'000	Dec 2019 \$'000
Revenue	3	124,063	128,207
Contracting cost of sales	4	(100,845)	(103,231)
		23,218	24,976
Other income	3	1,782	403
Employee benefits expense	4	(11,090)	(9,859)
Administration expense		(2,435)	(3,809)
Occupancy expense		(506)	(558)
Depreciation and amortisation expense		(2,411)	(1,743)
Other expenses		-	(110)
Gain on disposal of associate	6	151	-
Initial Public Offering expense	4	(2,455)	(74)
Finance costs	4	(302)	(272)
Equity accounted investment results	5	209	451
Profit before income tax expense		6,161	9,405
Income tax expense		(1,519)	(2,743)
Profit after income tax expense for the half-year		4,642	6,662
Total comprehensive income for the half-year, net of tax		4,642	6,662
Earnings per share			
Basic earnings cents per share	18	2.27	3.52
Diluted earnings cents per share	18	2.18	3.52

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

		Consolidated Entity	
	Note	Dec 2020 \$'000	Jun 2020 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	31,045	41,276
Trade and other receivables		18,409	19,597
Contract assets		6,222	6,249
Inventories		272	273
Other current assets		1,889	966
Income tax receivable		641	-
Total current assets		58,478	68,361
Non-current assets			
Trade and other receivables		72	36
Plant and equipment	8	14,480	10,259
Right-of-use assets	9	2,689	3,055
Investments accounted for using the equity method		1,467	2,749
Other non-current assets		82	78
Deferred tax assets		2,924	2,142
Total non-current assets		21,714	18,319
Total assets		80,192	86,680
Liabilities			
Current liabilities			
Trade and other payables		29,088	34,932
Borrowings	10	2,311	1,708
Property lease liabilities	11	1,136	1,163
Contract liabilities		11,573	15,681
Current tax liability		-	500
Provisions		4,602	4,934
Total current liabilities		48,710	58,918
Non-current liabilities			
Borrowings	10	6,023	3,867
Property lease liabilities	11	1,757	2,043
Deferred tax liabilities		813	432
Provisions		714	612
Total non-current liabilities		9,307	6,954
Total liabilities		58,017	65,872
Net assets		22,175	20,808
Equity			
Issued capital	12	23,704	500
Reserves	13	132	(231)
Retained earnings		(1,661)	20,539
Total equity		22,175	20,808

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

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

Consolidated Entity		Issued Capital	Retained Earnings	Reserves	Non-Controlling Interest	Total Equity
	<i>Note</i>	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019		500	17,871	(507)	184	18,048
Adoption AASB 16		-	(23)	-	-	(23)
Balance at 1 July 2019		500	17,848	(507)	184	18,025
Comprehensive income						
Profit for the half-year		-	6,662	-	-	6,662
Total comprehensive income for the half-year		-	6,662	-	-	6,662
Transactions with owners						
Dividends paid	14	-	(3,200)	-	-	(3,200)
Acquisition of non-controlling interest		-	(92)	276	(184)	-
Balance at 31 December 2019		500	21,218	(231)	-	21,487
Balance at 1 July 2020		500	20,539	(231)	-	20,808
Comprehensive income						
Profit for the half-year		-	4,642	-	-	4,642
Total comprehensive income for the half-year		-	4,642	-	-	4,642
Transactions with owners						
Share-based payments		-	-	363	-	363
Issue of ordinary shares (net of costs)		23,204	-	-	-	23,204
Dividends paid	14	-	(26,842)	-	-	(26,842)
Balance at 31 December 2020		23,704	(1,661)	132	-	22,175

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2020

		Consolidated Entity	
	Note	Dec 2020 \$'000	Dec 2019 \$'000
Cash flows from operating activities			
Receipts from customers		134,011	144,773
Payments to suppliers and employees		(137,872)	(134,729)
Income tax paid		(2,721)	(2,569)
Interest and finance costs paid		(235)	(265)
Interest received		86	142
Net cashflows (used in)/ from operating activities	17	(6,731)	7,352
Cash flow from investing activities			
Proceeds from sale of plant and equipment		191	55
Purchase of plant and equipment		(5,930)	(2,093)
Dividends received		1,407	170
Net cashflows used in investing activities		(4,332)	(1,868)
Cash flow from financing activities			
Dividend paid		(25,200)	(3,200)
Proceeds from share issue		24,000	-
Proceeds from borrowings		4,099	1,464
Repayment of borrowings		(1,341)	(1,032)
Repayment of lease liabilities		(731)	(477)
Repayment received from related party		5	-
Net cashflows from/ (used in) financing activities		832	(3,245)
Net (decrease)/ increase in cash and cash equivalents		(10,231)	2,239
Cash and cash equivalents at beginning of the period		41,276	35,736
Cash and cash equivalents at the end of the financial half-year	7	31,045	37,975

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Significant Accounting Policies

Basis of preparation

Duratec Limited is a for-profit company limited by shares, incorporated and domiciled in Australia. The Company's registered address is 108 Motivation Drive, Wangara, WA 6065. The consolidated financial statements of the Company as at and for the financial half-year ended 31 December 2020 comprises the Company and its subsidiaries (together referred to as the "Group" or the "consolidated entity"). The Group provides assessment, protection, remediation and refurbishment services to a broad range of assets, in particular steel and concrete infrastructure.

The consolidated financial report is presented in Australian dollars, which is Duratec Limited's functional and presentation currency. All values are rounded to the nearest thousand, except when otherwise indicated, under the option available to the Company under ASIC Corporations (Rounding in Financial/Director's Reports) Instrument 2016/191. The Company is an entity to which this legislative instrument applies.

These general-purpose financial statements for the interim half-year reporting period ended 31 December 2020 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the consolidated financial report for the year ended 30 June 2020 and any public announcements made by the Company during the interim reporting period in accordance with continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and interpretations adopted by the Group

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Note 2. Segment reporting

The Group is organised into three operating segments based on difference in services provided; Defence, Mining & Industrial and Buildings & Facades. Other segments relate to Energy, Ports, Transport and Water. These operating segments are based on the internal reports that are reviewed and used by the Managing Director (who is identified as the Chief Operating Decision Maker, 'CODM') in assessing performance and in determining the allocation of resources.

The principal services of each of the operating segments are as follows:

- Defence – dedicated to the delivery of capital facilities, infrastructure and estate works program projects
- Mining & Industrial – provision of tailored preventative maintenance programmes
- Buildings & Facades – completion of façade condition assessments and façade restorations

	Defence	Mining & Industrial	Buildings & Facades	Other Segments	Total
Consolidated – Dec 2020	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	54,106	27,588	15,301	27,068	124,063
Total revenue	54,106	27,588	15,301	27,068	124,063
Gross profit for reportable segments	8,905	4,563	4,190	5,560	23,218
Unallocated amounts (including corporate overheads)					(14,335)
EBITDA					8,883
Depreciation and amortisation					(2,420)
Finance costs					(302)
Profit before income tax expense					6,161
Income tax expense					(1,519)
Profit after income tax expense					4,642
	Defence	Mining & Industrial	Buildings & Facades	Other Segments	Total
Consolidated – Dec 2019	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	71,904	22,242	11,259	22,802	128,207
Total revenue	71,904	22,242	11,259	22,802	128,207
Gross profit for reportable segments	13,846	5,453	2,059	3,618	24,976
Unallocated amounts (including corporate overheads)					(13,556)
EBITDA					11,420
Depreciation and amortisation					(1,743)
Finance costs					(272)
Profit before income tax expense					9,405
Income tax expense					(2,743)
Profit after income tax expense					6,662

Note 3. Revenue

	Dec 2020 \$'000	Dec 2019 \$'000
Revenues from contracts with customers	124,063	128,207
Disaggregation of revenue from contracts with customers by location		
Western Australia	53,774	66,063
New South Wales	25,859	32,690
Victoria	10,688	12,902
Northern Territory	7,082	3,493
South Australia	8,780	4,071
Queensland	9,463	6,596
Tasmania	775	1,950
Australian Capital Territory	7,642	442
	124,063	128,207

	Dec 2020 \$'000	Dec 2019 \$'000
Other Income		
Interest received	86	143
Sundry income	-	54
Rental income	154	36
Sale of scrap metal	27	-
Dividends received	1,407	170
Gain on disposal of plant and equipment	108	-
	1,782	403

Note 4. Expenses

Profit before income tax from continuing operations includes the following specific expenses:

	Dec 2020 \$'000	Dec 2019 \$'000
Expenses		
Cost of sales	100,845	103,231
Interest expense for financial liabilities not at fair value through profit or loss		
External – Interest on loans and borrowings	204	189
– Interest on lease liabilities	98	83
Total finance costs	302	272

Note 4. Expenses (continued)

	Dec 2020 \$'000	Dec 2019 \$'000
Initial Public Offering costs		
Expensed	2,455	74
In equity:		
Before tax	1,138	-
Tax effect	(342)	-
Recognised in equity (net of tax)	796	-
Total IPO costs for the period	3,251	74
	Dec 2020 \$'000	Dec 2019 \$'000
Employee expenses		
Share based payments	363	-
Other	10,727	9,859
	11,090	9,859

Note 5. Equity accounted investment results

	Dec 2020 \$'000	Dec 2019 \$'000
Equity accounted investment results – associate – Duratec Australia - Dundee Rock JV	60	244
Equity accounted investment results – associate – Fortec Australia Pty Ltd	149	207
	209	451

Note 6. Disposal of associate

On 31 August 2020 Duratec disposed of its 40% interest in Fortec Australia Pty Ltd by way of a dividend in specie to the Company's shareholders.

	Dec 2020 \$'000
1 July 2020 – Investment in Fortec Australia Pty Ltd	1,342
Share or profits for the period	149
31 Aug 2020 – Investment in Fortec Australia Pty Ltd	1,491
In specie dividend distribution	1,642
Gain on disposal of associate	151

Note 7. Cash and cash equivalents

	Dec 2020 \$'000	Jun 2020 \$'000
Cash at bank and on hand	27,045	18,276
Short-term deposits	4,000	23,000
Total cash and cash equivalents	31,045	41,276

Note 8. Plant and equipment

	Dec 2020 \$'000	Jun 2020 \$'000
Plant and machinery		
At cost	11,858	8,836
Accumulated depreciation	(5,082)	(4,480)
	6,776	4,356
Motor vehicles		
At cost	7,891	6,807
Accumulated depreciation	(3,648)	(3,127)
	4,243	3,680
Office furniture, fixtures, fittings		
At cost	312	299
Accumulated depreciation	(200)	(172)
	112	122
Information technology		
At cost	2,482	1,550
Accumulated depreciation	(717)	(457)
	1,765	1,093
Leasehold improvements		
At cost	1,141	1,070
Accumulated depreciation	(630)	(523)
	511	547
Capital work in progress		
At cost	1,073	461
Total plant and equipment	14,480	10,259

Note 8. Plant and equipment (continued)

Reconciliation of written down values at the beginning and end of the current financial half-year are set out below:

Consolidated	Plant and Machinery	Motor Vehicles	Office Furniture	Information Technology	Leasehold Improvement	Capital WIP	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2020	4,356	3,680	122	1,093	547	461	10,259
Additions	3,092	1,206	13	936	71	612	5,930
Disposals	(34)	(47)	-	(1)	-	-	(82)
Depreciation expense	(638)	(596)	(23)	(263)	(107)	-	(1,627)
Balance at 31 Dec 2020	6,776	4,243	112	1,765	511	1,073	14,480

Note 9. Right of use assets

	Dec 2020 \$'000	Jun 2020 \$'000
Land and buildings		
Right-of-use	4,431	4,161
Accumulated depreciation	(1,742)	(1,106)
	2,689	3,055

Reconciliation of written down values at the beginning and end of the current financial half-year are set out below:

	Cost	Accumulated Depreciation	Carrying value
Balance at 1 July 2020	4,161	(1,106)	3,055
Additions during the half-year	418	-	418
Leases expired during the half-year	(148)	148	-
Depreciation expense	-	(784)	(784)
Balance at 31 Dec 2020	4,431	(1,742)	2,689

Note 10. Borrowings

	Dec 2020 \$'000	Jun 2020 \$'000
Current		
Equipment finance	2,311	1,708
Total current borrowings	2,311	1,708
Non-current		
Equipment finance	6,023	3,867
Total non-current borrowings	6,023	3,867

Note 11. Property lease liabilities

	Dec 2020 \$'000	Jun 2020 \$'000
Current		
Lease liabilities – Property (AASB 16)	1,136	1,163
Total current property lease liabilities	1,136	1,163
Non-current		
Lease liabilities – Property (AASB 16)	1,757	2,043
Total non-current property lease liabilities	1,757	2,043

Note 12. Issued capital

	Dec 2020 Shares	Jun 2020 Shares	Dec 2020 \$'000	Jun 2020 \$'000
Ordinary shares – fully paid	237,444,800	4,000	23,704	500

Movement in ordinary share capital:

Details	Date	Shares	Cumulative Shares	Issue price (\$)	\$'000
Balance	1 July 2020	4,000	4,000	-	500
Share split	1 July 2020	189,440,801	189,444,801	-	-
Issue of shares – IPO	4 Nov 2020	48,000,000	237,444,801	0.50	24,000
Share issue costs (net of tax) - IPO	4 Nov 2020	-	-	-	(796)
Balance	31 Dec 2020		237,444,801		23,704

Note 13. Reserves

	Dec 2020 \$'000	Jun 2020 \$'000
Acquisition Reserve		
Balance at the beginning of the financial period	(231)	(507)
Acquisition of non-controlling interest	-	276
Balance at end of the financial period	(231)	(231)
Share Based Payment Reserve		
Balance at the beginning of the financial period	-	-
Share based payment transactions	363	-
Balance at end of the financial period	363	-
Total Reserves	132	(231)

Note 14. Dividends

Dividends paid during the financial half-year were as follows:

	Dec 2020 \$'000	Dec 2019 \$'000
Disposal of Fortec Australia Pty Ltd by way of a dividend in specie to the Company's shareholders	1,642	-
Other dividends (paid cash)	25,200	3,200
Declared fully franked ordinary dividends franked at 30% (2019: 30%)	26,842	3,200

Note 15. Contingent liabilities

The Company uses both Bank Guarantee and Insurance Bond facilities to guarantee contract completion obligations and maintain period liabilities in respect of contracts undertaken. These guarantees and insurance bonds can be activated only in the event of a failure by the Company to meet its obligations under the contract.

	Dec 2020 \$'000	Dec 2019 \$'000
Bonds & Guarantees in issue at end of financial half-year	26,390	26,951

Note 16. Events after the reporting period

The impact of the Coronavirus (COVID-19) pandemic is ongoing and while it has not materially negatively impacted the consolidated entity up to 31 December 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the Australian Government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

No matter or circumstance has arisen since 31 December 2020 that has significantly affected, or may significantly affect the Group's operations, the result of those operations, or the Group's state of affairs in future financial years.

Note 17. Reconciliation of profit after income tax to net cash from operating activities

	Dec 2020 \$'000	Dec 2019 \$'000
Profit after income tax expense for the half-year	4,642	6,662
Adjustments for:		
Depreciation	2,420	1,743
Share of profits of associates and joint ventures	(209)	(451)
Dividends received	(1,407)	(170)
Gain on sale of fixed assets	(117)	-
Gain on disposal of investment	(151)	-
Share based payment expense	363	-
IPO costs reallocated to equity (before tax)	(1,138)	-
Change in operating assets and liabilities:		
Decrease in trade and other receivables	1,147	2,976
Decrease in contract assets	27	760
Decrease/ (increase) in inventories	1	(36)
Increase in other assets	(926)	(630)
Decrease in trade and other payables	(5,843)	(1,229)
Decrease in contract liabilities	(4,108)	(1,107)
Decrease in provisions	(231)	(105)
Decrease in tax balances	(1,201)	(1,061)
Net cash (used in)/ from operating activities	(6,731)	7,352

Note 18. Earnings per share

	Dec 2020	Dec 2019
Earnings used to calculate basic EPS (\$'000)	4,642	6,662
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS (number of shares)	204,395,620	189,444,801*
Basic earnings per share (cents per share)	2.27	3.52
Earnings used to calculate diluted EPS (\$'000)	4,642	6,662
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS (number of shares)	213,270,620	189,444,801*
Diluted earnings per share (cents per share)	2.18	3.52

*A share split occurred on 24 September 2020 and to allow for improved comparability of Earnings per share the December 2019 EPS was calculated using the increased number of shares.

Note 19. Share-based payments

As at 31 December 2020, the Company had the following share-based payment arrangements:

a) IPO Rights Offer

On 4 November 2020, as part of the Company's IPO, an offer of 4,815,000 Rights was made to certain employees. Each Right is a right to receive one share subject to continued employment vesting conditions. On vesting, Rights will automatically convert to ordinary shares on a one for one basis. Rights that do not vest will lapse. Shares allocated to employees following vesting and automatic exercise of those Rights are subject to a Disposal Restriction which lifts on the 36-month anniversary of the Grant Date.

Number of Rights granted	Vesting Date	Lapsed	Vested during the period
2,407,500	4 Nov 2021	-	-
2,407,500	4 Nov 2022	-	-
4,815,000		-	-

Vesting Hurdles	
50%	50%
Continued employment for 12 months to 4 Nov 2021	Continued employment for 24 months to 4 Nov 2022

b) Hurdled Performance Rights

On 24 November 2020, an offer of 3,710,000 Rights was made to senior executives and key managers, as determined by the Board of Directors

Number of Rights granted	Vesting Date	Lapsed	Vested during the period
1,855,000	30 June 2023	-	-
1,855,000	30 June 2023	-	-
3,710,000		-	-

Vesting Hurdles	
Continued employment until 31 August 2023	
50%	50%
Meeting an earnings per share (EPS) target	Meeting a total shareholder return (TSR) target

c) Non-Hurdled Performance Rights

On 24 November 2020, an offer of 450,000 Rights was made to certain employees deemed to have key roles as determined by the Board of Directors

Number of Rights granted	Vesting Date	Lapsed	Vested during the period
450,000	31 August 2023	-	-
450,000		-	-

Vesting Hurdles
Continued employment until 31 August 2023

The cost of equity-settled transactions is measured at fair value on their respective grant dates. Where market vesting conditions apply, fair value has been determined using a Monte Carlo simulation model. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to the profit or loss is calculated based on the grant date fair value, the best estimate of the number of awards that are likely to vest and any expired portion of the vesting period. The amount recognised in the profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

**DIRECTORS' DECLARATION
FOR THE HALF YEAR ENDED 31 DECEMBER 2020**

In the Directors' opinion:

- a. the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b. the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the financial half-year ended on that date; and
- c. there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors made pursuant to Section 303(5)(a) of the Corporations Act 2001.

On behalf of the Directors



Robert Philip Harcourt

Director

Perth

24 February 2021



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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
DURATEC LIMITED**

We have reviewed the accompanying half-year financial report of Duratec Limited which comprises the consolidated statement of financial position as at 31 December 2020, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Duratec 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.

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Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Duratec Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

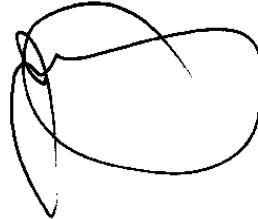
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Duratec Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2020 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



RSM AUSTRALIA PARTNERS



Perth, WA
Dated: 24 February 2021

J A KOMNINOS
Partner