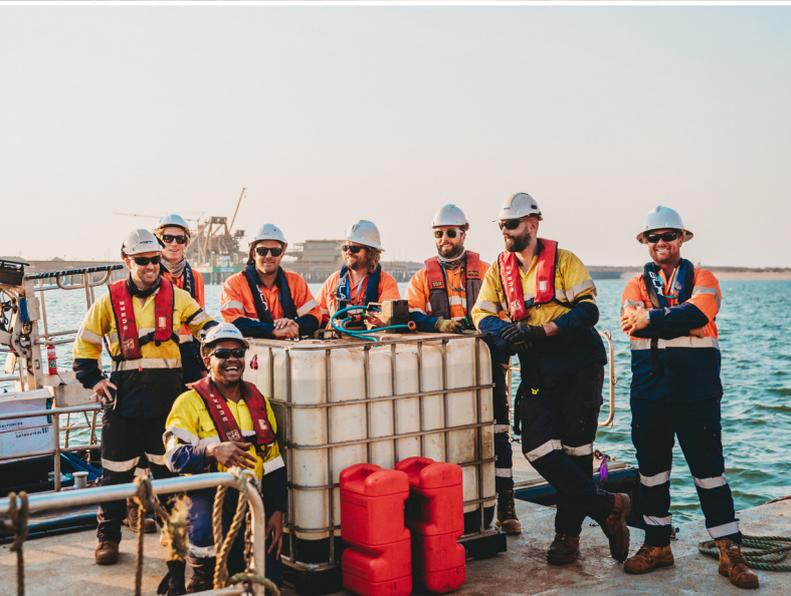




DURATEC



# 1H FY24

FINANCIAL REPORT

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# Corporate Directory

## Registered Office & Principal Place of Business

108 Motivation Drive, Wangara  
Western Australia 6065

## Contact Details

Phone: +61 (8) 9206 6900  
E-mail: [info@duratec.com.au](mailto:info@duratec.com.au)  
Internet: [www.duratec.com.au](http://www.duratec.com.au)

## Directors

Martin Brydon	Non-Executive Director, Chairman
Chris Oates	Executive Director, Managing Director
Robert (Phil) Harcourt	Non-Executive Director
Gavin Miller	Non-Executive Director
Krista Bates	Non-Executive Director

## Company Secretary

Dennis Wilkins

## Share Registry

Computershare Investor Services Pty Limited  
Level 17, 221 St Georges Terrace, Perth  
Western Australia 6000

## Share Trading Facilities

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: DUR)  
The Home exchange is Perth.

## Auditor

RSM Australia Partners  
Level 32, Exchange Tower, 2 The Esplanade, Perth  
Western Australia 6000

# 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 2023.

## Directors and Company Secretary

Name / Position	Period of Directorship
<b>Martin Brydon</b> Non-Executive Chairman	Appointed 1 September 2020
<b>Christopher Oates</b> Executive Director, Managing Director Executive Director, General Manager	Appointed 24 November 2023 Appointed 26 August 2010 - Resigned 24 November 2023
<b>Robert (Phil) Harcourt</b> Non-Executive Director Executive Director, Managing Director	Appointed 24 November 2023 Appointed 26 August 2010 - Resigned 24 November 2023
<b>Gavin Miller</b> Non-Executive Director	Appointed 14 April 2010
<b>Krista Bates</b> Non-Executive Director	Appointed 30 June 2023
<b>Dennis Wilkins</b> Company Secretary	Appointed 1 September 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

For the six months ended 31 December 2023, the consolidated entity generated revenues of \$292.7m, an increase of 28.1% on the previous corresponding period. Profit after income tax for the six-month period was \$12.2m, an increase of 55.8% on the previous corresponding period.

	Dec-23	Dec-22
	\$'000	\$'000
Revenue from contracts with customers	292,737	228,532
Profit after income tax	12,225	7,846

## Significant changes in state of affairs

There were no significant changes in the consolidated entity's state of affairs during the financial half-year other than that referred to in the financial statements of notes thereto.

## 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,



**Chris Oates**  
Managing Director  
22 February 2024

**RSM Australia Partners**

Level 32, Exchange Tower  
2 The Esplanade Perth WA 6000  
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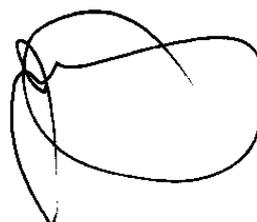
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the review of the financial report of Duratec Limited for the half-year ended 31 December 2023, 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.

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'J A KOMNINOS'.

J A KOMNINOS  
Partner

Perth, WA  
Dated: 22 February 2024

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 31 December 2023

	Note	Consolidated Entity	
		Dec-23	Dec-22
		\$'000	\$'000
<b>Continuing Operations</b>			
Revenue from contracts with customers	3	292,737	228,532
Contracting cost of sales	4	(245,355)	(192,864)
		47,382	35,668
Other income	3	1,324	703
Employee benefits expense	4	(19,294)	(16,887)
Administration expense		(5,209)	(4,146)
Occupancy expense		(1,038)	(673)
Depreciation and amortisation expense		(6,873)	(4,260)
Finance costs	4	(941)	(343)
Equity accounted investment results	5	576	940
Profit before income tax expense		15,927	11,002
Income tax expense		(3,702)	(3,156)
Profit after income tax for the half-year		12,225	7,846
Total comprehensive income for the half-year		12,225	7,846
<b>Profit for the half-year is attributable to:</b>			
Owners of Duratec Limited		12,225	7,846
Profit for the half-year		12,225	7,846
Total comprehensive income for the half year, net of tax		12,225	7,846
<b>Earnings per share attributable to the owners of Duratec Limited:</b>			
		cents	cents
Basic earnings per share (cents)	19	4.96	3.25
Diluted earnings per share (cents)	19	4.74	3.09

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 2023

	Note	Consolidated Entity	
		Dec-23	Jun-23
		\$'000	\$'000
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7	58,539	66,187
Trade and other receivables		39,908	59,821
Contract assets		38,646	25,185
Inventories		584	346
Current tax receivable		907	-
Other current assets		3,704	1,820
<b>Total Current Assets</b>		<b>142,288</b>	<b>153,359</b>
<b>Non-Current Assets</b>			
Trade and other receivables		6,273	6,298
Property, plant and equipment	8	31,499	25,962
Right-of-use assets	9	4,409	2,744
Intangible assets	10	14,162	14,711
Investments accounted for using the equity method		5,112	4,536
Other non-current assets		298	249
Deferred tax assets		4,305	4,573
<b>Total Non-Current Assets</b>		<b>66,058</b>	<b>59,073</b>
<b>Total Assets</b>		<b>208,346</b>	<b>212,432</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and other payables		77,505	82,076
Contingent consideration payable	6	-	9,000
Borrowings	11	14,221	4,773
Property lease liabilities	12	2,832	2,071
Contract liabilities		28,637	35,727
Current tax liability		-	1,773
Provisions		9,020	10,484
<b>Total Current Liabilities</b>		<b>132,215</b>	<b>145,904</b>
<b>Non-Current Liabilities</b>			
Trade and other payables		3,771	3,360
Borrowings	11	12,895	10,535
Property lease liabilities	12	1,851	945
Deferred tax liabilities		3,788	4,311
Provisions		1,615	1,314
<b>Total Non-Current Liabilities</b>		<b>23,920</b>	<b>20,465</b>
<b>Total Liabilities</b>		<b>156,135</b>	<b>166,369</b>
<b>Net Assets</b>		<b>52,211</b>	<b>46,063</b>
<b>EQUITY</b>			
Issued capital	13	29,406	26,899
Reserves	14	1,020	2,184
Retained earnings		21,785	16,980
<b>Total Equity</b>		<b>52,211</b>	<b>46,063</b>

The above statement of financial position should be read in conjunction with the accompanying notes <sup>6</sup>

# Consolidated Statement of Changes in Equity

For the half year ended 31 December 2023

Consolidated Entity		Issued Capital	Retained Earnings	Reserves	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2022</b>		25,167	3,825	1,965	30,957
Profit after income tax expense for the half-year		-	7,846	-	7,846
Other comprehensive income for the half-year, net of tax		-	-	-	-
<b>Total comprehensive income for the half-year</b>		-	7,846	-	7,846
<b>Transactions With Owners</b>					
Share based payments		-	-	821	821
Issue of ordinary shares		1,183	-	(1,183)	-
Dividend Reinvestment Plan		291	-	-	291
Dividends paid	15	-	(3,609)	-	(3,609)
<b>Balance at 31 December 2022</b>		26,641	8,062	1,603	36,306
<b>Balance at 1 July 2023</b>		26,899	16,980	2,184	46,063
Profit after income tax expense for the half-year		-	12,225	-	12,225
Other comprehensive income for the half-year, net of tax		-	-	-	-
<b>Total comprehensive income for the half-year</b>		-	12,225	-	12,225
<b>Transactions With Owners</b>					
Share-based payments		-	-	605	605
Transfer from share-based payments reserve		1,769	-	(1,769)	-
Dividend Reinvestment Plan		738	-	-	738
Dividends paid	15	-	(7,420)	-	(7,420)
<b>Balance at 31 December 2023</b>		29,406	21,785	1,020	52,211

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 2023

	Note	Consolidated Entity	
		Dec-23	Dec-22
		\$'000	\$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		323,216	241,933
Payments to suppliers and employees		(309,050)	(217,613)
Income tax paid		(6,719)	(3,630)
Interest and finance costs paid		(707)	(272)
Interest received		767	299
<b>Net cashflows from operating activities</b>	<b>18</b>	<b>7,507</b>	<b>20,717</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant and equipment		182	323
Purchase of property, plant and equipment		(10,033)	(5,116)
Acquisition of subsidiary, net of cash acquired		(8,538)	(9,988)
<b>Net cashflows used in investing activities</b>		<b>(18,389)</b>	<b>(14,781)</b>
<b>Cash flows from financing activities</b>			
Dividend paid	15	(6,682)	(3,318)
Proceeds from borrowings		15,849	2,840
Repayment of borrowings		(4,055)	(2,174)
Repayment lease liabilities		(1,878)	(1,144)
<b>Net cashflows from/ (used in) financing activities</b>		<b>3,234</b>	<b>(3,796)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>		<b>(7,648)</b>	<b>2,140</b>
Cash and cash equivalents at beginning of period		66,187	58,263
<b>Cash and cash equivalents at the end of the financial half year</b>	<b>7</b>	<b>58,539</b>	<b>60,403</b>

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

## Note 1. Material accounting policy information

### (a) 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 2023 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 2023 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 annual report for the year ended 30 June 2023 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.

### (b) Principles of consolidation and equity accounting

#### (i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity where the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

#### (ii) Associates

Associates are all entities over which the group has significant influence but not control or joint control. This is generally the case where the group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

#### (iii) Joint arrangements

A joint arrangement (that is either classified as a joint operation or a joint venture, depending on the rights and obligations of the jointly controlling parties to the arrangement) is one in which the Group is party to an arrangement of which two or more parties have control. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. Duratec Limited is party to a joint operation.

#### Joint operations

Duratec Limited recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings.

#### (iv) Equity accounting method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit or loss, and the group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

## Note 2. Segment reporting

The Group is organised into four operating segments based on difference in services provided; Defence, Mining & Industrial, Buildings & Façades and Energy. Other segments relate to Ports, Transport, Marine 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 CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements. Balance sheet data is not currently tracked or provided to the CODM at operating segment level therefore the breakdown is not disclosed.

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 & Façades - completion of façade condition assessments and façade restorations

Energy - non-defence capital facilities, remediation and refurbishment of critical assets

Consolidated - December 2023	Defence	Mining & Industrial	Buildings & Façades	Energy	Other Segments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	124,151	84,044	52,871	23,250	8,421	292,737
Total revenue	124,151	84,044	52,871	23,250	8,421	292,737
Gross profit for reportable segments	13,377	18,389	6,581	8,126	909	47,382
Unallocated amounts (including corporate overheads)						(23,641)
EBITDA						23,741
Depreciation and amortisation						(6,873)
Finance costs						(941)
Profit before income tax expense						15,927
Income tax expense						(3,702)
Profit after income tax expense						12,225

Consolidated - December 2022	Defence	Mining & Industrial	Buildings & Façades	Energy	Other Segments	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales to external customers	112,069	32,220	38,093	26,850	19,300	228,532
Total revenue	112,069	32,220	38,093	26,850	19,300	228,532
Gross profit for reportable segments	15,940	8,239	6,205	4,571	713	35,668
Unallocated amounts (including corporate overheads)						(20,063)
EBITDA						15,605
Depreciation and amortisation						(4,260)
Finance costs						(343)
Profit before income tax expense						11,002
Income tax expense						(3,156)
Profit after income tax expense						7,846

## Note 3. Revenue

The Group derives revenue from the transfer of good and services over time in the following major geographical regions.

	Dec-23	Dec-22
	\$'000	\$'000
Revenues from contracts with customers	292,737	228,532
<b>Disaggregation of revenue from contracts with customers by location</b>		
Western Australia	123,663	65,896
New South Wales	45,530	57,256
Victoria	11,772	9,879
Northern Territory	59,107	42,487
South Australia	11,164	8,964
Queensland	16,085	20,238
Tasmania	1,410	1,538
Australian Capital Territory	24,006	22,274
	292,737	228,532

	Dec-23	Dec-22
	\$'000	\$'000
<b>Other income</b>		
Rental income	141	187
Interest received	767	299
Sundry income	253	41
Foreign exchange gain	33	-
Gain on disposal of plant and equipment	130	176
	1,324	703

## Note 4. Expenses

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

	Dec-23	Dec-22
	\$'000	\$'000
<b>Expenses</b>		
Cost of sales	245,355	192,864
<b>Interest expense for financial liabilities not at fair value through profit or loss</b>		
External - Interest on loans and borrowings	750	346
Interest on lease liabilities	191	(3)
Total finance costs	941	343
<b>Employee Expenses</b>		
Salaries & wages	16,697	14,690
Share based payments (refer Note 20)	573	821
Post employment benefits	1,441	1,038
Other	583	338
	19,294	16,887

## Note 5. Equity accounted investment results

	Dec-23	Dec-22
	\$'000	\$'000
Equity accounted investment results - associate - DDR Australia Pty Ltd	576	940
	576	940

## Note 6. Acquisition

On 7 October 2022, Duratec entered an agreement to acquire 100% Wilson's Pipe Fabrication Pty Ltd (WPF), one of Australia's leading providers of onshore and offshore engineering services to the oil and gas industry. The acquisition was completed on 20 October 2022.

The purchase price comprised initial consideration of \$9.0m and the maximum earn out of \$9.0m as a result of EBITDA hurdles being met for the 12 months to 30 June 2023. The Company also paid an additional amount in relation to working capital in excess of the estimated working capital in line with the Share Purchase Agreement.

The following table summarises the acquisition-date fair value of consideration

	20 Oct 2022
	\$'000
Initial consideration	9,000
Working capital	1,009
Contingent consideration	9,000
	19,009

The following summarises the recognised fair value amounts of assets acquired and liabilities assumed as at 20 October 2022

	20 Oct 2022
	\$'000
Cash	483
Trade and other receivables	3,888
Work in progress	925
Other current assets	281
Property, plant and equipment	657
Right-of-use assets	395
Other non-current assets	63
Deferred tax assets	137
Customer relationships	10,992
Trade and other payables	(1,772)
Loans and borrowings	(274)
Property lease liabilities	(404)
Current tax liability	(334)
Provisions	(480)
	14,557

Goodwill arising from the acquisition has been recognised as follows:

	20 Oct 2022
	\$'000
Total consideration transferred	19,009
Fair value of identifiable assets and liabilities	(14,557)
Goodwill	4,452

The goodwill is attributable mainly to the skills and talent of Wilson's Pipe Fabrication employees.

## Note 6. Acquisition (continued)

The following table summarises the cash flows in relation to the acquisition at 31 December 2023:

	31 Dec 2023	30 June 2023
	\$'000	\$'000
Initial consideration	-	9,000
Earn out	9,000	-
Working capital (based on initial estimate)	-	1,471
Cash acquired as part of acquisition	-	(483)
Working capital settlement adjustment	(462)	-
Acquisition of subsidiary, net of cash acquired	8,538	9,988

## Note 7. Cash and cash equivalents

	Dec-23	Jun-23
	\$'000	\$'000
Cash at bank and on hand	53,539	61,187
Short-term deposits	5,000	5,000
Total cash and cash equivalents	58,539	66,187

## Note 8. Plant and equipment

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

	Land and Buildings	Plant and Machinery	Motor Vehicles	Office and IT Equipment	Leasehold Improvements	Capital WIP	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>At 30 June 2023</b>							
At cost	2,914	18,563	17,141	4,764	2,570	37	45,989
Accumulated depreciation	(29)	(8,297)	(7,260)	(2,845)	(1,596)	-	(20,027)
	2,885	10,266	9,881	1,919	974	37	25,962
Balance at 1 July 2023	2,885	10,266	9,881	1,919	974	37	25,962
Additions	-	5,751	2,984	747	362	189	10,033
Disposals	-	(14)	(22)	(2)	(14)	-	(52)
Depreciation	(14)	(1,937)	(1,743)	(549)	(201)	-	(4,444)
Balance at 31 December 2023	2,871	14,066	11,100	2,115	1,121	226	31,499
<b>At 31 December 2023</b>							
At cost	2,914	23,952	19,781	5,484	2,835	226	55,192
Accumulated depreciation	(43)	(9,886)	(8,681)	(3,369)	(1,714)	-	(23,693)
	2,871	14,066	11,100	2,115	1,121	226	31,499

## Note 9. Right of use assets

	Dec-23	Jun-23
	\$'000	\$'000
Land and buildings		
Right-of-use	8,982	6,630
Accumulated depreciation	(4,573)	(3,886)
	4,409	2,744

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

	Cost	Accumulated Depreciation	Carrying Value
Balance at 1 July 2023	6,630	(3,886)	2,744
Additions during the half-year	3,545	-	3,545
Leases expired during the half-year	(1,193)	1,193	-
Depreciation expense	-	(1,880)	(1,880)
Balance at 31 December 2023	8,982	(4,573)	4,409

## Note 10. Intangible assets

	Dec-23	Jun-23
	\$'000	\$'000
Goodwill	4,452	4,452
Less: Impairment	-	-
	4,452	4,452
Customer relationships	10,992	10,992
Less: Accumulated amortisation	(1,282)	(733)
	9,710	10,259
Total intangibles	14,162	14,711

Reconciliations of the written down values at the beginning and end of the current and previous financial period are set out below:

	Goodwill	Customer Relationships	Total
	\$'000	\$'000	\$'000
Balance at 1 July 2023	4,452	10,259	14,711
Amortisation expense	-	(549)	(549)
Balance at 31 December 2023	4,452	9,710	14,162

## Note 11. Borrowings

	Dec-23	Jun-23
	\$'000	\$'000
<b>Current</b>		
Equipment finance	5,869	4,773
Cash advance <sup>1</sup>	5,000	-
Insurance premium funding <sup>2</sup>	3,352	-
<b>Total current borrowings</b>	<b>14,221</b>	<b>4,773</b>
<b>Non-current</b>		
Equipment finance	12,895	10,535
<b>Total non-current borrowings</b>	<b>12,895</b>	<b>10,535</b>
<b>Total borrowings</b>	<b>27,116</b>	<b>15,308</b>

<sup>1</sup>As a result of Bankwest no longer offering business products or services under the Bankwest brand, a new facilities agreement with CBA was entered into on 2 November 2023. This provides Duratec with a \$70 million Multi-Option Facility, a \$400,000 Corporate Credit Card Facility and a Market Rate Loan Facility of \$5.6 million.

<sup>2</sup>In October 2023 Duratec entered into an Insurance Premium Funding agreement with Arteva Funding for a total of \$4.2m.

## Note 12. Property lease liabilities

	Dec-23	Jun-23
	\$'000	\$'000
<b>Current</b>		
Lease liabilities - Property (AASB 16)	2,832	2,071
<b>Total current property lease liabilities</b>	<b>2,832</b>	<b>2,071</b>
<b>Non-current</b>		
Lease liabilities - Property (AASB 16)	1,851	945
<b>Total non-current property lease liabilities</b>	<b>1,851</b>	<b>945</b>
<b>Total property lease liabilities</b>	<b>4,683</b>	<b>3,016</b>

## Note 13. Issued capital

	Dec-23	Jun-23	Dec-23	Jun-23
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	247,959,984	244,020,537	29,406	26,899

Movement in ordinary share capital:

Details	Date	Shares	Cumulative Shares	Issue price (\$)	\$'000
Balance	1 Jul 2023	244,020,537	244,020,537	-	26,899
Conversion of Performance Rights	25 Aug 2023	3,320,000	247,340,537	0.53	1,769
Dividend Reinvestment Plan	9 Oct 2023	619,447	247,959,984	1.19	738
Balance	31 Dec 2023	247,959,984	247,959,984	-	29,406

## Note 14. Reserves

	Dec-23	Jun-23
	\$'000	\$'000
<b>Acquisition Reserve</b>		
Balance at the beginning of the financial period	(231)	(231)
Balance at end of the financial period	(231)	(231)
<b>Share Based Payment Reserve</b>		
Balance at the beginning of the financial period	2,415	2,196
Share-based payments	605	1,402
Transfer from share-based payments reserve	(1,769)	(1,183)
Balance at end of the financial period	1,251	2,415
<b>Total Reserves</b>	<b>1,020</b>	<b>2,184</b>

## Note 15. Dividends

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

	Dec-23	Dec-22
	\$'000	\$'000
Other dividends (cash)	6,682	3,318
Dividend Reinvestment Plan	738	291
Declared fully franked ordinary dividends franked at 30% (2022: 30%)	7,420	3,609

## Note 16. 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-23	Dec-22
	\$'000	\$'000
Bonds & Guarantees on issue at end of financial half-year	55,512	37,353

## Note 17. Events after the reporting period

On 15 December 2023 WPF Duratec Pty Ltd (a wholly owned subsidiary of Duratec Ltd) entered a Business Purchase Agreement to acquire A & B Welding Pty Ltd for \$1.5 million. The purchase completed in January 2024 with control transferring at that time.

On 24 December 2023, DDR Australia Pty Ltd (a 49% owned associate of Duratec Ltd) entered into a share purchase agreement to acquire 100% share capital of RC Construction WA Pty Ltd. The purchase completed on 31 January 2024, with control transferring at that time.

No other matter or circumstance has arisen since 31 December 2023 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 18. Reconciliation of profit after income tax to net cash from operating activities

	Dec-23	Dec-22
	\$'000	\$'000
Profit after income tax expense for the half-year	12,225	7,846
<b>Adjustments for:</b>		
Depreciation	6,873	4,260
Share of profits of associates and joint ventures	(576)	(940)
Gain on sale of fixed assets	(130)	(176)
Share based payment expense	573	821
<b>Change in operating assets and liabilities:</b>		
Decrease/ (Increase) in trade and other receivables	19,579	(3,771)
(Increase)/ Decrease in contract assets	(13,461)	6,532
(Increase) in inventories	(238)	(88)
(Increase) in other assets	(1,933)	(1,138)
(Decrease)/ Increase in trade and other payables	(4,135)	17,962
(Decrease) in contract liabilities	(7,090)	(12,149)
(Decrease)/ Increase in provisions	(1,163)	2,033
(Decrease) in tax balances	(3,017)	(475)
<b>Net cash from operating activities</b>	<b>7,507</b>	<b>20,717</b>

## Note 19. Earnings per share

	Dec-23	Dec-22
	\$'000	\$'000
<b>Earnings used to calculate basic EPS (\$'000)</b>	<b>12,225</b>	<b>7,846</b>
Weighted average number of ordinary shares outstanding during the period used in calculating basic EPS (number of shares)	246,609,527	241,666,700
<b>Basic earnings per share (cents per share)</b>	<b>4.96</b>	<b>3.25</b>
<b>Earnings used to calculate diluted EPS (\$'000)</b>	<b>12,225</b>	<b>7,846</b>
Weighted average number of ordinary shares outstanding during the period used in calculating diluted EPS (number of shares)	257,839,527	253,726,700
<b>Diluted earnings per share (cents per share)</b>	<b>4.74</b>	<b>3.09</b>

## Note 20. Share-based payments

As at 31 December 2023, the Company had the following share-based payment arrangements:

### a) Hurdled Performance Rights

On the dates noted below offers of rights were made to senior executives and key managers, as determined by the Board of Directors:

- 24 November 2020, an offer of 3,710,000 Rights
- 26 November 2021, an offer of 3,995,000 Rights
- 19 August 2022, an offer of 4,910,000 Rights
- 27 January 2023, an offer of 340,000 Rights
- 12 June 2023, an offer of 290,000 Rights
- 1 December 2023, an offer of 3,260,000 Rights

Number of Rights granted	Vesting Date	Lapsed	Vested	Balance	Vesting Hurdles
1,855,000	31 Aug 2023	395,000	1,460,000	-	<sub>1</sub> Continued employment to vesting date & meeting an earnings per share (EPS) target
1,997,500	6 Sep 2024	412,500	-	1,585,000 <sub>1</sub>	
2,455,000	5 Sep 2025	350,000	-	2,105,000 <sub>1</sub>	
170,000	31 Aug 2025	20,000	-	150,000 <sub>1</sub>	
145,000	31 Aug 2025	-	-	145,000 <sub>1</sub>	
1,630,000	31 Aug 2026	-	-	1,630,000 <sub>1</sub>	
1,855,000	31 Aug 2023	395,000	1,460,000	-	
1,997,500	6 Sep 2024	412,500	-	1,585,000 <sub>2</sub>	
2,455,000	5 Sep 2025	350,000	-	2,105,000 <sub>2</sub>	
170,000	31 Aug 2025	20,000	-	150,000 <sub>2</sub>	
145,000	31 Aug 2025	-	-	145,000 <sub>2</sub>	
1,630,000	31 Aug 2026	-	-	1,630,000 <sub>2</sub>	
16,505,000		2,355,000	2,920,000	11,230,000	<sub>2</sub> Continued employment to vesting date & meeting a total shareholder return (TSR) target

### b) 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	Balance	Vesting Hurdles
450,000	31 Aug 2023	50,000	400,000	-	Continued employment to 31 August 2023
450,000		50,000	400,000	-	

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 2023

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 2023 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



**Chris Oates**

Director

Perth

22 February 2024

**RSM Australia Partners**

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

**Report on the Half-Year Financial Report**

*Conclusion*

We have reviewed the accompanying half-year financial report of Duratec Limited which comprises the consolidated statement of financial position as at 31 December 2023, the statement of comprehensive income, 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.

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 2023 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*.

*Basis for Conclusion*

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and 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 annual 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 Duratec Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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### *Directors' Responsibility for the Half-Year Financial Report*

The directors of Duratec Limited 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.

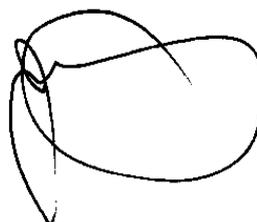
### *Auditor's Responsibility for the Review of the Financial Report*

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*, 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 2023 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*.

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.

A handwritten signature in black ink, appearing to read 'RSM'.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'J A KOMNINOS'.

Perth, WA  
Dated: 22 February 2024

J A KOMNINOS  
Partner