

# **DURATEC AUSTRALIA PTY LTD AND CONTROLLED ENTITIES**

**ABN: 94141 614 075**

**Financial Report For The Year Ended  
30 June 2018**

# DURATEC AUSTRALIA PTY LTD AND CONTROLLED ENTITIES

ABN: 94141 614 075

## Financial Report For The Year Ended 30 June 2018

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**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

Your directors present their report on the consolidated group for the financial year ended 30 June 2018.

**Directors**

The names of the directors in office at any time during, or since the end of, the year are:

James Robert Giumelli  
Gavin Robert Miller  
Robert Phillip Harcourt  
Dean Gerald Diprose  
Christopher John Oates  
James Patrick Giumelli

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

**Review of Operations**

The consolidated profit of the consolidated group for the financial year after providing for income tax amounted to \$6,018,612 (2017:\$3,988,291).

A review of the operations of the consolidated group during the financial year and the results of those operations found that changes in market demand and competition have seen an increase in sales of 46.5% to \$126,346,884. The increase in sales has contributed to an increase in the consolidated group's gross profit of 8.8% to \$23,726,889.

**Significant Changes in the State of Affairs**

No significant changes in the consolidated group's state of affairs occurred during the financial year.

**Principal Activities**

The principal activities of the consolidated group during the financial year were concrete remediation works. No significant change in the nature of these activities occurred during the year.

**Events Subsequent to the End of the Reporting Period**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations, or the state of affairs of the company in future financial years other than those disclosed in Note 23 of the financial statement.

**Likely Developments and Expected Results of Operations**

Likely developments in the operations of the consolidated group and the expected results of those operations in future financial years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the consolidated group.

**Environmental Regulation**

The consolidated group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

**Dividends**

Dividends paid or declared since the start of the financial year were \$4,731,500 (2017: \$564,450).

**Options**

No options over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report.

No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

**Indemnification of Officers**

No indemnities have been given or insurance premiums paid, during or since the end of the financial year, for any person who is or has been an officer or auditor of the consolidated group.

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
AND CONTROLLED ENTITIES  
DIRECTORS' REPORT**

**Proceedings on Behalf of the Company**

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

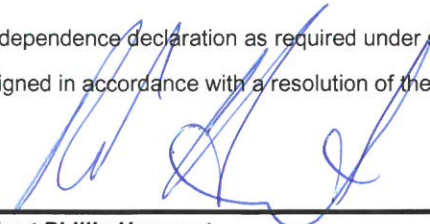
The company was not a party to any such proceedings during the year.

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 3.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



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**Robert Phillip Harcourt**

Dated this

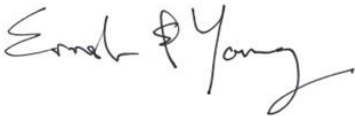
**14th Day of December 2018**

## Auditor's Independence Declaration to the Directors of Duratec Australia Pty Ltd

As lead auditor for the audit of Duratec Australia Pty Ltd for the period ended 30 June 2018, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Duratec Australia Pty Ltd and the entities it controlled during the financial year.



Ernst & Young



Darryn Hall  
Partner  
14 December 2018

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075**  
**AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 30 JUNE 2018**

		Consolidated Group	
		2018	2017
		\$	\$
	<b>Note</b>		
Sales revenue	3	126,346,884	86,241,748
Contracting cost of sales	4(a)	(102,619,995)	(64,427,510)
		<u>23,726,889</u>	<u>21,814,238</u>
Other income	3	460,667	23,378
Employee benefits expense		(9,870,448)	(6,733,430)
Administration expense		(2,252,929)	(7,125,801)
Audit expenses		(111,665)	-
Occupancy expense		(1,574,311)	(1,233,144)
Goodwill write off		(90,432)	-
Depreciation and amortisation expense		(1,254,733)	(1,020,172)
Finance costs	4(a)	(132,930)	(170,059)
Other expenses		(65,152)	(163,101)
<b>Profit before income tax</b>		<u>8,834,956</u>	<u>5,391,909</u>
Tax expense	5(a)	(2,816,344)	(1,403,618)
<b>Profit for the year</b>		<u>6,018,612</u>	<u>3,988,291</u>
Other comprehensive income for the year, net of tax		-	-
<b>Total comprehensive income for the year</b>		<u>6,018,612</u>	<u>3,988,291</u>
Profit/(loss) attributable to:			
Members of the parent entity		6,606,472	3,792,816
Non-Controlling Interest		(587,860)	195,475
		<u>6,018,612</u>	<u>3,988,291</u>
Total comprehensive income/(loss) attributable to:			
Members of the parent entity		6,606,472	3,792,816
Non-Controlling Interest		(587,860)	195,475
		<u>6,018,612</u>	<u>3,988,291</u>

The accompanying notes form part of these financial statements.

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018**

	Note	Consolidated Group	
		2018	2017
		\$	\$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	7	13,915,299	1,755,636
Trade and other receivables	8	19,187,463	12,494,615
Inventories	9	209,098	118,338
Other assets	10	223,339	523,293
<b>TOTAL CURRENT ASSETS</b>		<u>33,535,199</u>	<u>14,891,882</u>
<b>NON-CURRENT ASSETS</b>			
Financial assets	12	200,049	-
Property, plant and equipment	14	5,610,383	4,019,826
Deferred tax assets	17	1,895,492	1,925,328
Other assets	10	72,850	53,852
<b>TOTAL NON-CURRENT ASSETS</b>		<u>7,778,774</u>	<u>5,999,006</u>
<b>TOTAL ASSETS</b>		<u><u>41,313,973</u></u>	<u><u>20,890,888</u></u>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	25,340,691	7,010,634
Borrowings	16	917,880	597,576
Current tax liabilities	17	766,665	1,741,706
Provisions	18	1,944,058	1,103,391
<b>TOTAL CURRENT LIABILITIES</b>		<u>28,969,294</u>	<u>10,453,307</u>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	16	1,646,135	960,630
Provisions	18	570,804	636,323
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>2,216,939</u>	<u>1,596,953</u>
<b>TOTAL LIABILITIES</b>		<u><u>31,186,233</u></u>	<u><u>12,050,260</u></u>
<b>NET ASSETS</b>		<u><u>10,127,740</u></u>	<u><u>8,840,628</u></u>
<b>EQUITY</b>			
Issued capital	19	500,000	500,000
Retained earnings		10,046,554	8,171,582
Non-controlling interest		(418,814)	169,046
<b>TOTAL EQUITY</b>		<u><u>10,127,740</u></u>	<u><u>8,840,628</u></u>

The accompanying notes form part of these financial statements.

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
AND CONTROLLED ENTITIES  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Ordinary \$	Retained Earnings \$	Non-controlling Interests \$	Total \$
<b>Consolidated Group</b>					
<b>Balance at 1 July 2016</b>		500,000	4,943,216	(26,429)	5,416,787
<b>Comprehensive income</b>					
Profit for the year		-	3,792,816	195,475	3,988,291
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income for the year</b>		500,000	8,736,032	169,046	9,405,078
<b>Transactions with owners</b>					
Dividends paid or provided for	6	-	(564,450)	-	(564,450)
<b>Balance at 30 June 2017</b>		500,000	8,171,582	169,046	8,840,628
<b>Balance at 1 July 2017</b>					
		500,000	8,171,582	169,046	8,840,628
<b>Comprehensive income</b>					
Profit/(loss) for the year		-	6,606,472	(587,860)	6,018,612
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income/(loss) for the year</b>		500,000	14,778,054	(418,814)	14,859,240
<b>Transactions with owners</b>					
Shares issued during the year					-
Dividends paid or provided for	6	-	(4,731,500)	-	(4,731,500)
<b>Balance at 30 June 2018</b>		500,000	10,046,554	(418,814)	10,127,740

The accompanying notes form part of these financial statements.



**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075**  
**AND CONTROLLED ENTITIES**  
**CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2018**

	Note	Consolidated Group	
		2018	2017
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		122,669,238	72,947,636
Interest received/other income		238,498	3,378
Payments to suppliers and employees		(100,162,364)	(68,787,470)
Interest paid		(132,930)	(170,059)
Income tax paid		(3,761,548)	(1,633,894)
Net cash provided by operating activities	22(a)	<u>18,850,894</u>	<u>2,359,591</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		45,953	73,530
Purchase of property, plant and equipment		(2,832,455)	(947,762)
Purchase of investments		(49)	-
Acquisition of subsidiary net of cash		(178,989)	-
Net cash used in investing activities		<u>(2,965,540)</u>	<u>(874,232)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings - other		1,955,827	906,683
Loan repayments to related parties		-	(3,691,254)
Repayment of borrowings - other		(950,018)	(1,010,619)
Payment of dividend on ordinary shares		(4,731,500)	(564,450)
Net cash used in financing activities		<u>(3,725,691)</u>	<u>(4,359,640)</u>
Net increase/(decrease) in cash held		12,159,663	(2,874,281)
Cash and cash equivalents at beginning of financial year		1,755,636	4,629,917
Cash and cash equivalents at end of financial year	7	<u>13,915,299</u>	<u>1,755,636</u>

The accompanying notes form part of these financial statements.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1                    Summary of Significant Accounting Policies**

**Basis of Preparation**

Duratec Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirement and interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit entities.

**Historical cost convention**

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

The financial report is presented in Australian dollars and all values are rounded to the nearest dollar.

The accounting policies that have been adopted in the preparation of this report are as follows:

The financial report was authorised for issue on \_\_\_\_\_ December 2018 by the directors of the company.

**(a)            Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted at statement of financial position date.

Deferred tax is accounted for using the liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the statement of comprehensive income except where it relates to items that may be credited direct to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by law.

**(b)            Inventories**

Inventories are measured at the lower of cost and net realisable value.

**(c)            Construction Contracts and Work in Progress**

Construction work in progress represents the gross unbilled amount expected to be collected from customers for construction work performed to date. Construction work in progress is stated at cost, plus profit recognised to date less an allowance for foreseeable losses and progress billings. Cost includes both variable fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the percentage of completion basis measured using the proportion of costs incurred to date as compared to expected total costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of progress claims under the terms of the contract adjusted for any variations or claims allowable under the contract.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1**                    **Summary of Significant Accounting Policies (continued)..**

**(d)        Plant and Equipment**

Plant & equipment are measured on the cost basis less, where applicable, any accumulated depreciation and impairment losses. Assets previously measured at valuation are now carried at deemed cost less, where applicable, any accumulated depreciation.

**Depreciation**

The depreciable amount of all fixed assets including capitalised lease assets, is depreciated over the asset's useful life commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and Machinery	4 - 50%
Furniture, Fittings and Equipment	8 - 50%
Motor Vehicles	16 - 50%
Computers	20 – 100%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

**Impairment**

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating unit exceeds its estimated recoverable amount. The asset or cash generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised in the statement of comprehensive income.

**Derecognition and disposal**

An item of property, plant and equipment is derecognised upon disposal or when no further economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of comprehensive income in the year the asset is derecognised.

**(e)        Leases**

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the company are classified as finance leases. Finance leases are capitalised recording an asset and a liability equal to the present value of the minimum lease payments, including any guaranteed residual value. Leased assets are depreciated over their estimated useful lives. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments under operating leases are charged as expenses in the periods in which they are incurred.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1**                    **Summary of Significant Accounting Policies (continued)..**

**(f)        Employee Benefits**

The amounts expected to be paid to employees for their pro-rata entitlement to annual leave and long service leave is accrued annually at current pay rates, having regard to experience of employees' departures and period of service. Employee benefits have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Contributions are made by the company to an employee superannuation fund and are charged as expenses when incurred. The company has no legal obligation to provide benefits to employees on retirement.

**(g)        Provisions**

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result, and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

**(h)        Cash and Cash Equivalents**

For the purposes of the statement of cash flows, cash includes cash on hand and on call current account with banks and financial institutions.

**(i)        Revenue and Other Income**

Construction Revenue:

Revenue from construction contracts is recognised by reference to the stage of completion of the contract. The stage of completion is determined as follows:

- i.        Contract income is recognised by reference to the actual costs incurred at the end of the reporting period relative to the proportion of actual costs expected to be incurred over the life of the contract;
- ii.       Adjustments are made for any variations or claims allowable under the contract.

Interest Revenue:

Interest Revenue is recognised on a proportional basis taking into account the interest rates applicable to financial assets.

All revenue is stated net of the amount of goods and services tax (GST).

**(j)        Trade and Other Payables**

Trade payables and other payables are carried at amortised costs and represent liabilities for goods and services provided to the company prior to the end of the financial year that are unpaid and arise when the company becomes obliged to make future payments in respect of the purchase of these goods and services. Trade and other payables are presented as current liabilities unless payment is not due within 12 months.

**(k)        Borrowing Costs**

Borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

**(l)        Trade and other receivables**

Trade receivables are measured on initial recognition at fair value less any allowance for impairment. Trade receivables are generally due for settlement within period ranging from 30 to 60 days.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1            Summary of Significant Accounting Policies (continued)..**

**(m)            Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position. Cash Flows are stated with the amount of GST included.

**(n)            Critical Accounting Estimates and Judgements**

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

Key estimates

Impairment - general

The Company assesses impairment at the end of each reporting period by evaluating the conditions and events specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

Construction Contracts and Work in Progress

The company determines the carrying value of work-in-progress as the difference between the book margin on the project and the profit claimable to date on the project. Profit claimable to date is calculated as projected profit on the job (contract value + contract variations - actual costs - estimated costs to complete the project) multiplied by the percentage completion of the job. Percentage complete on job is calculated as revenue billed to date for the job divided by the final contract value of the project (including variations). The costs to complete the project are estimated based on quantities of work identified as yet to be completed at that point in time.

Key judgments

Provision for impairment of receivables

The directors believe that the full amount of the debt in receivables is recoverable, and therefore no provision for impairment has been made.

**(o)            Adoption of new and revised standards**

The Consolidated Entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Consolidated Entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted and the Consolidated Entity are in the process of assessing the impact thereof.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 1**                      **Summary of Significant Accounting Policies (continued)..**

**(p)            Comparatives**

Where required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

**(q)            Investment in associates**

The Group's investments in its associate are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate.

**Impairment**

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate.

If there is objective evidence that the investment is impaired, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Share of loss of an associate' in the statement of profit or loss.

**(r)            Parent entity financial information**

The financial information for the parent entity, Duratec Australia Pty Ltd, disclosed in Note 2 has been prepared on the same basis as the consolidated financial statements, except as set out below:

**(i)            Investments in subsidiaries**

Investment in subsidiaries and associates are accounted for at cost in the financial statements of Duratec Australia Pty Ltd. Dividends received from associates are recognised in the parent entity profit or loss, rather than being deducted from carrying value of these investments.

**(s)            Principles of Consolidation**

A controlled entity is any entity that Duratec Australia Pty Ltd has the power to control the financial and operating policies of the entity so as to obtain benefits from its activities.

A list of controlled entities is contained in Note 13 to the financial statements. All controlled entities have a June financial year end. Non-controlling interests represent the portion of profit or loss and net assets in subsidiaries not held by the consolidated group and are presented separately in the statement of comprehensive income and within equity in the statement of financial position.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group. Where controlled entities have entered or left the consolidated group during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 2 Parent Information**

The following information has been extracted from the books and records of the parent and has been prepared in accordance with Australian Accounting Standards.

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

	2018	2017
	\$	\$
Sales revenue	81,062,405	65,677,506
Contracting cost of sales	<u>(60,802,937)</u>	<u>(48,312,288)</u>
	20,259,468	17,365,218
Other income	358,478	80,835
Employee benefits expense	(6,738,436)	(4,779,444)
Administration expense	(383,189)	(5,824,863)
Occupancy expense	(1,209,270)	(929,465)
Depreciation and amortisation expense	(927,567)	(808,457)
Finance costs	(103,120)	(147,920)
Other expenses	(65,153)	(157,216)
Share of net profits of associates and joint ventures	200,000	-
<b>Profit before income tax</b>	<u>11,391,211</u>	<u>4,798,688</u>
Tax expense	<u>(3,373,457)</u>	<u>(1,461,980)</u>
<b>Profit for the year</b>	<u>8,017,754</u>	<u>3,336,708</u>
Other comprehensive income for the year	-	-
<b>Total comprehensive income for the year</b>	<u>8,017,754</u>	<u>3,336,708</u>

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 2**            **Parent Information (continued)..**

**STATEMENT OF FINANCIAL POSITION**

	2018	2017
	\$	\$
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	7,885,030	843,359
Trade and other receivables	14,548,381	10,362,849
Inventories	172,642	118,338
Other current assets	233,237	471,980
<b>TOTAL CURRENT ASSETS</b>	<b>22,839,290</b>	<b>11,796,526</b>
<b>NON-CURRENT ASSETS</b>		
Investment in subsidiary	800,049	350,000
Property, plant and equipment	4,251,439	3,017,154
Deferred tax assets	1,003,837	1,585,539
Other non-current assets	-	40,260
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,055,325</b>	<b>4,992,953</b>
<b>TOTAL ASSETS</b>	<b>28,894,615</b>	<b>16,789,479</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Trade and other payables	12,223,375	3,608,430
Borrowings	713,447	457,772
Current tax liabilities	741,548	1,711,341
Provisions	1,453,988	823,157
<b>TOTAL CURRENT LIABILITIES</b>	<b>15,132,358</b>	<b>6,600,700</b>
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	-	290,060
Borrowings	1,281,436	635,253
Provisions	567,424	636,323
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,848,860</b>	<b>1,561,636</b>
<b>TOTAL LIABILITIES</b>	<b>16,981,218</b>	<b>8,162,336</b>
<b>NET ASSETS</b>	<b>11,913,397</b>	<b>8,627,143</b>
<b>EQUITY</b>		
Issued capital	500,000	500,000
Retained earnings	11,413,397	8,127,143
<b>TOTAL EQUITY</b>	<b>11,913,397</b>	<b>8,627,143</b>



**DURATEC AUSTRALIA PTY LTD**  
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 2**            **Parent Information (continued)..**

**STATEMENT OF CHANGES IN EQUITY**

	Issued Capital	Retained Earnings	Total
	\$	\$	\$
<b>Balance at 1 July 2016</b>	500,000	5,354,885	5,854,885
<b>Comprehensive income</b>			
Profit for the year	-	3,336,708	3,336,708
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	3,336,708	3,336,708
<b>Transactions with owners</b>			
Dividends paid or provided for		(564,450)	(564,450)
<b>Total transactions with owners</b>	-	(564,450)	(564,450)
<b>Balance at 30 June 2017</b>	500,000	8,127,143	8,627,143
<b>Balance at 1 July 2017</b>	500,000	8,127,143	8,627,143
<b>Comprehensive income</b>			
Profit for the year	-	8,017,754	8,017,754
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	8,017,754	8,017,754
<b>Transactions with owners</b>			
Dividends paid or provided for		(4,731,500)	(4,731,500)
<b>Total transactions with owners</b>	-	(4,731,500)	(4,731,500)
<b>Balance at 30 June 2018</b>	500,000	11,413,397	11,913,397

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 3 Revenue and Other Income**

	Consolidated Group	
	2018	2017
	\$	\$
Sales revenue:		
— provision of services	126,346,884	86,241,748
Total sales revenue	126,346,884	86,241,748
Other income:		
— Interest received	238,498	3,378
— Shares of net profits of associates	200,000	-
— other income	22,169	20,000
Total other Income	460,667	23,378

**Note 4 Profit before Income Tax**

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

**(a) Expenses**

	Consolidated Group	
	2018	2017
	\$	\$
Cost of sales	102,619,995	64,427,510
Interest expense on financial liabilities not at fair value through profit or loss		
— external	119,415	90,264
— related entities	13,515	79,795
Total finance costs	132,930	170,059

**Note 5 Tax Expense**

		Consolidated Group	
	Note	2018	2017
		\$	\$
(a) The components of tax expense income comprise:			
Current tax		2,908,187	2,685,643
Current tax under provision in respect of prior years		(121,679)	-
Deferred tax	17	(266,735)	(1,241,299)
Deferred tax under provision in respect of prior years		296,571	(40,726)
		2,816,344	1,403,618

(b) The prima facie tax on profit from ordinary activities before income tax is reconciled to the income tax as follows:

Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%)		2,650,487	1,617,573
— consolidated group			
Add:			
Tax effect of:			
— under-provision for income tax in prior years		174,892	-
— other non-allowable items		23,835	14,092
— Prior Year Adjustment share of associate's net loss		-	60,000
— Goodwill write off non-deductible		27,130	-
		2,876,344	1,691,665
Less:			
Tax effect of:			
— R&D Tax claim		-	288,047
— Prior Year Adjustment share of associate's net profit		60,000	-
Income tax attributable to entity		2,816,344	1,403,618

The weighted average effective tax rates are as follows: 31.9%      26.0%

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**Note 6 Dividends**

	Consolidated Group	
	2018	2017
	\$	\$
Declared fully franked ordinary dividend of \$4,731,500 (2017: \$564,450) franked at the tax rate of 30% (2017: 30%).	4,731,500	564,450

**Note 7 Cash and Cash Equivalents**

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
Cash at bank and on hand	13,898,299	1,755,636
Short-term bank deposits	17,000	-
	13,915,299	1,755,636

**Note 8 Trade and Other Receivables**

		Consolidated Group	
	Note	2018	2017
		\$	\$
CURRENT			
Trade receivables		19,142,845	18,950,262
Provision for impairment		(1,003,090)	(3,895,070)
		18,139,755	15,055,192
Amounts due from customers for construction contracts		989,260	(2,679,612)
Other receivables		53,497	-
Loans to other related parties	24(e)	4,951	119,035
Total current trade and other receivables		19,187,463	12,494,615
<b>(a) Construction contracts</b>			
Contract costs incurred		92,393,608	57,397,235
Recognised profits		37,537,323	16,997,476
		129,930,931	74,394,711
Progress billings		(128,941,671)	(77,074,323)
Amounts due from customers for contract work		1,768,826	2,725,843
Amounts due to customers		(779,566)	(5,405,455)

**Note 9 Inventories**

	Consolidated Group	
	2018	2017
	\$	\$
CURRENT		
At cost:		
Raw materials and stores	209,098	118,338
	209,098	118,338

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
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**Note 10 Other Assets**

	Consolidated Group	
	2018	2017
	\$	\$
<b>CURRENT</b>		
Prepayments	105,151	341,722
Advance credit card payments	118,188	181,571
	<u>223,339</u>	<u>523,293</u>
<b>NON-CURRENT</b>		
Prepayments	72,850	53,852
	<u>72,850</u>	<u>53,852</u>

**Note 11 Interest in joint ventures and associates**

**a. Information about Joint Venture**

Duratec Australia – Dundee Rock JV Pty Ltd (DDR) is registered as an incorporated company. DDR is a joint venture arrangement between its shareholders, Dundee Rock Pty Ltd (DRPL), which owns 51% of the issued shares in DDR, and Duratec Australia Pty Ltd (DAPL), which owns the remaining 49% of issued shares. The purpose of the JV is to carry out Commonwealth and State Government works, whether directly or via Government contractors, where there is an indigenous procurement policy.

**b. Information about associate**

The Group has 40% interest in Fortec Australia Pty Ltd which is involved in specialised concrete works. Set out below is the summarised financial information for the Group's material investments in Fortec Australia Pty Ltd. Unless otherwise stated, the disclosed information reflects the amounts presented in the financial statements of the associates.

	Fortec Australia Pty Ltd	
	2018	2017
	\$	\$
<b>Summarised financial position</b>		
Total current assets	2,390,566	2,499,846
Total non-current assets	1,294,564	810,660
Total current liabilities	2,232,608	3,266,349
Total non-current liabilities	772,099	167,523
Net assets/(liabilities)	<u>680,423</u>	<u>(123,366)</u>
Group's share (%)	40%	40%
Group's share of associate's net assets/(liabilities)	272,169	(49,346)
<b>Summarised financial performance</b>		
Revenue	14,141,989	10,142,909
Profit after tax from continuing operations	803,789	334,020
Group's share of associate's profit after tax from continuing operations	321,516	133,608

**Note 12 Financial Assets**

		Consolidated Group	
		2018	2017
		\$	\$
<b>NON-CURRENT</b>			
Other Investments	12(a)	200,049	-
Total Non-Current Assets		<u>200,049</u>	<u>-</u>
<b>(a) Other investments</b>			
Shares in Fortec Australia Pty Ltd		200,000	-
Shares in Duratec Australia - Dundee Rock JV		49	-
		<u>200,049</u>	<u>-</u>

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**Note 13 Interests in Subsidiaries**

**a. Information about Principal Subsidiaries**

The subsidiaries listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The proportion of ownership interests held equals the voting rights held by the Group. Each subsidiary's principal place of business is also its country of incorporation or registration.

Name of subsidiary	Principal place of business	Note	Ownership interest held by the Group		Proportion of non-controlling interests	
			2018 (%)	2017 (%)	2018 (%)	2017 (%)
Duratec Australia (ES) Pty Ltd	Australia		70%	70%	30%	30%
MeND Consulting Pty Ltd	Australia	25	100%	0%	0%	0%

Subsidiary financial statements used in the preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Group's financial statements.

**Note 14 Property, Plant and Equipment**

	Consolidated Group	
	2018	2017
	\$	\$
<b>PLANT AND EQUIPMENT</b>		
Plant and equipment:		
At cost	5,154,047	4,151,085
Accumulated depreciation	(2,606,948)	(2,089,025)
	<u>2,547,099</u>	<u>2,062,060</u>
Motor Vehicles		
At cost	4,224,448	2,895,138
Accumulated depreciation	(1,800,185)	(1,375,792)
	<u>2,424,263</u>	<u>1,519,346</u>
Office furniture, fixtures and fittings		
At cost	207,541	171,717
Accumulated depreciation	(101,458)	(84,383)
	<u>106,083</u>	<u>87,334</u>
Information Technology		
At cost	103,609	20,067
Accumulated depreciation	(22,674)	(14,153)
	<u>80,935</u>	<u>5,914</u>
Leasehold Improvement		
At cost	675,340	532,221
Accumulated depreciation	(283,542)	(209,049)
	<u>391,798</u>	<u>323,172</u>
Capital Work in Progress		
At cost	60,205	22,000
	<u>60,205</u>	<u>22,000</u>
Total plant and equipment	<u>5,610,383</u>	<u>4,019,826</u>

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**Note 14 Property, Plant and Equipment (continued)..**

**(a) Movements in carrying amounts**

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year

	Plant and Equipment \$	Motor Vehicles \$	Office Furniture \$	Information Technology \$	Leasehold Improvement \$	Capital WIP \$	Total \$
<b>Consolidated Group:</b>							
Balance at 1 July 2016	2,295,610	1,581,897	89,524	16,075	345,761	-	4,328,867
Additions	375,808	504,275	14,763	-	30,916	22,000	947,762
Disposals - written down value	(107,531)	(119,243)	(3,343)	(6,514)	-	-	(236,631)
Depreciation expense	(501,827)	(447,583)	(13,610)	(3,647)	(53,505)	-	(1,020,172)
Carrying amount at 30 June 2017	<u>2,062,060</u>	<u>1,519,346</u>	<u>87,334</u>	<u>5,914</u>	<u>323,172</u>	<u>22,000</u>	<u>4,019,826</u>
Additions	1,112,564	1,457,603	8,864	72,100	143,119	38,205	2,832,455
Disposals - written down value	(74,773)	(34,001)	(2,333)	-	-	-	(111,107)
Additions through acquisition of entity	66,460	15,000	31,036	11,445	-	-	123,941
Depreciation expense	(619,212)	(533,685)	(18,818)	(8,524)	(74,493)	-	(1,254,732)
Carrying amount at 30 June 2018	<u>2,547,099</u>	<u>2,424,263</u>	<u>106,083</u>	<u>80,935</u>	<u>391,798</u>	<u>60,205</u>	<u>5,610,383</u>

**Note 15 Trade and Other Payables**

	Consolidated Group	
	2018	2017
	\$	\$
<b>CURRENT</b>		
Unsecured liabilities		
Trade payables	7,050,703	3,875,598
Sundry payables and accrued expenses	15,449,318	929,688
Other payables (net amount of GST payable)	1,280,405	983,778
Amounts payable to:		
— ultimate parent entity	563,781	657,484
— other related parties	103,703	13,074
Employee entitlements	892,781	551,012
	<u>25,340,691</u>	<u>7,010,634</u>

Amounts payable to ultimate parent entity and other related entities are repayable within 30 days from end of month. Interest is payable for amounts not paid within 30 days terms.

**Note 16 Borrowings**

	Consolidated Group	
	2018	2017
	\$	\$
<b>CURRENT</b>		
Lease liability secured	917,880	597,576
Total current borrowings	<u>917,880</u>	<u>597,576</u>
<b>NON-CURRENT</b>		
Lease liability secured	1,646,135	960,630
Total non-current borrowings	<u>1,646,135</u>	<u>960,630</u>
Total borrowings	<u>2,564,015</u>	<u>1,558,206</u>

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**Note 17 Tax**

	Consolidated Group	
	2018	2017
	\$	\$
<b>CURRENT</b>		
Income tax payable	766,665	1,741,706
<b>TOTAL</b>	<u>766,665</u>	<u>1,741,706</u>
<b>NON-CURRENT</b>		
Deferred tax assets	1,895,492	1,925,328
<b>TOTAL</b>	<u>1,895,492</u>	<u>1,925,328</u>

	Opening Balance	(Charged)/ Credited to	Closing Balance
		Profit or Loss	
	\$	\$	\$
<b>NON-CURRENT</b>			
<b>Consolidated Group</b>			
<b>Deferred tax assets</b>			
Provisions and accruals	384,782	136,572	521,354
Book asset WDV	(1,298,660)	92,713	(1,205,947)
Tax asset WDV	1,354,489	(101,919)	1,252,570
Accrued expenses	57,620	(3,673)	53,947
Tax loss carried forward	177,921	(177,921)	-
Provision - doubtful debts	7,877	1,054,415	1,062,292
R&D tax offset receivable	-	241,112	241,112
<b>Balance at 30 June 2017</b>	<u>684,029</u>	<u>1,241,299</u>	<u>1,925,328</u>
Provisions and accruals	521,354	233,113	754,467
Book asset WDV	(1,205,947)	(477,168)	(1,683,115)
Tax asset WDV	1,252,570	479,305	1,731,875
Accrued expenses	53,947	46,502	100,449
Tax loss carried forward	-	705,058	705,058
Provision - doubtful debts	1,062,292	(775,534)	286,758
R&D tax offset receivable	241,112	(241,112)	-
<b>Balance at 30 June 2018</b>	<u>1,925,328</u>	<u>(29,836)</u>	<u>1,895,492</u>

**Note 18 Provisions**

	Consolidated Group	
	2018	2017
	\$	\$
<b>Analysis of Provisions</b>		
<b>CURRENT</b>		
Employee Benefits		
Opening balance at 1 July	1,103,391	392,134
Additional provisions raised during year	2,573,547	2,581,928
Amounts used	(1,732,880)	(1,870,671)
Balance at 30 June	<u>1,944,058</u>	<u>1,103,391</u>
<b>NON-CURRENT</b>		
Employee Benefits		
Opening balance at 1 July	636,323	208,330
Additional provisions in excess of transfers to current provisions during year	-	427,993
Amounts transferred to current provisions in excess of provisions	(65,519)	-
Balance at 30 June	<u>570,804</u>	<u>636,323</u>

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**Note 19 Issued Capital**

	Consolidated Group	
	2018	2017
	\$	\$
1,000 (2017: 1,000) fully paid ordinary shares	500,000	500,000
	500,000	500,000

**(a) Ordinary Shares**

	No.	No.
At the beginning of the reporting period	1,000	1,000
At the end of the reporting period	1,000	1,000

Ordinary shareholders participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**(b) Capital Management**

	Note	Consolidated Group	
		2018	2017
		\$	\$
Total borrowings	16	2,564,015	1,558,206
Trade and other payables	15	25,340,691	7,010,634
Total debt		27,904,706	8,568,840
Less cash and cash equivalents	7	(13,915,299)	(1,755,636)
Net debt		13,989,407	6,813,204
Total equity		10,127,740	8,840,628
Total capital		24,117,147	15,653,832
Gearing ratio		58%	44%

**Note 20 Capital and Leasing Commitments**

	Note	Consolidated Group	
		2018	2017
		\$	\$
<b>(a) Finance Lease Commitments</b>			
Payable — minimum lease payments			
— not later than 12 months		1,016,304	657,351
— between 12 months and five years		1,736,833	1,007,960
Minimum lease payments		2,753,137	1,665,311
Less future finance charges		(189,122)	(107,105)
Present value of minimum lease payments	16	2,564,015	1,558,206
<b>(b) Operating Lease Commitments</b>			
Non-cancellable operating leases contracted for but not recognised in the financial statements			
Payable — minimum lease payments			
— not later than 12 months		685,249	591,275
— between 12 months and five years		77,873	254,860
		763,122	846,135



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**Note 21 Contingent Liabilities**

Consolidated Group	
2018	2017
\$	\$

Estimates of the potential financial effect of contingent liabilities that may become payable:

**Contract Guarantees and Bonds**

The company uses Bank Guarantee and Performance 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.

	12,620,771	5,583,702
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**Note 22 Cash Flow Information**

Consolidated Group	
2018	2017
\$	\$

**(a) Reconciliation of cash flows from operating activities**

**with profit after income tax**

Net profit	6,018,612	3,988,291
Non-cash flows in profit		
— depreciation	1,254,733	1,020,172
— bad and doubtful debts	-	3,540,973
— impairment of goodwill	90,432	-
— net loss on disposal of plant and equipment	65,152	163,101
— share of associates' and joint ventures' net profit/losses	(200,000)	-
Changes in assets and liabilities:		
— increase in trade and other receivables	(6,614,797)	(8,710,079)
— decrease in other assets	280,956	550,889
— (increase)/decrease in inventories	(90,760)	21,345
— decrease/(increase) in deferred income tax assets	29,836	(1,241,299)
— increase in trade and other creditors	18,229,354	1,730,638
— (decrease)/increase in income taxes payable	(987,772)	1,011,020
— increase in provisions	775,148	284,540
Net cash provided by operating activities	18,850,894	2,359,591

**Note 23 Events After the Reporting Period**

The directors are not aware of any significant events since the end of the reporting period.

**Note 24 Related Party Transactions**

The Group's main related parties are as follows:

**(a) Key Management Personnel:**

All directors (whether executive or otherwise) of the entities in the group are considered key management personnel.

**(b) Entities subject to significant influence by the group:**

An entity that has the power to participate in the financial and operating policy decisions of an entity, but does not have control over those policies, is an entity that holds significant influence. Significant influence may be gained by share ownership, statute or agreement.

Fortec Australia Pty Ltd is an entity over which the group exercises significant influence by holding 40% voting power.

For details of interests held in associates, refer to Note 11.

**(c) Joint ventures in which the parent is a venturer:**

The Group has a 49% interest in the joint venture Duratec Australia – Dundee Rock JV Pty Ltd.

For details of interests held in joint ventures, refer to Note 11.

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**Note 24 Related Party Transactions (continued)..**

**(d) The Ultimate parent**

The ultimate parent of the Group is Ertech Holdings Pty Ltd and is based in Australia.

**(e) Other entities**

Subsidiaries of the ultimate company that are not subject to significant influence by the group.

**Transactions with related parties:**

The following transactions occurred with related parties:

		Sales to related parties \$	Purchases from related parties \$	Amounts in Trade Receivables for related parties \$	Amounts in Trade Payables for related parties \$	Loan balances payable to related parties \$	Loan balances receivable from related parties \$
(i) Ultimate parent							
Ertech Holdings Pty Ltd	2018	-	-	-	-	563,781	-
	2017	-	-	-	-	657,484	-
Entity subject to significant influence by the group:							
(ii) Fortec Australia Pty Ltd	2018	-	5,725	-	-	78,514	-
	2017	-	211,642	98,237	-	-	114,035
(iii) Joint venture in which the parent is a venturer							
Duratec Australia – Dundee							
Rock JV Pty Ltd.	2018	1,194,027	-	797,024	-	-	4,951
	2017	-	-	-	-	-	5,000
(iv) Other entities							
Ertech Pty Ltd	2018	316,932	40,372	304	-	9,401	-
	2017	414,208	1,245,939	248,694	317,260	12,884	-
Ertech Plant Holdings Pty Ltd	2018	-	-	-	-	15,787	-
	2017	-	-	-	-	114	-
Ertech EC Pty Ltd	2018	-	75,058	-	-	-	-
	2017	-	14,248	-	-	-	-
Ertech (Queensland) Pty Ltd	2018	-	68,608	-	-	-	-
	2017	-	-	-	-	77	-

Compensation of key management personnel of the Group

	Consolidated Group	
	2018	2017
	\$	\$
Short-term employee benefits	1,931,717	1,822,510
Total compensation paid to key management personnel	<u>1,931,717</u>	<u>1,822,510</u>

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

**DURATEC AUSTRALIA PTY LTD ABN: 94141 614 075  
AND CONTROLLED ENTITIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018**

**Note 25 Acquisition of MeND Consulting Pty Ltd**

**(a) Acquisition**

On 1st December 2017, the Group acquired 100% of the shares and voting rights in MeND Consulting Pty Ltd. The total cost of the acquisition was \$250,000. Acquisition related costs are included in the administration costs in the statement of comprehensive income.

**(b) Assets acquired and liabilities assumed at the date of acquisition**

The group has recognised the fair values of the identifiable assets and liabilities of MeND Consulting Pty Ltd based upon the best information available as of the reporting date. The goodwill on acquisition has been impaired since then.

	\$
<b>Identifiable assets acquired and liabilities assumed</b>	
Cash and Cash equivalents	71,011
Trade and other receivables	78,051
Property, plant & equipment	123,941
Trade and Other payables	<u>(113,435)</u>
Value of identifiable net assets	<u>159,568</u>
Goodwill on acquisition	90,432
Total consideration	<u><u>250,000</u></u>

**Note 26 Company Details**

The registered office of the company is:


Duratec Australia Pty Ltd  
108 Motivation Drive, Wangara, WA 6065

**DURATEC AUSTRALIA PTY LTD**  
**ABN: 94141614075**  
**DIRECTORS DECLARATION**

The directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 4 to 19, are in accordance with the Corporations Act 2001 and:
  - a. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes compliance with International Financial Reporting Standards (IFRS); and
  - b. give a true and fair view of the financial position as at 30 June 2018 and of the performance for the year ended on that date in accordance with accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.



Director \_\_\_\_\_

Robert Philip Harcourt

Dated 14<sup>th</sup> day of December 2018

## Independent auditor's report to the Members of Duratec Australia Pty Ltd

### Opinion

We have audited the financial report of Duratec Australia Pty Ltd (the Company) and its subsidiaries (collectively the Consolidated Entity), which comprises the Consolidated Entity's statement of financial position as at 30 June 2018, the Consolidated Entity's statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report is in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2018 and of their financial performance for the year ended on that date; and
- b) complying with Australian Accounting Standards- Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

### Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

### Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information is the Directors' report accompanying the financial report.

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

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Directors for the financial report

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

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

## Auditor's responsibilities for the audit of the financial report

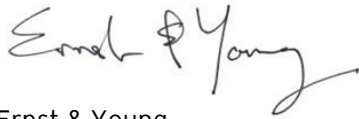
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that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

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

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

- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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



Ernst & Young



Darryn Hall  
Partner  
Perth  
14 December 2018