DURATEC LIMITED

FY24 ANNUAL REPORT

Duratec Limited ACN: 141 614 075 ASX:DUR

Annual Report for the Financial Year Ending 30 June 2024


FIRST AID

CONTENTS

ABOUT DURATEC

INNOVATIVE, FIT-FOR-PURPOSE SOLUTIONS

Duratec is a solution-based, whole-of-life engineering, construction and remediation services company focused on sustainably extending the life of the built environment.

WHO WE ARE

We are the preferred smart contractor for protecting, remediating and extending the life of assets across various industries.

VISION

To sustainably grow our business and become the most respected specialist civil contractor, providing technological, innovative solutions.

BUSINESS MODEL

End-to-end specialist Early Contractor Involvement (ECI), condition assessment, technical services, specialised construction, remediation and maintenance. We cater to every stage of the life cycle of an asset.

VALUES

Integrity
A fair and honest approach in all our dealings. Honouring our commitments.

Accountability
Each of us "getting it right and on time."

Courage
Willingness to "have a go" and find better ways.

Pride
In our people, equipment and work.

Recognition
Of individual and team performance and supporting personal growth.

INDUSTRIES SERVICED

DEFENCE

Maintaining Defence capability

BUILDING & FACADE

Delivering client value for better project outcomes by ECI

MINING & INDUSTRIAL

Partnering with mining asset owners to maximise the operational life of their fixed assets, delivering quality tailored solutions

ENERGY

Construction, remediation, refurbishment and fabrication of critical assets, enabling optimal functionality, including Oil & Gas

MARINE

With a focus on ports and wharfs, we remediate, refurbish, design and construct marine structures to withstand harsh conditions

TRANSPORT INFRASTRUCTURE

We maintain and protect the road and rail bridges that are critical to our communities

WATER INFRASTRUCTURE

We maintain and protect infrastructure needed for safe, secure water storage, and wastewater treatment

DURATEC LOCATIONS

Duratec's 1,132 employees are spread across 19 locations Australia-wide.


Townsville
QUEENSLAND
Gladstone
Brisbane
NEW SOUTH WALES
Newcastle
Adelaide
Canberra
Sydney
Berry Shoalhaven
A.C.T.
VICTORIA
Melbourne
Launceston
TAS
Hobart

FY24 HIGHLIGHTS

FINANCIAL HIGHLIGHTS

REVENUE[1]
$555.8m
▲13.0%
from $491.8m in FY23

NORMALISED EBITDA[2]
$47.6m
▲22.6%
from $38.8m in FY23

NPAT
$21.4m
▲11.6%
from $19.2m in FY23

EPS[4]
8.66¢
Per Share
▲9.5%
from 7.9¢ in FY23

DIVIDEND[3]
4.0¢
Per Share
Fully Franked

CASH
$65.2m
▼1.5%
from $66.2m in FY23

PIPELINE OF WORK

ORDER BOOK
$405.0m

TENDERS[5]
$1.4b

PIPELINE[6]
$3.8b

1 *Revenue excludes DDR Australia Pty Ltd (49% share).*
2 *Normalisation of EBITDA (Earnings before interest, tax, depreciation, and amortisation) accounts for tax effect from Duratec Limited's 49% investment in DDR Australia Pty Ltd and one-off acquisition costs of A&B Welding and RC Construction (Normalisation = $1.425m).*
3 *Interim dividend of 1.5 cents per share and final dividend of 2.5 cents per share, fully franked.*
4 *Basic earnings per share (cents).*
5 *Tenders includes submitted and currently being tendered opportunities.*
6 *Pipeline includes 49% share of DDR Australia Pty Ltd Revenue and 100% share of WPF Duratec Pty Ltd (wholly owned subsidiary)*

PEOPLE HIGHLIGHTS

TOTAL EMPLOYEES
1,132
Employees

WOMEN IN WORKFORCE
18.2%
Female Employees

EMPLOYEE TRAINING
1,652
Courses Delivered in FY24

OPERATIONAL HIGHLIGHTS

TOTAL HOURS WORKED
2.92m

REPEAT CLIENTS
81%

PROJECTS COMPLETED
1,588

HSEQ HIGHLIGHTS

TRIFR[7]
2.74
per million hours worked

LTIFR[8]
0.00
per million hours worked

AUDITS & INSPECTIONS
7,543
Conducted in FY24

7 TRIFR (Total Recordable Injury Frequency Rate) is a key safety metric used to measure the number of recordable injuries per one million hours worked. It includes all work-related deaths, lost time injuries, restricted work injuries, and medical treatment injuries.

8 LTIFR (Lost Time Injury Frequency Rate) is a safety metric that quantifies the number of lost time injuries per one million hours worked. It specifically counts incidents that result in an employee being unable to work for a full scheduled workday or shift following the injury. LTIFR focuses specifically on the severity of injuries leading to time off work, whereas TRIFR encompasses a wider range of injury types to give a comprehensive overview of workplace safety.

CHAIR'S REPORT

Dear Shareholders,

Welcome to Duratec Limited's Annual Report for the financial year ended 30 June 2024 (FY24).

FY24 has been an exciting time of change and progress on the back of the record FY23 results. A strong performance was again delivered by all our business groups, with revenue ending at another historic high. Our strong pipeline of work and tender outlook positions the Company well to continue to deliver its growth ambitions.

STRONG OPERATING RESULTS

FY24 reported revenue was $555.8m, 13% higher than FY23 ($491.8m). This represents another successful year of revenue growth for the Company. Normalised EBITDA was $47.6m, a 22.6% increase year on year and towards the upper end of our guidance range, with increased average margins. These results demonstrate Duratec's ability to grow and adapt to the inevitable shifts in demand across industries and projects, whilst delivering strong levels of profitability and maintaining our high safety and quality standards. For the 12-month reporting period we recorded a lost time injury frequency rate (LTIFR) of zero and a total recordable injury frequency rate (TRIFR) of 2.74 per 1 million hours worked.

At the end of FY24, our orderbook and pipeline remain extremely strong, with projects of varying sizes progressing well and a number of significant projects expected to be awarded in FY25. With an orderbook of $405m and tendered works of $1.4b on within a total $3.8b pipeline of opportunities, Duratec is well positioned for continued growth next financial year and beyond.

We declared a final fully franked dividend of 2.5 cents per share, taking the total dividend for the year to 4 cents per share. This represents a payout ratio of 46%, which the Board believes strikes a good balance between dividend distribution and preserving cash for future growth. Our balance sheet remains strong, with net cash of $65.2m able to support our key growth objectives.

BUSINESS STRATEGY SUPPORTS ONGOING GROWTH

The strong FY24 results were underpinned by our proven business strategy of having a diversified portfolio across various sectors including Defence, Building and Facade, Mining and Industrial, Energy, Marine and Infrastructure. In FY24, we continued to focus on winning projects that capitalise on our expertise, experience and capability, whilst simultaneously investing in our tender outlook. Early Contractor Involvement (ECI) and catering to every stage of the life cycle of customers' assets, remains key in delivering strong end-to-end project outcomes for our clients.

In FY24, we made a number of acquisitions and entered into new partnerships to boost our end-to-end capabilities. Through our wholly owned subsidiary WPF, we acquired A&B Welding in Darwin, enhancing our geographic capability and capacity to deliver projects for the Mining and Industrial, and Energy sectors. Duratec's 49% owned associate business, DDR Australia, completed the strategic acquisition of RC Construction, expanding our capability and allowing further access to aligned procurement opportunities.

We also made significant strides through investment in, and advancement of, our in-house technologies to support future growth. We have enhanced our operational capabilities and efficiencies, ensuring we remain competitive and dynamic. Our investments in FY24 included advanced 3D modelling, adopting further early contractor involvement practices, and technical assets such as the Novarc Technologies' spool welding robot (SWR) which we installed earlier in the year.

SUSTAINABLE OPERATIONS

During the year we formalised our Board Sustainability Committee, with Krista Bates appointed as Chair.

Our Sustainability function within the business has been working on establishing a baseline of our sustainability impacts, with Scope 1 and Scope 2 emissions as a priority. By understanding how our business activities drive environmental impacts, we will be able to model the impact of our business growth aspirations and identify the highest value impact reduction opportunities. In addition, we are undertaking a risk assessment to ensure the necessary mitigations are in place for key Sustainability-related risks.

The Sustainability Team will work closely with all parts of the business to progressively ensure Sustainability is integrated at a pace and scale that meets the increasing expectations of our customers, staff and other stakeholders.

We continue to be passionate about supporting women in construction as well as delivering ongoing Aboriginal and Torres Strait Islander opportunities and will continue to do so in FY25.

LEADERSHIP TRANSITION

Following Phil Harcourt's retirement after 14 very successful years at the helm of the Company, the Board was very pleased to appoint Chris Oates as Managing Director in November 2023.

Chris, a fellow founding member of the business who served as Executive Manager at Duratec since its inception in 2010, is ideally suited to take over the leadership of the Company. Chris has more than 30 years of experience in the engineering, construction and remediation sectors. The Board is confident Chris has the skills, experience, and values to lead the Company into a successful future. The Board and I would like to extend our congratulations to Chris on his appointment as Managing Director. We are also delighted that Phil has agreed to remain with the business as a Non-Executive Director, on both the Duratec Limited and DDR Australia boards.

OUTLOOK FOR FY25

Shortly after stepping into the Managing Director role, Chris led a strategic review which resulted in an organisational restructure of the business. This review ensures sustainable operations, positioning Duratec for future growth and to deliver on our long-term vision and strategy.

On behalf of the Board, I would like to extend my deep gratitude to all our employees – in a time of change and evolution, your commitment and professionalism have been unwavering. To our shareholders, clients and suppliers – thank you for supporting Duratec and being a cornerstone of our success, and we look forward to your continued support as we continue to shape an even more successful future. Finally, I would like to thank my fellow Board members, for your service and wise counsel during the year.

The Board looks forward to supporting Chris and his leadership team through the next stage of Duratec's development.

Yours faithfully,

Martin Brydon
Non-Executive Chair - Duratec Limited

MANAGING DIRECTOR'S REPORT

In FY24, the successful implementation of our corporate strategy, with a focus on being a trusted partner of choice, has delivered record revenue and profitability. The quality of our work and the strength of our client relationships has resulted in several major Early Contractor Involvement (ECI) assignments which, together with our strong pipeline of projects, will help drive growth into the future.

I am very proud of what we have accomplished over the past year, consistently delivering excellent results on challenging and exciting projects. During visits to project sites where we have long been a key partner of our clients, I have been delighted to engage with our teams and observe the quality of our work. This, together with the strength of our relationships, is leading to new opportunities.

Maintaining a safe working environment is a top priority, and I have witnessed firsthand the dedication and care our people bring not only towards their work, but also to one another. Our commitment to safety and quality and desire to take on challenging and complex projects has earned the continued trust of our clients and has helped us attract top talent to support our strategic goals.

Reflecting our commitment to safety, Duratec's Total Recordable Injury Rate improved to 2.74, down from 7.39 in FY23. I am extremely proud of our safety efforts in our operations, and we continue to strive for improvements year on year.

Duratec's investment in technology and sustainability has contributed to our past, present and future successes. In FY24, we developed and advanced technologies through 3D modelling innovations, digital engineering, commissioning of a large-scale welding robot, and ECI capabilities throughout the Company's service offerings.

FINANCIAL AND OPERATIONAL HIGHLIGHTS

Duratec achieved strong growth in revenue and profitability in FY24, continuing the steady growth trend the Company has delivered since its inception. Key highlights for FY24 include the following:

- Revenue increased 13% to $555.8m (excluding $67.6m from DDR Australia), a record for the Company. This reflected improved revenue contributions from all sectors and continuing buoyant conditions across our markets.
- Normalised earnings before interest, tax, depreciation and amortisation (EBITDA) margins improved from 7.9% to 8.6%, driven by improved productivity across the business, increased efficiency, as well as the Company's expansion through selective acquisitions in the Northern Territory.
- Normalised EBITDA was $47.6m, up 22.6% on FY23, and EBIT was $31.5m, compared to $28.5m in FY23.
- Consolidated net profit after tax (NPAT) (including contributions from associates) was $21.4m, 11.6% higher than in FY23.
- We continued to secure contracts of varying sizes across the country, with win rates finishing at an all-time high. Our order book is strong at $405m and our pipeline has increased by 56% to $3.8b, positioning us for significant future growth.
- The tender outlook is $1.4b, reflecting our investment in bidding processes and preparation for winning future work. This is up 65% from $844.9m in FY23.
- Master Service Agreements and annuity style contracts made up $145.8m of revenue for FY24, showcasing the strength of our ongoing engagements with our trusted clients.

(See "Update By Sector" on page 19 for a detailed outline of the operational highlights by sector).

STRATEGIC REVIEW

An important achievement of FY24 was the completion of a strategic review. The review undertook an in-depth analysis of our past performance, company structure, and industry trends. We developed an updated strategy to support our progress over the next five years and established new systems and processes to track our progress.

Our past operational performance has delivered healthy results. As we prepare for our next stage of growth, this new strategy is shaping a sustainable pathway for Duratec into the future. Our updated Executive Leadership Team has a wide range of skills and expertise that will lead us into this next period of growth.

OUTLOOK

Our strategic approach, including the use of ECI, has consistently delivered optimal outcomes for clients and stakeholders through collaboration and comprehensive solutions. Our investments in technology through our wholly owned subsidiary, MEnD, have enabled us to assist our clients at an early stage in understanding their assets and projects digitally, allowing them to make informed decisions on project delivery and maximising value. Due to the high levels of tendering and ECI assignments, we anticipate significant project awards across all market sectors in FY25.

The Australian Department of Defence (DoD) has released indications of expected works into the future through the latest Defence Strategic Review. Key opportunities include an $8 billion spend at Garden Island Stirling base, where Duratec and Duratec Ertech Joint Venture (DEJV) are positioned well to secure opportunities identified in the Company's tender pipeline. Our past work with the DoD has shown our ability to deliver large scale projects in line with its high quality and safety standards. We have identified further opportunities in the Pacific through Australian Government strategic relationships, as well as US Department of Defence spend which aligns with our capabilities and in-house experience.

We are seeing a demand from existing clients for our services in the Pacific, which provides our Energy sector the opportunity to grow and expand our geographical presence. Australian based opportunities are still plentiful as we continue to work with Santos on decommissioning works and recently gained Woodside vendor status which will provide maintenance opportunities for the Company.

Both Duratec and our wholly owned subsidiary, WPF, have exciting current and prospective projects in these areas which are expected to deliver growth in this sector.

With favourable commodity prices and on the back of major capital expenditure in previous years, the maintenance requirements continue to grow across our clients' assets in the Mining and Industrial sector. With the assistance of MEnD, we are working collaboratively with our clients to complete asset condition assessments and are a trusted partner in delivering the remediation scopes which we have vision of in our pipeline.

Increasing numbers of building owners across Australia are de-risking their portfolios or repurposing their assets by remediating the facades of their buildings. Our strategic approach to leveraging our in-house building and facade design capabilities, coupled with our nationwide presence, has positioned us well to work with clients and assist them in delivering their strategy in a safe and efficient manner.

The Company will leverage its strong position by taking a strategic and targeted approach to tendering and securing new work. Engaging with our clients early will continue to be our focus, to ensure we can convert our pipeline and deliver safe and quality projects with good financial outcomes.

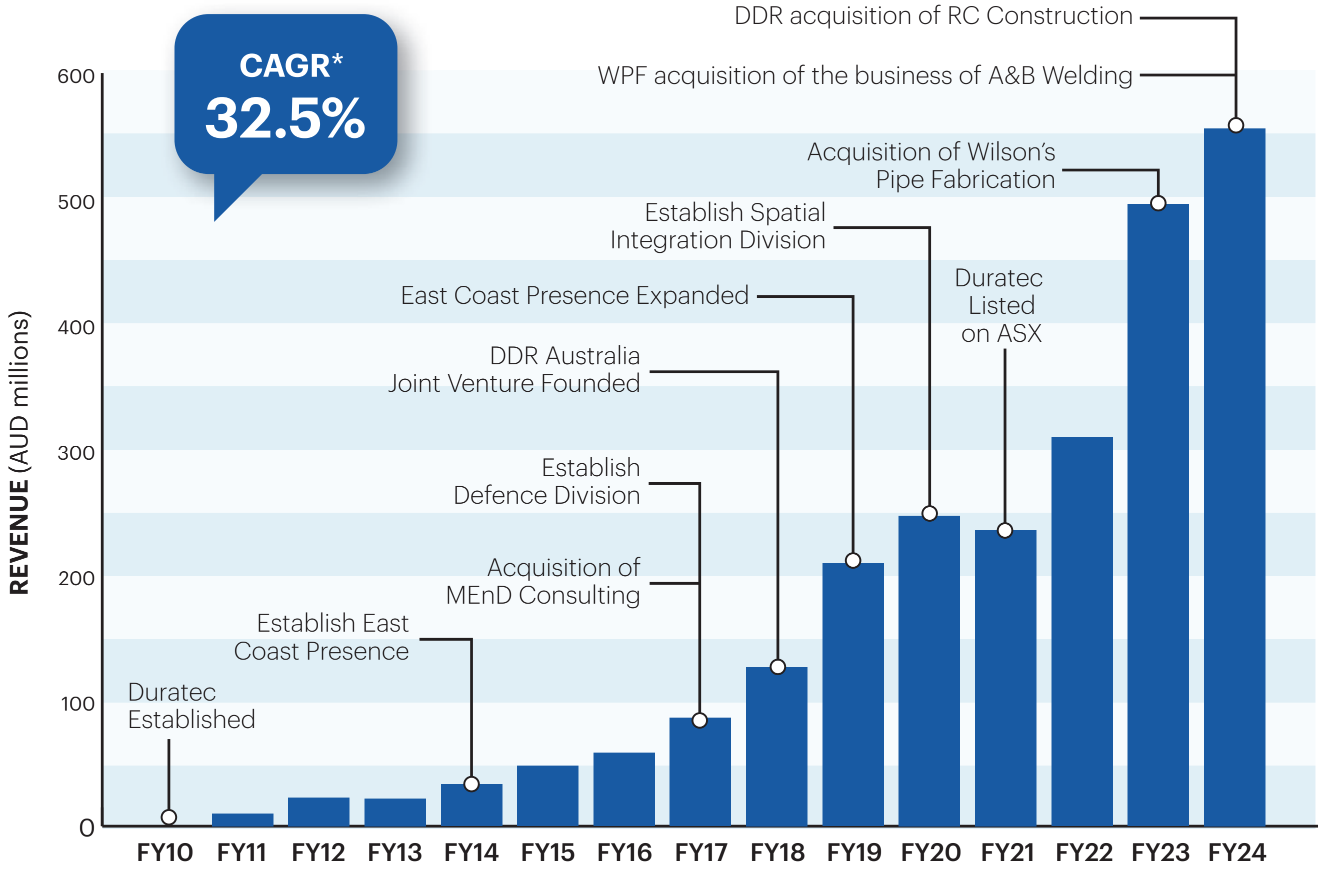
In conclusion, as we look forward to the next financial year, I am confident we will continue to deliver profitable growth in line with our strategy, supported by our diverse capabilities across Australia and beyond. Our achievements would not be possible without our committed and talented workforce, and I am looking forward to engaging with them as I travel around the business in the coming year.

This is an exciting time for Duratec, and I am looking forward to continuing our journey with you.

Thank you for your ongoing support,

Chris Oates
Managing Director - Duratec Limited

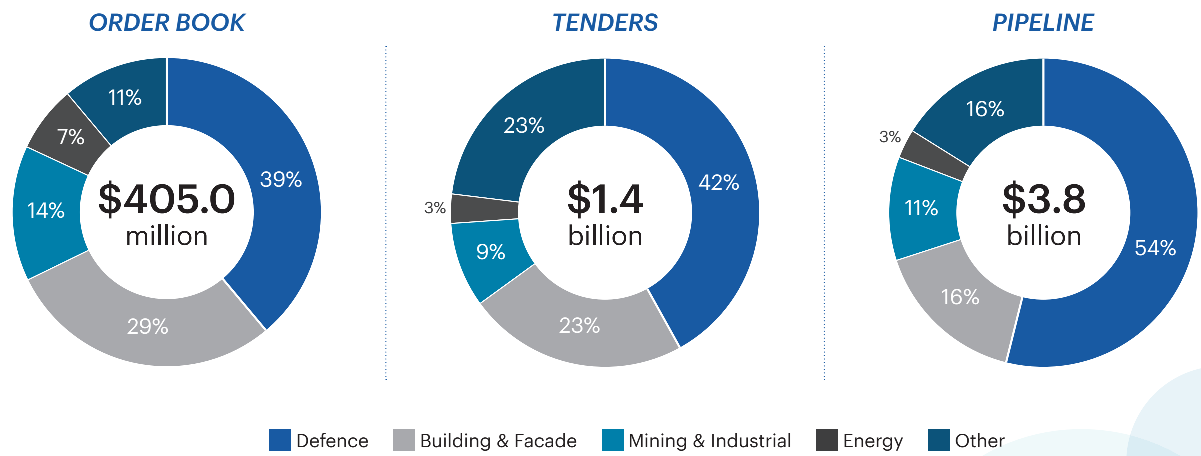
GROWTH OVER 15 YEARS



* Compound Annual Growth Rate over 15 Years

PIPELINE

Diversified across industry sector and geographies as at 15 August 2024.




DURATEC
RCP 100

CFO'S REPORT

REVENUE & PROFITABILITY

Duratec achieved a record revenue result in FY24 of $555.8m. This was an increase of 13.0% compared to FY23 revenue of $491.8m.

All sectors contributed to this strong result. The Mining & Industrial (M&I) sector realised significant growth with revenue of $155.6m in FY24, a 79.4% increase to FY23. The growth for M&I is attributable to BHP Berth C&D Remediation and several structural integrity upgrades on various key Rio Tinto sites.

The Building and Facade sector also achieved significant growth with a total revenue of $111.3m, 42.0% higher than FY23. Key projects included Central Park Tower Recladding and the Sydney Harbour Federation Trust project.

Revenue from Defence was slightly lower by 3.8%, though it remained a solid contributor to overall revenue, closing at $220.2m for FY24. Several Defence projects further progressed this year including RAAF Base Tindal Fuel Facility, HMAS Coonawarra Harbour Works and HMAS Stirling Oxley Wharf Extension.

The Energy sector revenue was 29.6% lower at $46.6m due to the delivery of the aviation fuel hydrant package at Western Sydney Airport (WSA) in 1HFY24.

The Other sector generated $22.0m of revenue, which was down 29.9% compared to FY23. This was mainly due to Transport Infrastructure projects undertaken in FY23 being completed.

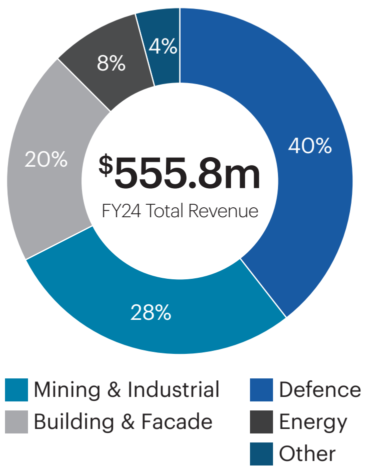
In FY24, gross profit closed at $96.2m with gross margins of 17.3% being achieved. This improved average margin was the result of an increase in self-perform MSA contracts delivered in both M&I and Energy sectors whilst we also experienced better gross margins on projects secured via our ECI model. Due to the high level of ECI opportunities in our pipeline, we have the ability to uphold our margins at these levels going forward.

Overheads increased in FY24 due to heightened tendering activity and additional administrative support as we position for continued growth in FY25 and FY26.

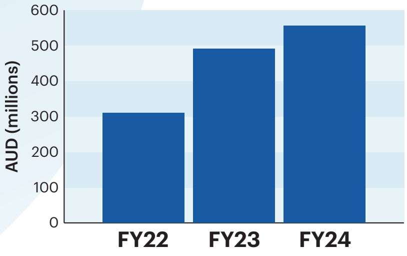
DDR Australia, Duratec's 49% owned associate business, delivered a strong result in FY24 with Duratec's share of Net Profit After Tax totalling $2.2m, which was 119% higher than FY23. This significant result was due to the associate undertaking of several successful projects during the year as well as completing a strategic acquisition of RC Construction (RCC) in January 2024. Duratec's share of Net Profit was distributed to Duratec as a dividend totalling $1.0m during the financial year, with the remaining $1.2m shown as Equity Accounted Investment results.

Duratec achieved normalised EBITDA of $47.6m in FY24, 22.6% higher than $38.8m in FY23. This significant increase in profitability is due to solid contribution from each market sector and DDR Australia. Depreciation and amortisation costs were higher in FY24 due to the fixed asset additions in the year, as well as having a full year of customer relationship amortisation for WPF Duratec, which was acquired part way through FY23.

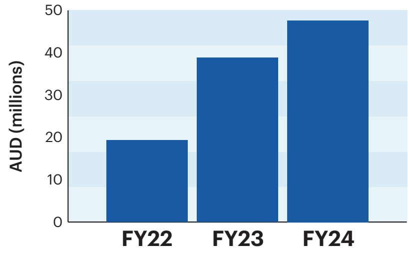
FY24 REVENUE BY OPERATING SEGMENT



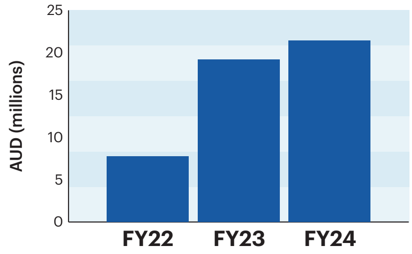
REVENUE TREND



EBITDA[1] TREND



NPAT TREND



1 *Normalisation of EBITDA accounts for tax, interest and depreciation from Duratec Limited's 49% investment in DDR Australia Pty Ltd, acquisition costs and bargain purchase*

BALANCE SHEET & CASH FLOW

Duratec's balance sheet continued to strengthen during FY24 with Net Assets increasing by 28.3%.

The year closed with a strong cash on hand balance of $65.2m, down slightly compared to FY23 due to significant investment being made for future growth and the continuous provision of a solid return to shareholders through dividend payments.

Maintaining cash levels was achieved through a healthy cash conversion on operating activities of 84%, which generated a net cash flow from operations of $27.3m for the year. Investment activities included $16.3m of capital expenditure payments and a $10m final earn out payment for the acquisition of WPF. Dividend payments made during FY24 totalled $10m.

Trade debtors continue to be well managed, with the increase in FY24 representing higher invoicing levels undertaken at year end which is evident with a corresponding reduction in contract assets. Duratec's client base is comprised of reputable clients resulting in low risk of bad debts.

Right of use assets and the related property lease liabilities increased in FY24 as a result of our continued expansion and growth. Borrowings also increased in FY24 mainly due to Asset Financing for Plant, Equipment and Vehicles and a short-term cash advance facility that was used to support upfront procurement purchases.

Duratec continues to be well supported by debt providers, with facilities increasing by $69m to $174m during FY24 from $105m in FY23. This includes Banking facilities of $109m with CBA and NAB and $65m with Insurance Bond providers and ensures sufficient headroom exists for future growth.

Duratec is confident that this strong balance sheet position will support the future growth and expansion of the Company.

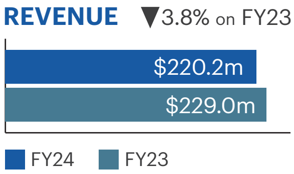
SHAREHOLDER RETURNS

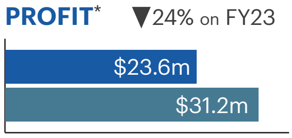
The Duratec Board resolved to pay a fully franked final dividend of 2.5 cents per share. This brought the total dividend for the year to 4 cents per share. This is in line with the Board-approved policy range of between 30% to 50% of after-tax profits, which provides a balance between the desire to provide returns directly to shareholders as dividends and the business' need to retain funds for future growth opportunities.

Ashley Muirhead
Chief Financial Officer

UPDATE BY SECTOR

Defence





* Gross Profit

In FY24, the Defence sector delivered revenue of $220m (FY23: $229m) and gross profit of $23.6m (FY23: $31.2m).

Duratec has worked with DoD in the evolution of their contracting models towards a Head Contract (Early Contractor Involvement – ECI) model. Duratec's expertise in ECI model contracts continues to establish the business as a leader in innovative project delivery.

In Q1 FY24, Duratec was awarded the Parkes Wharf ECI HC Project. FY24 also saw an increase in the pipeline of major projects coupled with increased investment in the Estate Works. This has led to significant increases in tendered works, placing Duratec in a strong position for FY25.

Several major projects secured in FY23 have moved into delivery phase in FY24, cementing Duratec's reputation as specialists in Defence Maritime and Hydrocarbons Storage Projects. Additionally, during FY24, major milestones were achieved across a variety of Defence projects:

- The Coonawarra project completed Level 1 dredging, pontoon fabrication and sheet pile wall works.
- DEJV completed the Oxley Wharf project and handed over to Defence to support their increased surface fleet.
- RAAF Tindal is nearing construction completion for the Bulk Fuel Storage Works with ongoing opportunities being tendered on base.
- Parkes Wharf ECI project award.

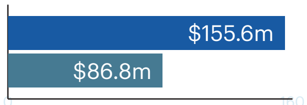
The DoD Strategic Review has impacted the Capital Facilities and Infrastructure (CFI) pipeline, with the re-prioritisation of spend delaying some projects coming to market. The resulting May 2024 National Defence Strategy allocated increases in spend in Guided Weapons, Nuclear Submarines, Northern Bases and general increases to Defence personnel. This aligns with Duratec's key offerings and geographical locations and presents significant opportunities for growth in this sector.

Following Defence's review, there are noteworthy opportunities in north west Australia associated with major Airbase upgrades including hydrocarbons storage and marine infrastructure remediation. Furthermore, the significant investment in Submarine Rotational Force - West and AUKUS at HMAS Stirling lays the foundations for another decade of works on the base with a particular focus on Maritime Remediation and Construction to support the new Navy Fleet.

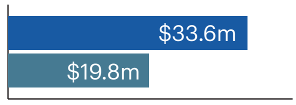
Duratec's established footprint in Northern Queensland and the Northern Territory positions the business well for the further substantial investment in Northern Bases.

Mining & Industrial

REVENUE ▲79.4% on FY23



PROFIT* ▲70.1% on FY23



* Gross Profit

The Mining & Industrial (M&I) sector delivered a strong result in FY24, with revenue increasing 79% to $155.6m (FY23 $86.7m) and a 70.1% increase in gross profit to $33.6m (FY23: $19.8m).

Long-term relationships and the early engagement of clients positioned the Company for success in the M&I sector. Securing Master Service Agreements (MSA) and annuity style contracts, delivered by Duratec's self-perform capability, contributed to the strong performance and this trend continues to provide good quality revenue.

Duratec has maintained a consistent presence at Rio Tinto's West Angelas, Cape Lambert, East Intercourse Island and Tom Price mines with our team delivering specialist remedial solutions on Structural Integrity and remediation projects. Work continues to progress well on one of our key projects for BHP Iron Ore on their Berth C&D structure on Finucane Island, whilst we continue to deliver ongoing maintenance services for Fortescue Metals Group and Yara Pilbara. MEnD, our consulting business, was engaged by Rio Tinto and BHP throughout FY24 to help model assets requiring remediation, this positions the area well for growth in FY25.

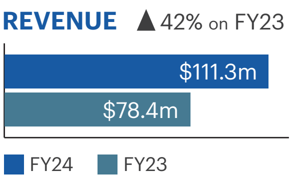
The Company's Goldfields operations in Western Australia delivered a strong result for FY24, underpinned by several ongoing contracts with long-term clients such as Newmont, BHP, Northern Star and Gold Fields. Duratec's self-perform capability has positioned the Company as the partner of choice in delivering shutdown projects as well as recurring maintenance work.

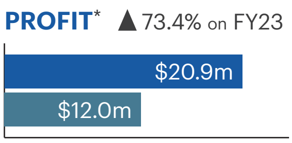
The Company's strategic approach to operations in the Northern Territory and North Queensland has delivered positive results in delivering schedule of rates style work for Rio Tinto Gove Operations in Northern Territory and BMA BHP in Queensland, whilst increasing Duratec's client base over the past year.

Due to ageing assets in the M&I sector, maintenance and remediation activities are expected to grow, while strong commodity prices will also support demand for the specialist services Duratec offers. The strategic appointment of a dedicated National M&I Manager will help us leverage the Company's self-perform capabilities across the country.

See our website for more information on the BHP Berth C&D project

Building & Facade





* Gross Profit

The Building and Facade (B&F) sector delivered revenue of $111.3m (up 42% from $78.4m in FY23) and a gross profit of $20.9m (compared to $12.0m in FY23).

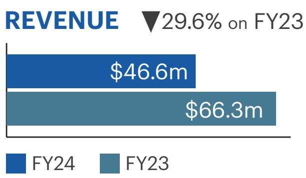
The completion of the University of NSW project, Westside Hospital in Queensland and near completion of our flagship project, the 51 storey Central Park Tower in Perth's CBD, were highlights in FY24. The transformation of the Central Park facade is testimony to the skills of the project team in delivering precise, high-risk works with a high-quality finish.

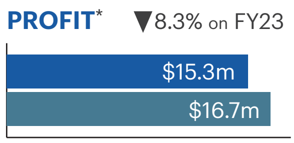
Recent awards of Market City (major heritage facade restoration following an ECI) in Sydney, New South Wales, Air Apartments in Adelaide, South Australia and Glebe Park Residences in Canberra, Australian Capital Territory will be delivered in FY25. In Western Australia, Duratec was recently awarded contracts for the iconic Perth Library facade upgrade and a CBD commercial office. These two successful bids underpin Duratec's position as the preeminent remediation contractor.

Our dedicated team is at the forefront of early design and procurement for large scale projects and is well positioned to secure and deliver more works in this market sector. The Company is currently using digital tools for reporting and tracking of our projects. Duratec shares this with clients, allowing them to understand their asset delivery cycle, making us a preferred delivery partner of their projects.

Stricter building code compliance, insurance risk and a high demand for due diligence investigations on existing building facades has contributed to a heightened demand for maintenance. Duratec continues to build strong relationships with clients early in the procurement process. The Company's strategic and selective approach of focusing on key public building infrastructure for State Governments, such as schools, hospitals and offices, as well as asset owners who value a safe and quality outcome, has resulted in a strong order book and pipeline of identified opportunities.

Energy





* Gross Profit

The Energy sector, which covers the maintenance and decommissioning of oil and gas assets as well as the expansion and refurbishment of hydrocarbon storage infrastructure, delivered revenue of $46.6m (FY23: $66.3m) and gross profit of $15.3m (FY23: $16.7m).

The fall in revenue is reflective of the successful delivery of the aviation fuel hydrant package at Western Sydney Airport (WSA) in 1HFY24. The Company has since secured the WSA Cargo works contract, continuing its presence on site into FY25. This package encompasses the supply, installation, testing and commissioning of the fuel hydrant reticulation system for the Cargo Site. This complements other contracts awards with Vopak on their Fuel Infrastructure Terminals in New South Wales.

The acquisition of WPF in FY23 enabled Duratec to develop a presence in the oil and gas market which contributed to the Energy Sector results for FY24. Importantly, significant cross subsidiary synergies are being realised as WPF and Duratec roll out their respective capabilities into their existing client bases, increasing the quality and reliability of our delivery.

Leveraging the combined experience of both Duratec and WPF, the Company has focused on strategically securing maintenance and decommissioning contracts for onshore and offshore assets.

Growing on its existing relationship with Santos, the Company has progressed discussions with Chevron, BP, and Shell regarding offshore and onshore opportunities. The Company recently gained Woodside vendor status which opens up maintenance opportunities across their assets.

In mid-west WA, project works were successfully completed at the Waitsia Gas Project and Duratec was recently awarded the Inpex MOF Wharf refurbishment project in the Northern Territory.

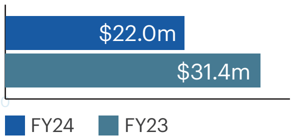
A newly formed national focus for the Energy sector will ensure Duratec and WPF are well positioned to secure and deliver projects which provide growth in revenue and profit for the Company.

See our website for more information on the Western Sydney Airport project

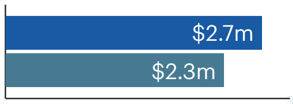
Other

Marine, Transport Infrastructure, Water Infrastructure

REVENUE ▼29.9% on FY23



PROFIT* ▲17.4% on FY23



* Gross Profit

For FY24, the "Other" sector delivered revenue of $22.0m (FY23: $31.4m) and a gross profit of $2.7m (FY23: $2.3m).

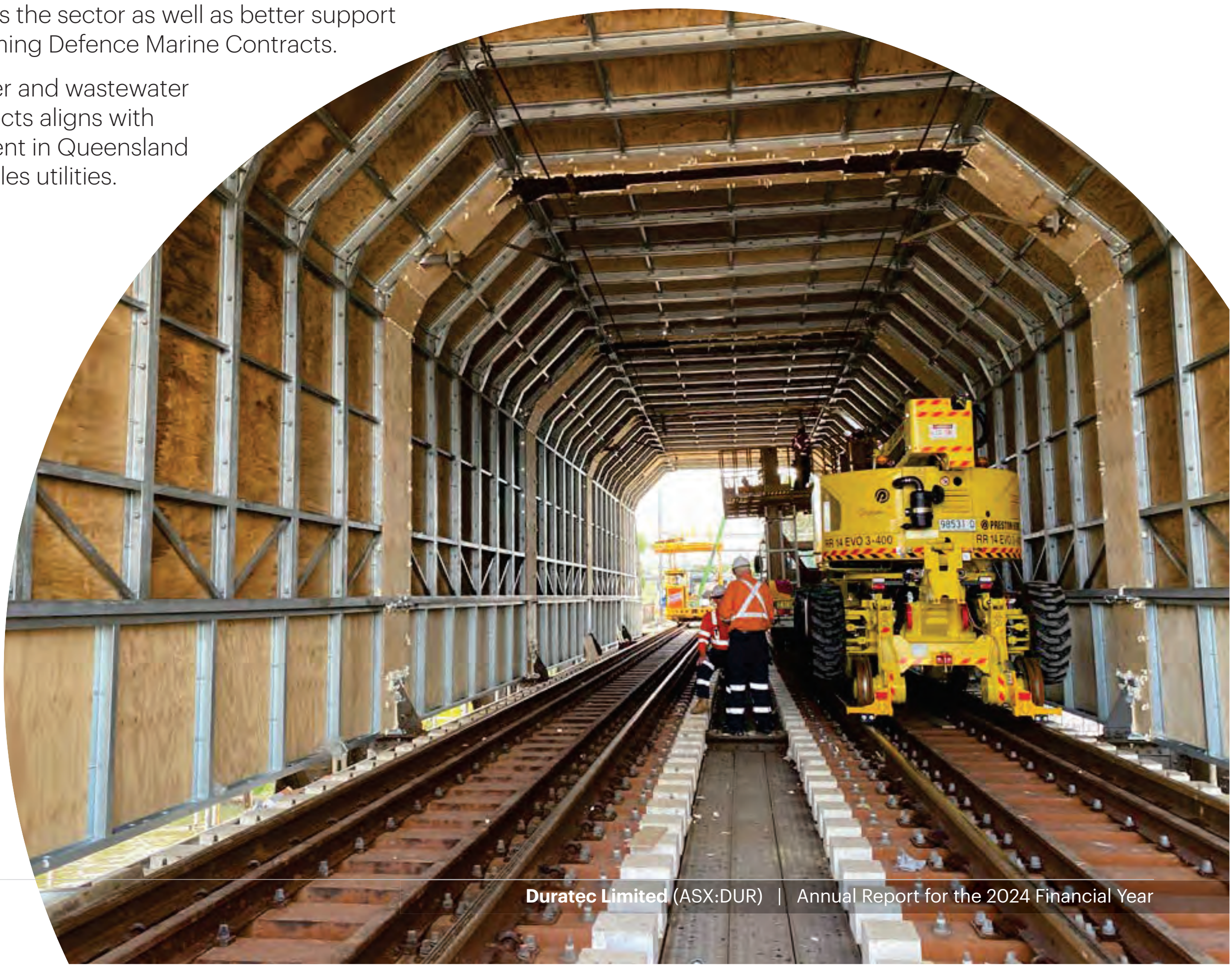
This sector includes the remediation and upgrading of marine, transport and water infrastructure.

We continue to deliver and target transport infrastructure projects across the country and as part of Duratec's strategic review, in FY24 a Marine Division was established. This new division positions the business to target further market share across the sector as well as better support existing and upcoming Defence Marine Contracts.

An increase in water and wastewater infrastructure projects aligns with increased investment in Queensland and New South Wales utilities.

The Company's tender pipeline is strong for this sector with larger scale prospects expected to come to fruition in FY25.

The work on hand position of more than $40m supports Duratec's growth trajectory for FY25 and beyond.



WPF

WPF delivered FY24 full year revenue of $33.8m and a gross profit of $9.6m, underpinned by major wins and a strategic investment. This revenue is accounted for in the Energy and M&I sectors. From when Duratec acquired its 100% interest on 20 October 2022, to 30 June 2024 $53.8m of revenue has been generated, with gross profit of $16m.

In line with Duratec's selective approach to acquisitions that best fit the business, in January 2024, WPF completed the acquisition of the assets of A&B Welding Pty Ltd in Darwin, NT for $1.5m. This acquisition has allowed WPF to expand its business into the Northern Territory, aligning with the location of several of Duratec's major clients, including Inpex, Shell and Santos, and doubling WPF's fabrication capacity.

To support the Northern Territory business, WPF relocated key skilled staff to the Darwin facility, with the aim of replicating the success of the Cockburn facility.

Following winning Contractor of the Year for Santos in 2023, in FY24 WPF secured further work with the Santos team on the North West Shelf program. After a delayed start to the program, WPF is now a key partner for Santos in its program to progressively decommission its assets in the north west of Australia. Originally engaged through WPF's in-house expertise with the plugging and abandonment process, WPF is now involved with all key components of the decommissioning process including pre-works survey, access design and engineering, preparatory works to platform topsides, plugging, abandonment and removal of platform topsides and substructure.

Preparing for long-term growth, WPF is the first company in Western Australia to purchase and install the Novarc Technologies SWR-F Dual Torch Spool Welding Robot. Based in Canada, Novarc Technologies specialises in the design of collaborative robots for welding applications. The SWR allows for increased productivity and faster turnaround times, enhances consistent high-quality welds, and powerful in-built safety systems. This state-of-the-art robot is currently being integrated into operations, with a rigorous and detailed training program now completed by key skilled staff members. The SWR is designed specifically for pipe and pressure vessel welding, and offers a reliable, modern solution for the Energy sector.

WPF expect continued future growth in FY25 and beyond.

WPF'S NEW NOVARC SPOOL WELDING ROBOT: CHANGING THE FACE OF PIPE FABRICATION

Since acquiring engineering services company WPF in late 2022, Duratec has helped to grow the business significantly. The addition to the workshop of the Novarc spool welding robot is set to further enhance WPF's capabilities.

Established more than 20 years ago, WPF is a valued and trusted provider of manufacturing, fabrication and repair services to complex and specialised equipment used within the oil and gas, and resources sectors. A contributing factor to WPF's success is its commitment to ongoing investment in the latest equipment and technology. A good example is the recent addition of Novarc Technologies' spool welding robot (SWR) – the world's first collaborative welding robot.

GAME-CHANGING TECHNOLOGY

Based in Canada, Novarc Technologies specialises in the design of collaborative robots (cobots) for welding applications. AI is enabling the transition from manual processes to sophisticated, automated systems. Cobots, such as the SWR, are designed to work in conjunction with human operators. Novarc's technology is capable of welding a variety of joints, while operators make adjustments during the weld without the need to reprogram. Development of the SWR was a result of Novarc's close collaboration with fabrication companies, who were looking for ways to automate the pipe spool welding process. There was general frustration at the lack of industry innovation and this set the wheels in motion for Novarc. The team got to work, designing and producing a robot with the precision and dexterity required by workshops.

BENEFITS OF THE SWR

Designed specifically for pipe and pressure vessel welding, Novarc's SWR offers plenty of benefits to both WPF and its clients. WPF is the first company in Western Australia to implement this technology and it is already innovating the way the workshop operates. The robot combines advanced automation technology with human input to produce fast, efficient and repeatable weld quality. As Novarc says, it allows crews to "concentrate on the art of welding and leave the heavy lifting to Novarc's collaborative robot."

INCREASED PRODUCTIVITY, FASTER TURNAROUND TIME

The SWR alleviates some of the pressures borne by the industry. On implementing the robot, a single human welder is able to achieve an increase of three to five times in pipe welding productivity. This expedites timelines, allowing WPF to deliver projects faster, which is of great advantage to the client. It also increases WPF's physical capacity as welding jobs that would have previously occupied four welding bays are now contained in just one bay. International users of Novarc's technology have said that it allows "pipe welding tasks to be completed more effectively and efficiently".

SAFETY

Automation in welding involves the use of robotic systems to perform tasks carried out by human welders. When welding pipe, it is crucial that workers are protected from the UV radiation produced by the arc. The SWR does just this, thereby preserving workers' safety and increasing the longevity of their careers. The SWR collaborates with the operator and is equipped with a powerful, in-built safety system. This system features various sensors that can detect initial faults and isolate prior to failures occurring. It also includes emergency stop buttons at all practical locations to ensure the operator can intervene and stop any hazardous situation immediately. Essentially, this cobot offers futuristic hands-free welding with minimised human intervention as the machine is operated via a pendant control. The operator simply positions the SWR, hits start and then presses stop upon completion of the weld. It means the rotatable, repetitive welds can be allocated to the SWR, freeing up skilled welders to concentrate on more complex welds.

QUALITY

The SWR consistently delivers high-quality welds. According to CEO of Novarc Technologies, Soroush Karimzadeh, the average repair rate of pipe fabrication workshops is three to five per cent. This robot, however, has has seen the repair rate drop to less than one per cent. The machine also meets key quality tests, while Novarc's software programs provide accountability and traceability when it comes to quality assurance and quality control. Novarc's smart-vision and image-processing system, which integrates state-of-the-art AI algorithms with advanced robotic controls, delivers X-ray quality welds.

A Duratec Limited Company

MEND

During FY24, MEnD firmly established itself as a market leader of Digital Transformation in the asset management and sustaining capital sectors. MEnD delivered the largest reality modelling, inspection, testing and engineer scopes on the Cape Lambert A Jetty for Rio Tinto. Other significant projects include Western Australia Department of Schools survey and ongoing investigatory works for Sydney Harbour Federation Trust.

Our key projects enabled MEnD to attract diverse, experienced talent across the country, despite a constrained labour market. Accelerated growth through technology requires the right people to drive it, and the team the Company invested in is pushing into new frontiers across all our services offerings.

MEnD continues to innovate by proactively introducing new technology to our workflow and carrying that through into the delivery of contracting projects with Duratec. Version 2.0 of our Digital Defect Management platform AnnoView was launched in FY24. It has become a fully integrated and mobile solution, empowering our engineers, estimators, project managers and clients to collaborate in a spatial context through the entire life of a project. The Company has proven the value of Digital Defect Management to clients and demonstrated a clear point of difference from our competitors in the asset management and contracting spaces. This can be seen in projects such as the National Carillon project in ACT.

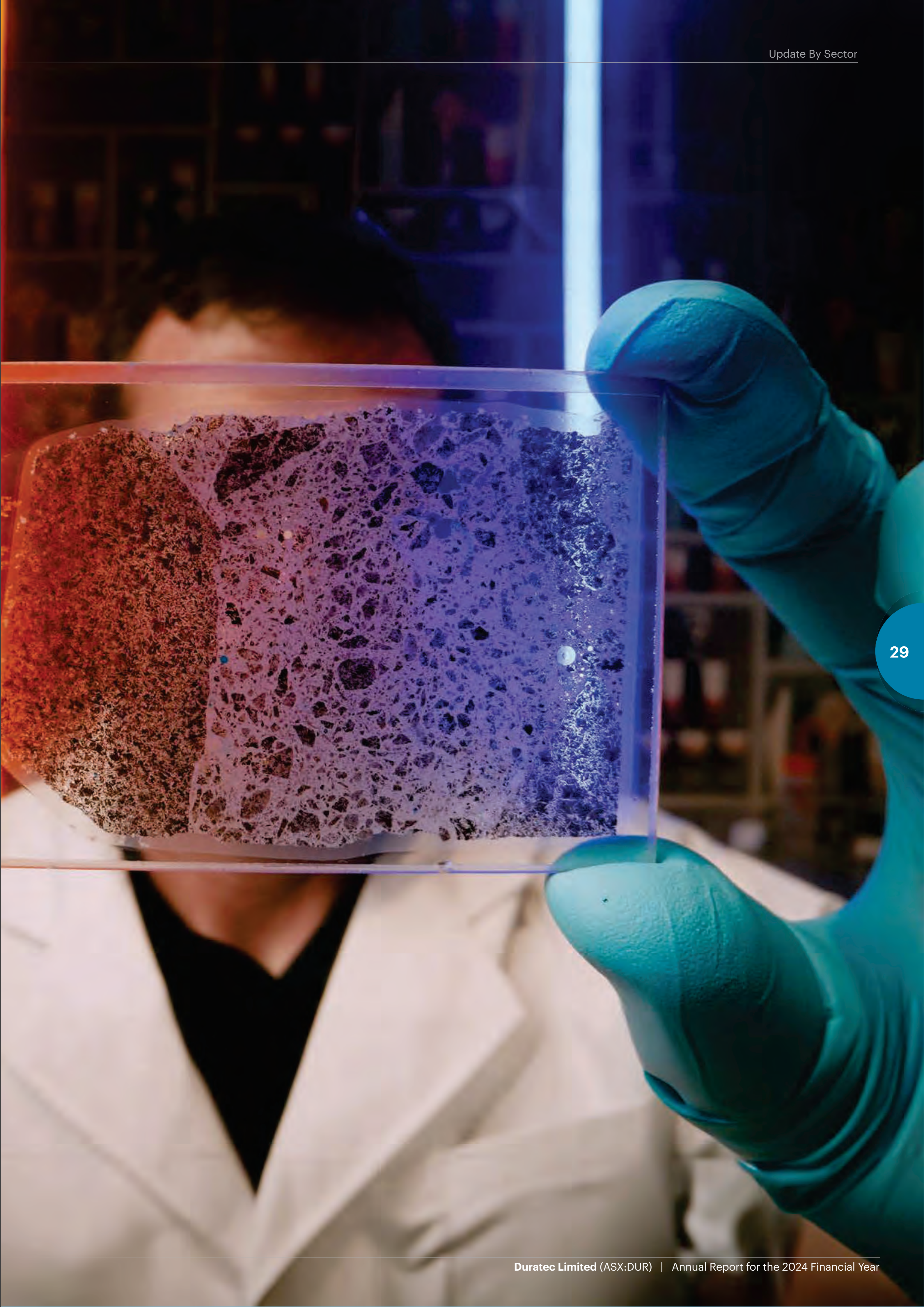
MEnD has also successfully implemented Artificial Intelligence (AI) as part of engineering inspection of rail bridges. Following a successful trial on two bridges for a key client, engineering inspection for a further five bridges from across the client's network were awarded. Early involvement in the inspection cycle provides MEnD and Duratec with greater visibility of future sustaining capital works and the ability to proactively engage with those clients. MEnD's capability enables Duratec's Early Contractor Involvement to offer a full range of services for an entire asset's lifecycle.

The professional asset management services sector was also a key area of growth for MEnD in FY24. In the future, the Company foresees ample opportunity to vertically integrate into the value chain. Through our experience of maintaining a wide range of assets, MEnD is able to capture significant amounts of asset condition data in the field, and then distil the data into meaningful asset management planning. Because of this, MEnD has entered this sector with a clear advantage. This is strengthened by the ability for Duratec to scope and execute works as a turnkey solution.

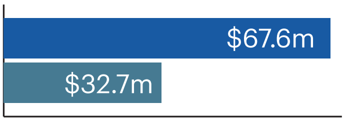
After receiving NATA accreditation in FY23 and recently passing its first annual Audit in FY24, our Laboratory team has been recognised as experts in the field of concrete analysis. This reputation has seen our client base grow to include national concrete suppliers, specialist consultants and other laboratories. Into the future, there is opportunity for diversification and growth into additional niche, high-value laboratory services.

Demand for MEnD's services from our key clients across our sectors remains very strong and is expected to grow in FY25.

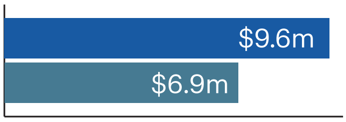
See our recently released MEnD Corporate video for more information



REVENUE ▲106.7% on FY23



PROFIT* ▲ 39.1% on FY23



FY24 FY23

* Gross Profit

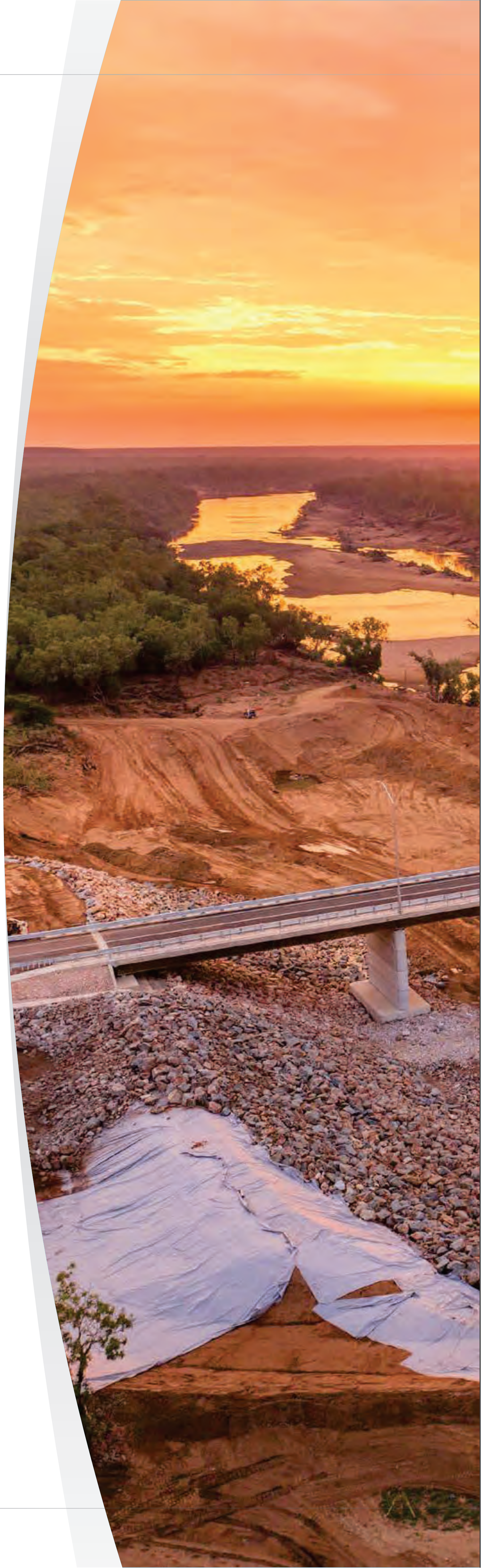
DDR Australia, Duratec's Aboriginal and Torres Strait Islander associate business, delivered FY24 full year revenue of $67.6m, more than double FY23 revenue of $32.7m, and a gross profit of $9.6m (FY23: $6.9m).

DDR completed a strategic acquisition of RC Constructions (RCC) in January 2024. An increase in Defence spend and the acquisition contributed to the strong FY24 financial result and helped DDR to achieve its goal for diversification of revenue in the period.

With work in hand of $52.7m at the commencement of FY25, DDR has a solid platform for further growth. We are seeking to expand through selective regional expansion, developing increased capability, and further accessing aligned procurement opportunities. Our client's Aboriginal procurement policies continue to mature, and engagement targets increase, both in the number of contracts and value of works.

In addition, DDR's goal is to increase our Aboriginal engagement through employment and supply chain opportunities for other Aboriginal businesses. This, along with a structured plan for community engagement, will deliver tangible benefits not just for Duratec but also for the wider Aboriginal and Torres Strait Islander community.

Check out the DDR website for more information



RISK MANAGEMENT

Duratec's risk management framework, as outlined in the Corporate Governance Statement, incorporates effective risk management. The Audit and Risk Committee, a Board sub-committee, oversees risk. The risks outlined below represent a summary of the more significant risks that the Company is exposed to and is not presented in any particular order.

SAFETY INCIDENTS

Employee and contractor workplace incidents that could lead to serious injury or death could materially impact the operations and financial results of the Company.

Mitigation Strategies

The safety function reports to the Managing Director and all key activities are risk assessed. The Company has a safety team that supports the business at the operational level. The Company actively monitors lead, lag and other safety related KPI's. Systems and processes have been updated during FY24 to further streamline and support these objectives. The Company actively monitors employee and contractor qualifications to ensure they meet or exceed requirements.

SAFETY REGULATION

The Company operates in a highly regulated environment and is required to hold relevant certifications and approvals to operate. Failure to maintain these approvals could result in fines and interrupt the business operations.

Mitigation Strategies

The Company maintains registers of its certifications and regularly reviews key policies, procedures and legislation to ensure it remains compliant.

SUBCONTRACTOR SAFETY MANAGEMENT

The Company operations are such that the engagement of Subcontractors is key to the successful delivery of projects as a business. With the engagement of third parties as Subcontractors there is an inherent risk from a safety compliance perspective.

Mitigation Strategies

Staff involved in contractor engagement and management are held accountable for the implementation of policies and procedures including induction, obtaining all relevant documentation, effective supervision, payment approval including appropriate verification and supporting documentation, access to a diversified base of supplier & subcontractors, effective incident management involving subcontractors.

HUMAN RESOURCES

Inability of the Company to retain and attract key personnel whose technical expertise is important in securing projects and effectively delivering against contracted project commitments.

Mitigation Strategies

The Company has many long term and loyal employees. It offers employees rewarding careers and stimulating work in an environment where they have development opportunities. The Company has a Human Resources function that actively manages programs designed to develop talent and embraces a diverse and inclusive culture.

CUSTOMERS RELIANCE

Reliance on key clients, specifically the Department of Defence.

Mitigation Strategies

To mitigate the expose the Company is working to expand its other key market sectors. Having a diverse client base is an important key metric as it helps the Company navigate the changes in government policy and the circular nature of each industries peaks and troughs. The Company has capability to expand in all of its other key sectors, and all other key sectors have substantial growth opportunity. To maintain the relationships and manage this exposure to the Department of Defence, Duratec has a manager responsible for the Defence engagement and involves other senior management in key interactions.

POOR QUALITY PROJECT DELIVERY

Project issues, including scope and delivery, compromising the quality of project outcomes.

Mitigation Strategies

The Company has a dedicated tendering and quality team and is led by experienced personnel who invest time in understanding client requirements. Lessons learned on previous projects are documented and shared which assists with a process of continuous improvement. In addition, the Company utilises the Early Contractor Involvement (ECI) client engagement model on many larger projects where the first stage of the project is a discrete activity designed to confirm the project specification and further reduce risk of an incorrectly specified solution.

SUPPLY CHAIN RISK

Supply chain risk associated with over reliance on key suppliers and unexpected cost increases.

Mitigation Strategies

The Company has a procurement function that reviews key supplier exposure with typically more than one supplier for individual items procured. In relation to commodity related items, which the use varies from project to project, costs are influenced by prevailing commodity prices. Current estimates are utilised in tendering processes to minimise risk to the Company. The Company reviewed potential exposure to Modern Slavery under the Modern Slavery Act 2018 with no issues noted.

LEGAL RISK

The Company regularly executes customer, supplier and employment contracts. There is an inherent risk of contractual issues that could result in financial loss.

Mitigation Strategies

The Company has a commercial team that works closely with operational leaders in the review and negotiation of contracts. There is a formal contract review and approval process to help mitigate this exposure. Employment risks are managed by Human Resources policies and procedures. To limit potential losses, the Company maintains various insurance policies.

CONTRACT TERMINATION

Termination for convenience could result in the loss of a contract and impose unplanned costs on the Company.

Mitigation Strategies

This risk exists in Department of Defence contracts and in limited examples of other commercial engagements. It would typically arise due to poor performance by the Company. The Company seeks to mitigate this risk through its superior performance, conduct and flexibility to deliver at or above expectations.

CYBER-SECURITY

Continuity of business systems and risk of financial loss resulting from cyber penetration.

Mitigation Strategies

The Company has in place policies and protocols for managing system access, data storage and data recovery. These processes are tested and reviewed periodically with third party auditors engaged to assist as required. In addition to this, the Company maintains an appropriate insurance policy to manage these risks.

REPUTATION

Loss of confidence in the Company because of an event that falls short of community and stakeholder expectations.

Mitigation Strategies

Employees are trained on the requirements of key policies including Code of Conduct, health and safety, bullying and harassment, anti-bribery and competition.

ACCESS TO FINANCE

Access to funds for business sustaining and growth activities.

Mitigation Strategies

The Company has in place facilities for project guarantees and asset financing that are appropriate to current and future needs.

SUSTAINABILITY

OUR PEOPLE

PEOPLE AND CULTURE

At Duratec, our people are at the heart of everything we do. The Company believes that our success is deeply rooted in fostering work environments that prioritise safety, wellbeing, and care for our employees, clients, and the environment. By ensuring the safety and wellbeing of our teams and contracting partners, we create a strong foundation for long-term, sustainable growth. Our commitment is to cultivate a positive workplace where our people are equipped for success, recognised for their contributions, and can take pride in their work.

Our leadership team is dedicated to providing clear strategic direction to navigate industry challenges and capitalise on innovative opportunities. Following a comprehensive review of our internal structures this year, Duratec appointed an updated executive leadership team. This, coupled with a refined strategy, are focused on achieving our strategic goals, tailored specifically to Duratec's operations.

With a diverse and highly collaborative culture, both within the organisation and in our client partnerships, the collective efforts of our people are the driving force behind our success and accomplishments. As we continue to grow, we remain committed to refining and evolving our practices.

In FY24, our workforce remained stable with 1,132 employees engaged in corporate services or self-performing project delivery across our national portfolio. The Company remains steadfast in its commitment to the wellbeing of our employees, ensuring that they feel respected and safe. This commitment is reflected in our formal procedures, which include education on domestic violence and support for current victims and survivors. The Company regularly engage with our staff on initiatives such as standing against domestic violence.

This year, Duratec introduced a new electronic benefits platform accessible to all employees. The mobile-friendly platform provides everyday shopping discounts and other benefits. The Company anticipates further implementation of electronic technology to enhance employee engagement and digitise the employee experience, particularly with the planned implementation of new HR software next year.

Our employee onboarding processes, which involve welcoming new hires by our senior leaders, continue to receive outstanding feedback. Employee recognition programs, such as referral programs, Employee of the Month awards, and the popular Employee Photo of the Month initiative, remain central to our engagement efforts.

TALENT

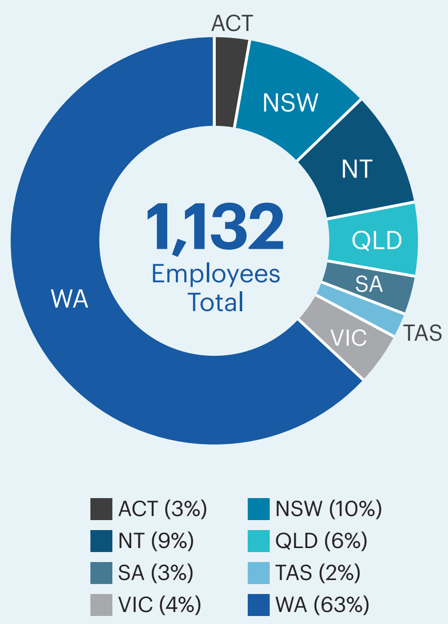
To meet future talent needs, the Company strengthened our resourcing capabilities by forming strategic partnerships that allow Duratec to target talent across Australia and leverage talent acquisition for international projects.

Enhancing our company branding, clearly communicating how the Company values employees, and exhibiting what it's like to work at Duratec has been key in attracting candidates via social media. Our video campaigns showcase our culture, focus on talent development, and highlight the unique career opportunities within a company offering diverse career paths across multiple industries. Video campaigns have been particularly effective in reaching diverse and talented audiences.

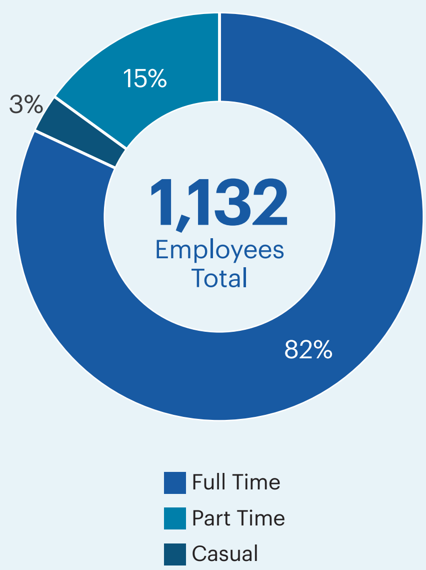
EMPLOYEE BREAKDOWN

As at 30 June 2024

STATE LOCATION



EMPLOYMENT STATUS



GENDER

ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

SAFETY & WELLBEING

Duratec reported a FY24 Total Recordable Injury Frequency Rate of 2.74, an all-time low for the Company. This result was achieved by investment in key safety and improvement initiatives such as the Care Factor and Supervisor Leadership programs, alongside improved risk management processes. Whilst this result is a positive improvement, Duratec is committed to continuing our work towards an injury free workplace.

The Company's safety culture is our top priority – Duratec will continue to maintain and improve a physically and psychologically safe work environment. With safety embedded in the company's culture, Duratec continuously strives to make improvements within the management systems, which in turn, help build robust, efficient and practical solutions to mitigate risks in the business.

Employee health and wellbeing programs continued to be rolled out across the business in FY24 with psychosocial hazards being a key focus. Maintaining a work environment where employee's mental health needs are supported is paramount, especially in the sectors in which Duratec work.

With the business preparing for future growth, technology-based solutions will be explored to complement and strengthen new and existing risk mitigation strategies. Computer learning in the ergonomics industry has significantly progressed. Duratec plans to utilise these technologies to measure and analyse tasks, and to identify risk controls and job design improvements.

LEARNING & DEVELOPMENT

With leadership programs now in place, the Learning and Development department has been instrumental in providing infield leaders with the skills required to develop trust and psychological safety.

A new training facility was established at our head office in Perth to deliver blast and paint training and verification of competency assessments. This now provides in-house capabilities for classroom and practical learning across a wide variety of development courses offered to employees.

Duratec is dedicated to fostering the growth and advancement of young individuals by providing various apprenticeships and traineeships tailored to their skills and current roles within the company. Over the past year, Duratec completed six successful traineeships and apprenticeships in fields such as Business, Boilermaker, and Blast and Paint. Currently Duratec has 40 trainees and apprentices. The Company remains committed to assisting and involving local youth across the country to pave the way in the construction, engineering and remediation sectors.

RESPONSIBLE BUSINESS DELIVERY

As part of our Business Improvement initiatives, Duratec formally established a Sustainability function in FY24. This enables Duratec to have appropriate oversight of our material impacts and ensures accurate tracking and monitoring of initiative implementation. To further support this, Duratec's Executive Management Team Sustainability Committee meets monthly to address prioritised actions. Duratec also implemented a Sustainability Committee Charter to establish a Board Sustainability Committee which can be found on our website.

FOCUSED ON AUSTRALIAN SUSTAINABILITY REPORTING STANDARDS (ASRS) AND EMISSIONS CALCULATIONS

To ensure our focus remains on sustainability impacts pertinent to our operations, Duratec undertook an initial Materiality Assessment aligned with the Sustainability Accounting Standards Board (SASB) standards. Priority areas identified as part of this assessment are shown below:

Dimension	Issue Category
Environment	GHG Emissions
	Waste and Hazardous Materials
Social	Employee Health & Safety
	Employee Engagement, Diversity, and Inclusion
Governance	Physical impacts of climate change
	Supply Chain Management

Duratec remains future focused and understands the requirements of the forthcoming Australian Sustainability Reporting Standards (ASRS) that are being developed by the Australian Accounting Standards Boards (AASB). The Company anticipates being classified into the Group 1 reporting cohort which will require climate-related financial disclosures to be included in the FY26 annual report.

In preparation for these disclosures, Duratec has recently engaged Automic ESG to undertake a greenhouse gas assessment of Scope 1 and 2 emissions (direct emissions).

Scope 1 and 2 emissions sources include the following:

- **Scope 1:** Diesel, unleaded petrol, LNG, LPG, Petroleum-based oils and lubricants, and refrigerants
- **Scope 2:** Electricity

In line with guidance from the GHG Protocol and the AASB Sustainability Reporting Exposure Draft (ED SR1), Duratec has chosen an equity share approach to consolidated emissions reporting, which aligns with our financial reporting approach.

Our FY24 emissions will be reported once calculations are complete.

ENVIRONMENT

Duratec is committed to ensuring our business activities are undertaken in such a way as to minimise any environmental impacts and to act upon any adverse findings. Our Environmental Management System is certified to AS/NZS ISO 14001, with this standard guiding our on-site operations teams to appropriately mitigate environmental risk.

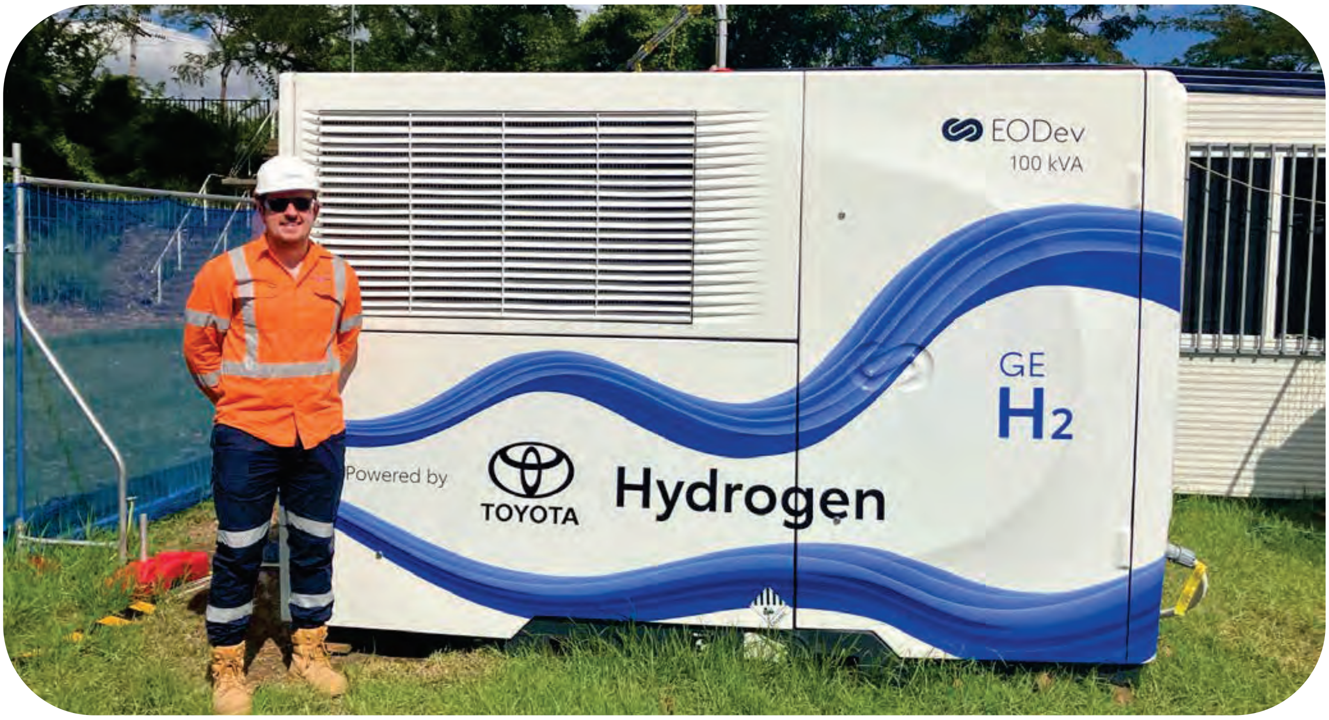
As part of Duratec's commitment to environmental sustainability, all works will include recycling of removed materials where possible. Duratec seeks procurement from suppliers who are committed to low emissions-based material manufacturing.

In FY24, Duratec's environmental performance across our projects remained consistent with our performance from FY23. Environmental incidents that occurred were minor in nature (including small-scale oil, fuel or water spills) and our teams responded as per their training and the relevant project environmental management plans.

As a demonstration of our commitment to Sustainability, Duratec also implemented several initiatives during FY24, focusing specifically on sustainability and environmental improvement.

Construction sites typically rely on diesel- or petrol-powered generators where access to power is not available. Knowing the impacts this fuel use has, Duratec worked with Blue Diamond to undertake a six-week Hydrogen Generator trial at one of our construction sites in Sydney. Whilst 'Blue' Hydrogen was used (sourced from fossil fuel), our team were impressed with the reduction of carbon dioxide emissions on-site.

In FY24, Duratec transitioned to an average of 20% GreenPower for 15 of our properties. Duratec is seeking to increase both the number of sites on GreenPower, and the proportion of GreenPower over time.



As a national business with frequent fly-in fly-out operations in the north west of Western Australia, the Company relies on aviation to undertake our business. Duratec partnered with Blue Halo to understand the impact of our travel and introduce our first offset. As a first initiative, Duratec has offset 208 tonnes of carbon for FY24. This figure is targeted to increase as our processes and understanding of the impact of our Scope 3 emissions mature.

Duratec relies on long-sleeved clothing, protective pants and uniforms to ensure the safety and visibility of our teams on-site and in-office. To reduce our use of textiles and contribution to textile waste, Duratec recently started a trial with UPPAREL. UPPAREL is a well-known recycler which upcycles textiles into several materials. Our Victorian team is the first to trial the use of UPPAREL. Our Perth headquarters has implemented a different system, upcycling textiles as cleaning cloths in select warehouses.

As part of National Tree Day, Duratec's Victorian team worked with the 'Friends of Gardiner Creek Valley' group to restore a crucial wildlife corridor. Members of our team planted hundreds of indigenous flora species along Gardiner Creek. Duratec employees also took part in Clean Up Australia Day. Duratec's participation was the largest it has been to date, with teams across Victoria, South Australia, Western Australia and Tasmania removing rubbish from areas nearby to our operations. To further reduce our paper trail, the Company also introduced the 'E-Business Card' option for our employees. Traditional business cards remain available if required, but the intent is to transition to E-Business cards where possible.

RECOGNISING ABORIGINAL AND TORRES STRAIT ISLANDER PEOPLE

RECONCILIATION ACTION PLAN

Towards the end of FY24, Duratec commenced planning in relation to a Reconciliation Action Plan (RAP) Framework. Through FY25, the Company plan to establish a foundational framework to enable Duratec to better contribute to the reconciliation movement.

PROFESSIONAL OPPORTUNITIES AND SUPPLY CHAIN SELECTION

In line with our associate, DDR, Duratec is passionate about providing professional opportunities to Aboriginal and Torres Strait Islander peoples (see the DDR website for details on the work undertaken). Additionally, the Company has targets in place to ensure Duratec's people are engaging with and procuring from Supply Chain certified businesses where applicable.

SUPPORTING LOCAL ARTISTS

Duratec is passionate about supporting Aboriginal and Torres Strait Islander artists. During a Defence project in Victoria, the Company engaged a local Wurundjeri artist to assist with the permanent display of his artwork titled 'Generations of Wurundjeri' on the Defence base. The artwork represents 'Wurundjeri generations linked together, passing on stories and culture'.

COMMUNITY

Duratec understands the importance of connecting and engaging with charitable organisations and community groups in the areas in which the Company works. Over FY24, members of our team engaged with a range of charitable groups across Australia. Although the Company participates in a variety of community engagement programmes, the below are a few highlights from FY24:

Two groups of Duratec staff partook in the Ronald McDonald House 'Meals from the Heart' program. Across Australia, Ronald McDonald Houses provide home comforts, including a place to stay, for families of children who are severely ill. Our staff collaborated on select menus prior to cooking dinner and dessert for families staying at the Ronald McDonald House.

Duratec staff also switched work boots for running shoes and partook in the 'Run for Kids', helping to raise funds for the Royal Children's Hospital.

RADICOOL SKATE DAY

Our north west team are active members of the community, regularly engaging in and supporting community days and events.

This year, Duratec proudly supported the Pro Skaters in the Pilbara for Radicool Skate Day.

GOVERNANCE

In FY24, Duratec established the Board Sustainability Committee, with Duratec Board member Krista Bates appointed as chair. The committee are responsible for overseeing the planning and implementation of our Sustainability approach, including the management of Sustainability risks and opportunities. In addition, there is an Executive Management Team Sustainability committee who meet monthly to coordinate activities with the Sustainability leads embedded across the business.

FUTURE FOCUSED

Duratec remains future-focused and will continue to identify innovations and opportunities that enable us to act sustainably and limit our carbon footprint. The Company recognises the steps Duratec must take in first understanding this footprint clearly, and will continue to do so, whilst supporting the needs of our employees and clients.

2021	2022	2023	2024
Full-time Environmental Resource Hired	ESG Committee Formed	Ecovadis Assessment undertaken and Silver Sustainability Rating attained	Board Sustainability Committee Established

SILVER 2023 ecovadis Sustainability Rating

DIRECTORS' REPORT

GAVIN MILLER
Non-Executive Director

ROBERT (PHIL) HARCOURT
Non-Executive Director

MARTIN BRYDON
Non-Executive Chair

DENNIS WILKINS
Company Secretary

CHRISTOPHER OATES
Managing Director

KRISTA BATES
Non-Executive Director

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 year ended 30 June 2024.

DIRECTORS AND COMPANY SECRETARY

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

INFORMATION ON DIRECTORS AND COMPANY SECRETARY

The experience, other directorships or special responsibilities of the directors in office at the date of this report are as follows:

MARTIN BRYDON
Non-Executive Chair

Mr Brydon is currently a Non-Executive Director of the New Zealand and Australian listed company Fletcher Building Limited and resides in Perth. Mr Brydon has more than 30 years' experience in the Australian construction materials and building product industries, commencing as an electrical engineer at Cockburn Cement Limited (CCL) in WA before moving into roles in operations management, sales & marketing and general management before ultimately becoming Chief Executive Officer. When CCL was merged into Adelaide Brighton Limited (ABL) in 1999, Mr Brydon became Executive General Manager - Strategy and Business Development and worked closely with the Managing Director in formulating and executing strategy. This included ABL entering the downstream businesses of concrete and concrete aggregates and masonry products through a series of acquisitions. Mr Brydon was appointed Chief Executive Officer of ABL in May 2014 and was appointed to the ABL Board as Managing Director in November 2015. He retired from ABL in January 2019. During his tenure, ABL grew to have a market capitalisation of over $4 billion and was included in the S&P ASX100 index.

Mr Brydon is an independent Director as, in the Board's view, he is free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the independent exercise of his judgement.

Other Listed Company Directorships in last 3 years

- Fletcher Building Limited

Special Responsibilities

- Chair of the Nominations and Remuneration Committee
- Member of the Audit and Risk Committee

Interests in shares of Duratec Limited

- 104,286

CHRISTOPHER OATES BEc
Executive Director – Managing Director

Mr Oates holds a Bachelor of Science in Construction Management and Economics and has over 25 years' experience in the construction and remediation industries. Mr Oates is a registered builder across the business in several states and territories. Prior to assuming his role as Managing Director, Mr Oates was a General Manager and Executive Director of Duratec responsible for the general management of the Company in Western Australia and the Northern Territory where he was involved in securing and delivering a wide range of projects across numerous sectors, including mining & resources, oil & gas, water & wastewater, transport infrastructure, marine as well as direct engagement with projects on Department of Defence bases across Australia. In his role as Managing Director, Mr Oates is responsible for the overall management of the Company, Health, Safety, Environment and Quality, strategic planning, new business opportunities and risks and business development.

Other Listed Company Directorships in last 3 years

- None

Special Responsibilities

- Member of the Audit and Risk Committee
- Member of the Nominations and Remuneration Committee
- Member of the Sustainability Committee

Interests in shares of Duratec Limited

- 23,953,389

ROBERT (PHIL) HARCOURT BEng (Civil), CPEng.
Non-Executive Director

Mr Harcourt has over 45 years of experience in the civil and structural engineering industry. During this time Mr Harcourt has held numerous roles including; Senior Project Engineer and CEO of Savcor Finn Pty Ltd, and Chief Operations Officer of the publicly listed company Savcor Group. Mr Harcourt along with two trusted colleagues established Duratec in 2010 and led the Company as Managing Director through a period of rapid growth to become a highly recognised and reputable specialist civil remediation contracting company. He resigned as Managing Director on 24 November 2023 and was appointed as a Non-Executive Director on that date.

Other Listed Company Directorships in last 3 years
- None

Special Responsibilities
- Member of the Audit and Risk Committee
- Member of the Nominations and Remuneration Committee
- Member of the Sustainability Committee

Interests in shares of Duratec Limited
- 23,953,389

GAVIN MILLER
Non-Executive Director

Mr Miller is a Certified Practising Accountant, Chartered Secretary and graduate of the Australian Institute of Company Directors. He has over 30 years of financial and commercial management experience in various industries, including manufacturing, utilities and civil construction.

Other Listed Company Directorships in last 3 years
- None

Special Responsibilities
- Chair of the Audit and Risk Committee
- Member of the Nominations and Remuneration Committee

Interests in shares of Duratec Limited
- 20,000

KRISTA BATES
Non-Executive Director

Ms Bates has over 25 years' experience as a lawyer and has extensive experience as an executive and non-executive director for listed companies on both the Australian Stock Exchange and London Stock Exchange. Ms Bates advises a diverse base of clients including; private and listed companies, private equity funds, governments and individuals in relation to mergers, acquisitions, disposals, private equity investments, joint ventures, management buy-outs, schemes of arrangements, corporate governance issues, commercial contracts and general corporate advice. Admitted to practice as a lawyer in England and Australia, Ms Bates now heads up her own multidisciplinary firm, KB Corporate Advisors, which provides a range of advisory services to clients across multiple sectors.

Other Listed Company Directorships in last 3 years
- AusCann Group Holdings Ltd
- Neurotech International Limited

Special Responsibilities
- Member of the Audit and Risk Committee
- Member of the Nominations and Remuneration Committee
- Chair of the Sustainability Committee

Interests in shares of Duratec Limited
- 33,150

DENNIS WILKINS
Company Secretary

Mr Wilkins is the founder and principal of DWCorporate Pty Ltd, a privately held corporate advisory firm providing governance, compliance and capital raising services. Since 1994 he has been a director of, and involved in the executive management of, several publicly listed companies with operations in Australia, PNG, Scandinavia and Africa. Mr Wilkins is currently a Director of Key Petroleum Limited, and an alternate Director of Middle Island Resources Limited.

DIRECTORS' MEETINGS

The number of Directors' meetings and the numbers of meetings attended by each Director of the Group during the financial year were:

	Board Meetings		Audit & Risk		Nomination & Remuneration		Sustainability Committee*	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Martin Brydon	11	11	2	2	3	3	0	0
Christopher Oates	11	11	2	2	1	3	0	0
Robert (Phil) Harcourt	10	11	2	2	3	3	0	0
Gavin Miller	10	11	2	2	3	3	0	0
Krista Bates	10	11	2	2	3	3	0	0

** The Sustainability Committee established in May 2024, with its first meeting held in July 2024.*

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 year ended 30 June 2024, the consolidated entity generated revenues of $555,792,000, an increase of 13% on the previous year. Profit after income tax for the year was $21,430,000, an increase of 12% on the previous year.

	Jun-24	Jun-23
	$'000	$'000
Revenue from contracts with customers	555,792	491,796
Profit after income tax	21,430	19,201

MATERIAL BUSINESS RISKS

Material business risks that may affect the achievement of the Company's strategies and prospects are outlined in "Risk Management" on page 32 of this annual report.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIVIDENDS

Dividends paid or declared since the start of the financial year were $11,140,000 (2023: $6,046,000).

Since the end of the financial year, the Directors have recommended the payment of a final ordinary dividend for 2024 of 2.5 cents per fully paid share, franked to 100%, to be paid on 9 October 2024.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity 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 entity.

ENVIRONMENTAL REGULATION

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

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.

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 party for the purposes 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.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 26 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 26 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

INDEMNITY AND INSURANCE OF OFFICERS

The Company has indemnified the Directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the Company has agreed to indemnify its auditors, RSM, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify RSM during the financial year, or since the financial year end.

CORPORATE GOVERNANCE STATEMENT

The board of Duratec Limited is responsible for corporate governance. The Board has prepared the Corporate Governance Statement in accordance with the third edition of the Corporate Governance Council's Principles and Recommendations, which is available on the Company's website at www.duratec.com.au under the 'Investors' section.

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

As required under section 307C of the Corporations Act 2001, please see "Auditor's Independence Declaration" on page 55.

AUDITOR

RSM continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.


DURATEC
AUSTRALIA

REMUNERATION REPORT (AUDITED)

The Directors present the Duratec Limited 2024 remuneration report, outlining key aspects of our remuneration policy and framework, and remuneration awarded this year.

VOTING AND COMMENTS MADE AT DURATEC LIMITED'S 2023 ANNUAL GENERAL MEETING ('AGM')

At the 2023 AGM, 99.91% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices."

The report is structured as follows:

A. Key Management Personnel (KMP) covered in this report

B. Remuneration policy and link to performance

C. Elements of remuneration

D. Link between remuneration and performance

E. Remuneration expenses

F. Contractual arrangements with executive KMPs

G. Non-executive director arrangements

H. Additional statutory information

A. KEY MANAGEMENT PERSONNEL COVERED IN THIS REPORT

Non-executive and executive directors (see "Information on Directors and Company Secretary" on page 44 for details).

- **Martin Brydon:** Non-Executive Chair
- **Gavin Miller:** Non-Executive Director
- **Krista Bates:** Non-Executive Director
- **Robert (Phil) Harcourt:** Executive Director until 24 November 2023, Non-Executive Director from that date onwards.
- **Christopher Oates:** Executive Director
- **Deane Diprose:** Executive Manager
- **Oliver McKeon:** Executive Manager
- **Ashley Muirhead:** Chief Financial Officer

B. REMUNERATION POLICY AND LINK TO PERFORMANCE

Any review of remuneration is determined by the Nomination and Remuneration Committee and approved by the Board. The Board aims to ensure that remuneration practices are:

- competitive and reasonable, enabling the Company to attract and retain key talent;
- aligned to the Company's strategic and business objectives and the creation of shareholder value;
- transparent and easily understood; and
- acceptable to shareholders.

ASSESSING PERFORMANCE

The Nomination and Remuneration Committee is responsible for assessing performance against KPIs and determining the STI and LTI to be paid. To assist in this assessment, the committee receives detailed reports on performance from management which are based on independently verifiably data.

Element	Purpose	Performance metrics	Potential value
Fixed Remuneration (FR)	Provide competitive market salary including superannuation and non-monetary benefits	Nil	Positioned at the market rate
STI	Reward for in-year performance and retention	Adjusted Net Profit Before Tax excluding DDR, shareholder returns, non financial metrics and KPI's including safety performance.	Directors: up to 100% of fixed remuneration. Executives: up to 50% of fixed remuneration.
LTI	Alignment of employees including directors to long-term shareholder value creation	Employee Equity Plan (EEP) rules contain two components and vesting conditions; achievement of Total Shareholder Return (TSR) and Earnings Per Share (EPS).	At the discretion of the Board

C. ELEMENTS OF REMUNERATION

i. FIXED REMUNERATION (FR)

Key management personnel may receive their fixed remuneration as cash, or cash with non-monetary benefits such as motor vehicle allowances. FR is reviewed annually and is benchmarked against market data for comparable roles in companies in a similar industry and with similar market capitalisation.

The Board aims to position executives at or near the median, with flexibility to take into account capability, experience, value to the organisation and performance of the individual.

ii. SHORT-TERM INCENTIVES (STI)

Certain employees are entitled to participate in a short-term incentive scheme as part of their total remuneration. The STI requires the achievement of certain Key Performance Indicators (KPI's). KPI's are set by the Board and Executives for eligible employees, depending on the role. The STI is payable in cash and is calculated with reference to financial and non financial KPI's and is capped.

iii. LONG-TERM INCENTIVES (LTI)

LTI targets are set by the Board. Achievement of the LTI targets involves the offer of Awards that may comprise Rights, Options or Restricted Shares with vesting conditions subject to the Company's Total Shareholder Return (TSR) and Earnings Per Share (EPS). The vesting conditions provide employees and directors with close alignment with shareholder interests. The Board has the discretion to cancel or vary LTI's, including the claw back of remuneration paid in previous financial years.

D. LINK BETWEEN REMUNERATION AND PERFORMANCE

STATUTORY PERFORMANCE INDICATORS

The Company aligns Executive remuneration to its strategic and business objectives and the creation of shareholder wealth. The table below shows the Group's statutory financial performance over the last four years. The Board and Nomination & Remuneration Committee take into account financial and non financial issues when making remuneration decisions. As a consequence, there is not a direct correlation between the statutory key performance measures and the variable remuneration awarded.

	2024	2023	2022	2021
	$'000	$'000	$'000	$'000
Sales revenue	555,792	491,796	310,003	235,709
Profit before income tax	29,122	27,582	10,202	10,032
Profit after income tax	21,430	19,201	7,761	7,131
EBITDA	46,159	38,109	17,769	15,918

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021
Share price at financial year end ($)	1.2	1.1	0.4	0.4
Total dividends declared (cents per share)	4.0	4.0	2.0	1.5
Diluted earnings per share (cents per share)	8.3	7.6	3.1	3.1

Duratec was admitted to the Official List of ASX on Tuesday, 3 November 2020. As a result, information for the previous five years has not been provided.

E. REMUNERATION EXPENSES

The following table shows details of the remuneration expense recognised for the Group's key management personnel for the current and previous financial year measured in accordance with the requirements of the accounting standards.

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Year	Cash salary and fees	Cash bonus	Annual leave	Superannuation	Long service leave	Rights to deferred shares	Total
Non-Executive Directors								
Martin Brydon	2024	139,640	-	-	15,360	-	-	155,000
	2023	118,868	-	-	12,481	-	-	131,349
Gavin Miller	2024	85,586	-	-	9,414	-	-	95,000
	2023	66,515	-	-	6,984	-	-	73,499
Krista Bates [4]	2024	95,000	-	-	-	-	-	95,000
	2023	-	-	-	-	-	-	-
Robert (Phil) Harcourt [2]	2024	354,087	126,819	18,036	32,239	-	-	531,181
	2023	472,499	450,000	41,304	27,500	20,744	-	1,012,047
Executive Director								
Christopher Oates	2024	522,499	302,541	53,262	62,292	35,978	-	976,572
	2023	422,498	405,000	34,004	27,500	19,306	-	908,308
Other KMP								
Deane Diprose [3]	2024	168,173	20,429	16,626	13,984	3,983	-	223,195
	2023	395,336	140,000	32,565	27,500	9,705	-	605,106
Oliver McKeon [3]	2024	140,743	20,429	14,701	13,951	7,185	49,184	246,193
	2023	321,423	140,000	24,901	27,500	10,604	124,698	649,126

		Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Year	Cash salary and fees	Cash bonus	Annual leave	Superannuation	Long service leave	Rights to deferred shares	Total
Ashley Muirhead [1]	2024	264,972	49,029	27,571	33,182	4,213	53,958	432,925
	2023	99,038	63,290	13,805	12,109	761	1,636	190,639
Paul Ryan [5]	2024	-	-	-	-	-	-	-
	2023	184,938	67,873	6,906	17,383	(5,056)	28,231	300,275
Total executive directors & other KMPs	2024	1,096,387	392,428	112,160	123,409	51,359	103,142	1,878,885
	2023	1,423,233	816,163	112,181	111,992	35,320	154,565	2,653,454
Total NED	2024	674,313	126,819	18,036	57,013	-	-	876,181
	2023	657,882	450,000	41,304	46,965	20,744	-	1,216,895
Total KMP remuneration expensed	2024	1,770,700	519,247	130,196	180,422	51,359	103,142	2,755,066
	2023	2,081,115	1,266,163	153,485	158,957	56,064	154,565	3,870,349

1 *Ashley Muirhead appointed interim CFO on 27 January 2023 and permanent CFO 4 April 2023*
2 *Robert (Phil) Harcourt resigned as Managing Director on 24 November 2023 and was appointed as Non-Executive Director on the same date.*
3 *As a result of the internal reorganisation of roles, Deane Diprose and Oliver McKeon ceased to be key management personnel on 24 November 2023*
4 *Krista Bates was appointed as Non Executive Director on 1 July 2023*
5 *Paul Ryan resigned as CFO on 27 January 2023*

F. CONTRACTUAL ARRANGEMENTS WITH EXECUTIVE KMPS

Name	Position	Contract duration	Notice period	Fixed remuneration
Mr Christopher Oates	Executive Director – General Manager until 24 November 2023 Executive Director – Managing Director since 24 November 2023	Permanent	3 months by either party	For the year ended 30 June 2025: $700,000 per annum, inclusive of superannuation and motor vehicle allowance
Ms Ashley Muirhead	Chief Financial Officer	Permanent	4 weeks by either party	For the year ended 30 June 2025: $345,000 per annum, inclusive of superannuation

G. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

Non-executive directors receive a Board fee as outlined below. They do not receive performance-based pay or retirement allowances. The fees are inclusive of superannuation. The Board Chair receives a higher base fee compared to the other non-executive director, reflective of the additional demands and responsibilities of this role.

Fees are reviewed annually by the Board taking into account comparable roles and market data provided by the Board's independent remuneration adviser.

Base fees	$
Chair	155,000
Other Non-executive directors	95,000

Fees included discharging responsibilities to:

Audit Committee - Chair
Audit Committee - Member
Nomination & Remuneration Committee - Chair
Nomination & Remuneration Committee - Member

All non-executive directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the board policies and terms, including remuneration, relevant to the office of director.

H. ADDITIONAL STATUTORY INFORMATION

RELATIVE PROPORTIONS OF FIXED VS VARIABLE REMUNERATION EXPENSE

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed, based on the amounts disclosed as statutory remuneration expense (see "Remuneration Expenses" on page 51).

	Fixed Remuneration		At Risk - STI		At Risk - LTI	
	2024	2023	2024	2023	2024	2023
	%	%	%	%	%	%
Non-Executive Directors						
Martin Brydon	100%	100%	-	-	-	-
Gavin Miller	100%	100%	-	-	-	-
Robert (Phil) Harcourt	76%	56%	24%	44%	-	-
Krista Bates	100%	-	-	-	-	-
Executive Director						
Christopher Oates	69%	55%	31%	45%	-	-
Other KMP						
Deane Diprose	91%	77%	9%	23%	-	-
Oliver McKeon	72%	59%	8%	22%	20%	19%
Ashley Muirhead	76%	66%	11%	33%	12%	1%
Paul Ryan	-	68%	-	22%	-	9%

RECONCILIATION OF OPTIONS AND ORDINARY SHARES HELD BY KMP SHAREHOLDINGS

The movement during the financial year in the number of ordinary shares in the Company held directly, indirectly or beneficially by each KMP, including their related parties, is as follows:

2024	Balance at start of the year	Additions	Disposals	Balance at end of the year
Martin Brydon[1]	76,291	27,995	-	104,286
Gavin Miller	20,000	-	-	20,000
Robert (Phil) Harcourt	26,653,389	-	2,700,000	23,953,389
Krista Bates	-	33,150	-	33,150
Christopher Oates	26,653,389	-	2,700,000	23,953,389
Deane Diprose [2]	26,608,522	-	2,700,000	23,908,522
Oliver McKeon [2]	4,216,120	500,000	400,000	4,316,120
Ashley Muirhead	-	-	-	-
Total	**84,227,711**	**561,145**	**8,500,000**	**76,288,856**

1 Includes the shareholdings of personally related parties

2 As a result of the internal reorganisation of roles, Deane Diprose and Oliver McKeon ceased to be key management personnel on 24 November 2023

RIGHTS

This table shows Rights granted, vested and forfeited during the year:

2024	Balance at start of year	Granted during year	Vested	Forfeited	Balance at end of year
Martin Brydon	-	-	-	-	-
Gavin Miller	-	-	-	-	-
Robert (Phil) Harcourt	-	-	-	-	-
Christopher Oates	-	-	-	-	-
Deane Diprose[1]	-	-	-	-	-
Oliver McKeon[1]	900,000	100,000	500,000	-	500,000
Ashley Muirhead	70,000	100,000	-	-	170,000
Total	970,000	200,000	500,000	-	670,000

1 As a result of the internal reorganisation of roles, Deane Diprose and Oliver McKeon ceased to be key management personnel on 24 November 2023.

SHARE-BASED PAYMENTS: PERFORMANCE RIGHTS

During the year 200,000 unlisted performance rights, subject to vesting conditions and performance criteria were issued to Key Management Personnel.

Grant date	1 Dec 2023
Expiry Date	30 Sep 2028
Number of Performance Rights	200,000
Share Price at Valuation Date	$1.30
Expected Volatility	47.90%
Dividend yield	3.02%
Risk Free Interest Rate	4.07%
Fair Value at Valuation Date:	
Subject to Total Shareholder Return (TSR) performance condition	$0.66
Subject to Earnings Per Share (EPS) performance condition	$1.30

No options have been granted over unissued fully paid ordinary shares in the Company.

[This concludes the remuneration report, which has been audited]

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors,

Chris Oates
Managing Director - Duratec Limited

Date: 27 August 2024
Perth

AUDITOR'S INDEPENDENCE DECLARATION

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Duratec Limited for the year ended 30 June 2024, 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 audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM

RSM AUSTRALIA

Perth, WA
Dated: 27 August 2024

J A KOMNINOS
Partner

THE POWER OF BEING UNDERSTOOD
ASSURANCE | TAX | CONSULTING


DURATEC
AUSTRALIA
DANGER

CONSOLIDATED STATEMENT OF

PROFIT OR LOSS

AND OTHER COMPREHENSIVE INCOME

For the year ended 30 June 2024

		Consolidated Entity	
	Note	2024	2023
		$'000	$'000
Continuing Operations			
Revenue from contracts with customers	4	555,792	491,796
Contracting cost of sales	5	(459,617)	(409,723)
		96,175	**82,073**
Other income	4	3,969	1,859
Employee benefits expense	5	(42,675)	(35,817)
Administration expense		(10,518)	(9,180)
Occupancy expense		(1,988)	(1,462)
Depreciation and amortisation expense	5	(14,678)	(9,569)
Finance costs	5	(2,359)	(958)
Equity accounted investment results	6	1,196	636
Profit before income tax expense from continuing operations		**29,122**	**27,582**
Income tax expense	7	(7,692)	(8,381)
Profit after income tax expense for the year		**21,430**	**19,201**
Total comprehensive income for the year, net of tax		**21,430**	**19,201**
Profit for the year is attributable to:			
Owners of Duratec Limited		21,430	19,201

Earnings per share attributable to the owners of Duratec Limited:		cents	cents
Basic earnings per share (cents)	8	8.66	7.91
Diluted earnings per share (cents)	8	8.29	7.55
Earnings per share from continuing operations attributable to the owners of Duratec Limited:			
Basic earnings per share (cents)	8	8.66	7.91
Diluted earnings per share (cents)	8	8.29	7.55

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 30 June 2024

	Note	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	65,218	66,187
Trade and other receivables	10	74,016	59,821
Contract assets	4	18,802	25,185
Inventories	11	1,017	346
Other current assets	12	2,253	1,820
Total Current Assets		161,306	153,359
Non-Current Assets			
Trade and other receivables	10	234	6,298
Property, plant and equipment	14	33,446	25,962
Right-of-use assets	15	5,723	2,744
Investments accounted for using the equity method	16	5,732	4,536
Other non-current assets	12	320	249
Intangible assets	17	13,868	14,711
Deferred tax assets	13	4,769	4,573
Total Non-Current Assets		**64,092**	**59,073**
Total Assets		**225,398**	**212,432**
LIABILITIES			
Current Liabilities			
Trade and other payables	18	75,475	82,076
Contingent consideration payable	18	-	9,000
Borrowings	19	11,844	4,773
Property lease liabilities	15	2,509	2,071
Contract liabilities	4	39,332	35,727
Current tax payable	13	231	1,773
Provisions	20	11,255	10,484
Total Current Liabilities		**140,646**	**145,904**
Non-Current Liabilities			
Trade and other payables	18	3,361	3,360
Borrowings	19	13,651	10,535
Property lease liabilities	15	3,558	945
Deferred tax liabilities	13	3,257	4,311
Provisions	20	1,804	1,314
Total Non-Current Liabilities		**25,631**	**20,465**
Total Liabilities		**166,277**	**166,369**
Net Assets		**59,121**	**46,063**
EQUITY			
Issued capital	21	29,858	26,899
Reserves	22	1,993	2,184
Retained earnings	23	27,270	16,980
Total Equity		**59,121**	**46,063**

The above Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF

CHANGES IN EQUITY

For the year ended 30 June 2024

Consolidated Entity	Note	Issued Capital $'000	Retained Earnings $'000	Reserves $'000	Total Equity $'000
Balance at 1 July 2022		25,167	3,825	1,965	30,957
Comprehensive Income					
Profit for the year		-	19,201	-	19,201
Total comprehensive income for the year		-	**19,201**	**-**	**19,201**
Transactions With Owners					
Share based payments	31	-	-	1,402	1,402
Transfer from share-based payment reserve		1,183	-	(1,183)	-
Dividend Reinvestment Plan		549	-	-	549
Dividends paid	24	-	(6,046)	-	(6,046)
Balance at 30 June 2023		**26,899**	**16,980**	**2,184**	**46,063**
Balance at 1 July 2023		26,899	16,980	2,184	46,063
Comprehensive Income					
Profit for the year		-	21,430	-	21,430
Total comprehensive income for the year		**-**	**21,430**	**-**	**21,430**
Transactions With Owners					
Share-based payments	31	-	-	1,579	1,579
Transfer from share-based payments reserve	22	1,770	-	(1,770)	-
Dividend Reinvestment Plan	24	1,189	-	-	1,189
Dividends paid	24	-	(11,140)	-	(11,140)
Balance at 30 June 2024		**29,858**	**27,270**	**1,993**	**59,121**

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF
CASH FLOWS

For the year ended 30 June 2024

	Note	Consolidated Entity 2024 $'000	Consolidated Entity 2023 $'000
Cash flows from operating activities			
Receipts from customers		614,325	493,236
Payments to suppliers and employees		(575,700)	(451,855)
Income tax paid		(10,482)	(6,536)
Interest and finance costs paid		(2,359)	(746)
Interest received		1,497	741
Net cashflows from operating activities	35	**27,281**	**34,840**
Cash flows from investing activities			
Proceeds from sale of plant and equipment		763	404
Purchase of property, plant and equipment	14	(16,255)	(13,001)
Payment for business combinations, net of cash acquired	30	(9,965)	(9,988)
Dividends received	4	997	365
Net cashflows used in investing activities		**(24,460)**	**(22,220)**
Cash flows from financing activities			
Dividend paid	24	(9,950)	(5,497)
Proceeds from borrowings		25,875	8,078
Repayment of borrowings		(15,689)	(4,792)
Repayment lease liabilities		(4,026)	(2,485)
Net cashflows used in financing activities		**(3,790)**	**(4,696)**
Net (decrease)/increase in cash and cash equivalents		(969)	7,924
Cash and cash equivalents at beginning of period		66,187	58,263
Cash and cash equivalents at the end of the financial year	9	**65,218**	**66,187**

The above Statement of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

Contents

NOTE 1: MATERIAL ACCOUNTING POLICY INFORMATION

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

NEW OR AMENDED ACCOUNTING STANDARDS AND INTERPRETATIONS ADOPTED

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.

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 year ended 30 June 2024 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 year ended 30 June 2024 have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001.

HISTORICAL COST CONVENTION

The financial report has been prepared on a historical cost basis, except for derivative financial instruments, debt and equity financial assets, and contingent consideration that have been measured at fair value.

COMPLIANCE WITH IFRS

The consolidated financial statements of the Group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

A. 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. REVENUE RECOGNITION

The Group is in the business of providing construction and maintenance services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for those goods or services. The Group has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods and services before transferring them to the customer.

I. CONSTRUCTION SERVICES

Construction contracts are assessed to identify the performance obligations contained in the contract. The total transaction price is allocated to each individual performance obligation. Typically, the Group's construction contracts contain a single performance obligation.

Work is performed on assets that are controlled by the customer or on assets that have no alternative use to the Group, with the Group having right to payment for performance to date. As performance obligations are satisfied over time, revenue is recognised over time using an input method based on costs incurred to date relative to forecasts to cost to complete.

Fundamental to this calculation is a reliable estimate of the transaction price (total contract revenue). In determining the transaction price, variable consideration including claims and certain contract variations are only included to the extent it is highly probable that a significant reversal in revenue will not occur in the future. Where a variation in scope has been agreed with the customer but the corresponding change in the transaction price has not been agreed the variation is accounted for as variable consideration. The estimate of variable consideration is determined using the expected value approach taking into account the facts and circumstances of each individual contract and the historical experience of the Group and is reassessed throughout the life of the contract.

When it is probable that total contract costs will exceed total contract revenue, the contract is considered onerous and the present obligation under the contract is recognised immediately as a provision. Key assumptions regarding costs to complete contracts include estimation of labour, technical costs, impact of delays and productivity.

Customers are typically invoiced on a monthly basis and invoices are paid on normal commercial terms.

II. SERVICES CONTRACTS

Contracts for performance of maintenance activities cover servicing of assets and involve various activities. These activities tend to be substantially the same with the same pattern of transfer to the customer. Where this is the case, which is the majority of the services contracts, these services are taken to be one performance obligation and the total transaction price is allocated to the performance obligation identified.

Performance obligations are fulfilled over time as the Group largely enhances assets which the customer controls. For these contracts, the transaction price is determined as an estimate of this variable consideration.

III. VARIABLE CONSIDERATION

If the consideration in the contract includes a variable amount, the Group estimates the amount of the consideration to which it is entitled in exchange for transferring the goods and services to the customer. The Group includes some or all of this variable consideration in the transaction price only to the extent it is highly probable that a significant reversal of the cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Certain contracts are subject to claims which are enforceable under the contract. If the claim does not result in any additional goods or services, the transaction price is updated, and the claim accounted for as variable consideration.

IV. SIGNIFICANT FINANCING COMPONENT

Using the practical expedient in AASB 15, the Group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer or the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

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

V. INTEREST

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

C. GOVERNMENT REBATES

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

D. 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 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 carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to 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.

Duratec Limited and its wholly-owned Australian subsidiaries have formed an income-tax consolidated group under the tax consolidation regime. Duratec Limited and each subsidiary in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has been applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

E. OPERATING SEGMENTS

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Maker ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

F. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

G. TRADE AND OTHER RECEIVABLES

A receivable represents the Group's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies in "Financial Assets" on page 65.

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses ('ECL'). The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

H. CONTRACT ASSETS AND CONTRACT LIABILITIES

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is owing) from the customer. If a customer is invoiced before the Group transfers goods or services to the customer, a contract liability is recognised when the invoice is raised. Contract liabilities are recognised as revenue when the Group performs under the contract.

I. INVENTORIES

Inventories are measured at the lower of cost and net realisable value. Costs incurred in bringing each product to its present location and condition are accounted for at purchase cost on a first-in/first-out basis. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

J. FINANCIAL ASSETS

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), or fair value through profit or loss.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off.

I. SUBSEQUENT MEASUREMENT - FINANCIAL ASSETS AT AMORTISED COST

This category is the most relevant to the Group. The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group's financial assets at amortised cost includes trade receivables.

II. IMPAIRMENT OF FINANCIAL ASSETS

Further disclosures relating to impairment of financial assets are also provided in the following notes:

For trade receivables and contract assets, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

K. PROPERTY, 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.

I. DEPRECIATION

The depreciable amount of all plant and equipment 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 Plant and Equipment	Depreciation Rate
Capital Work in Progress	0%
Plant & Machinery	4 – 50%
Leasehold Improvements	10 – 50%
Land & Buildings	0 – 8%
Motor Vehicles	16 – 50%
Computers & Office Equipment	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 that 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.

II. 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.

III. DERECOGNITION AND DISPOSAL

An item of 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 profit and loss in the year the asset is derecognised.

L. RIGHT-OF-USE ASSETS

The Group leases buildings for its offices under agreements of between 1 and 5 years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated.

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight- line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

The Group has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

M. 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.

N. BORROWINGS – LEASE LIABILITIES

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss. A leased fixed asset is depreciated over the useful life of the asset.

Borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

O. PROVISIONS - EMPLOYEE BENEFITS

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.

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

OTHER LONG-TERM EMPLOYEE BENEFITS

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

DEFINED CONTRIBUTION SUPERANNUATION EXPENSE

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred. The Company has no legal obligation to provide benefits to employees on retirement.

P. 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.

Q. COMPARATIVES

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

R. INVESTMENT IN ASSOCIATES AND JOINT ARRANGEMENTS

An associate is an entity, including an unincorporated entity, in which the reporting entity has significant influence and that is neither a subsidiary, nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

An investment in an associate includes goodwill on acquisition, which is accounted for in accordance with the financial reporting standard on business combinations. However the entire carrying amount of the investment is tested under the impairment financial reporting standard by comparing the carrying amount of the investment with its recoverable amount (higher of value in use and fair value) whenever application of the financial instruments reporting standard indicates the investment may be impaired.

In the consolidated financial statements, the Group's investment in associates is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost and adjusted thereafter for the post-acquisition change in the Group's share of the associates' net assets. The carrying value and the net book value of the investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profits of loss includes its share of the associate's profit or loss. Any change in other comprehensive income of those investees is presented as part of the Group's other comprehensive income. Losses of an associate in excess of the Group's interest in the associate are not recognised except to the extent that the reporting entity has an obligation. Profits and losses resulting from transactions between the Group and the associate are recognised in the financial statements only to the extent of unrelated reporting entity's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

When necessary, accounting policies of associates are changed to ensure consistency with the policies adopted by the Group. The Group discontinues the use of the equity method from the date the investment ceases to be an associate and from that date then accounts for the investment in accordance with the financial instruments financial reporting standard with any gain or loss recognised in the profit or loss statement. Any former investment retained in the former associate is measured at fair value at the date that it ceases to be an associate.

In the company's separate financial statements, an investment in an associate is accounted for at cost less any allowance for impairment in value. Impairment loss recognised in profit or loss for an associate is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying value and the net book value of an investment in the associate are not necessarily indicative of the amounts that would be realised in a current market exchange.

A joint arrangement (that is either 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 a party to of which two or more parties have control. A joint arrangement exists when the parties have contractually agreed to share control of the arrangement whereby decisions about the relevant activities (that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control. In a joint operation, the parties with joint control have rights to the assets, and obligations of the liabilities, relating to the arrangement. The Group recognises its share of the operation's assets, liabilities and income and expenses that are combined line by line with similar items in the reporting entity's financial statements and accounts for the assets, liabilities, revenues and expenses relating to its interest in the joint operation in accordance with the relevant financial reporting standards for each particular asset, liability, revenue and expense. When the Group enters into a transaction with a joint operation, such as a sale or contribution of asset, the reporting entity recognises gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation.

S. SHARE-BASED PAYMENTS

"Equity-settled share-based compensation benefits are provided to employees. These transactions are awards of shares, or options, that are provided to employees in exchange for the rendering of services.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using a valuation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the Group receives the service that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in the profit of loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

T. PARENT ENTITY FINANCIAL INFORMATION

The financial information for the parent entity, Duratec Limited, disclosed in "Note 32: Parent entity information" on page 93 has been prepared on the same basis as the consolidated financial statements, except as set out below:

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

U. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at 30 June 2024 – refer to "Note 33" on page 94. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of OCI are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss.

Any investment retained is recognised at fair value.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated 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 entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

V. CURRENT AND NON-CURRENT CLASSIFICATION

The Group presents assets and liabilities in the statement of financial position based on current/non- current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

W. FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

X. ISSUED CAPITAL

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Y. DIVIDENDS

Dividends are recognised when declared during the financial year and are no longer at the discretion of the Company.

Z. BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interests in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating of accounting policies and other pertinent conditions in existence at the acquisition date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition date fair value. Subsequent changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

AA. INTANGIBLE ASSETS

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 to 10 years.

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

AB. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to the owners of Duratec Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

NOTE 2: CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

A. KEY ESTIMATES

I. REVENUE FROM CONTRACTS WITH CUSTOMERS

Where performance obligations are satisfied over time, revenue is recognised in the consolidated income statement by reference to the progress towards complete satisfaction of each performance obligation.

For construction contracts, revenue is recognised using an input method based on project to date cost over total expected contract cost of the contract.

Fundamental to this calculation is a reliable estimate of the transaction price (total contract revenue). In determining the transaction price, variable consideration including claims and certain contract variations are only included to the extent it is highly probable that a significant reversal in revenue will not occur in the future. Where a variation in scope has been agreed with the customer but the corresponding change in the transaction price has not been agreed the variation is accounted for as variable consideration. The estimate of variable consideration is determined using the expected value approach taking into account the facts and circumstances of each individual contract and the historical experience of the Group and is reassessed throughout the life of the contract.

When it is probable that total contract costs will exceed total contract revenue, the contract is considered onerous and the present obligation under the contract is recognised immediately as a provision. Key assumptions regarding costs to complete contracts include estimation of labour, technical costs, impact of delays and productivity.

II. ALLOWANCE FOR EXPECTED CREDIT LOSSES

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in "Note 10" on page 76 is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower.

III. IMPAIRMENT TESTING

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 17 for further information.

IV. RECOVERY OF DEFERRED TAX ASSETS

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

NOTE 3: SEGMENT REPORTING

The Group is organised into four operating segments based on difference in services provided; Defence, Mining & Industrial, Building & Facade 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.

All revenue is currently derived in Australia and there is no single major customer for the year.

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
- **Building & Facade** – completion of facade condition assessments and facade restorations
- **Energy** - non-defence capital facilities, remediation and refurbishment of critical assets

Consolidated - June 2024	Defence	Mining & Industrial	Building & Facade	Energy	Other Segments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	220,159	155,641	111,329	46,641	22,022	555,792
Total revenue	220,159	155,641	111,329	46,641	22,022	555,792
Gross profit for reportable segments	23,601	33,629	20,882	15,343	2,720	96,175
Unallocated amounts (including corporate overheads)						(50,016)
EBITDA						**46,159**
Depreciation and amortisation						(14,678)
Finance costs						(2,359)
Profit before income tax expense						**29,122**
Income tax expense						(7,692)
Profit after income tax expense						**21,430**

Consolidated - June 2023	Defence	Mining & Industrial	Building & Facade	Energy	Other Segments	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Sales to external customers	228,950	86,746	78,418	66,262	31,420	491,796
Total revenue	228,950	86,746	78,418	66,262	31,420	491,796
Gross profit for reportable segments	31,211	19,775	12,042	16,729	2,316	82,073
Unallocated amounts						
(including corporate overheads)						(43,964)
EBITDA						**38,109**
Depreciation and amortisation						(9,569)
Finance costs						(958)
Profit before income tax expense						**27,582**
Income tax expense						(8,381)
Profit after income tax expense						**19,201**

The Group no longer considers WPF as a separate operating segment. As a result, the results the WPF segment reported in the 30 June 2023 Annual Report have been reallocated to the Mining & Industrial and Energy operating segments.

NOTE 4: REVENUE

A. DISAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	2024	2023
	$'000	$'000
Revenues from contracts with customers	555,792	491,796
Disaggregation of revenue from contracts with customers by location		
Western Australia	238,604	173,193
New South Wales	91,780	108,999
Victoria	27,344	22,151
Northern Territory	102,334	89,221
South Australia	22,888	18,922
Queensland	31,045	35,874
Tasmania	4,470	4,344
Australian Capital Territory	37,327	39,092
	555,792	**491,796**

B. OTHER INCOME

	2024	2023
	$'000	$'000
Dividends received from associate	997	365
Rental income	253	348
Interest received	1,497	741
Sundry income	715	172
Gain on bargain purchase (Note 30b)	198	-
Gain on disposal of plant and equipment	309	233
	3,969	**1,859**

73

C. ASSETS & LIABILITIES RELATED TO CONTRACTS WITH CUSTOMERS

The Group has recognised the following assets and liabilities related to contracts with customers

	2024	2023
	$'000	$'000
Total current contract assets	18,802	25,185
Total current contract liabilities	39,332	35,727

As of 30 June 2024, approximately $328m of revenue is expected to be recognised from remaining performance obligations (2023: $437m). We expect to recognise 93% of these remaining performance obligations as revenue over the next 12 months, with the balance recognised thereafter (2023: 88%).

D. SIGNIFICANT CHANGES IN CONTRACT ASSETS & LIABILITIES

Changes in contract assets and liabilities are due to the stage of the projects in progress and the timing of invoicing.

Contract assets are transferred to trade receivables when the Group's rights to consideration for work performed have become unconditional. This usually occurs when the Group issues an invoice in accordance with the contractual terms to the customer.

If the net amount of the Group's rights to consideration for work performed after deduction of progress payments received is negative, the difference is recognised as a liability and included as part of Contract liabilities.

Of the contract liabilities balance of $35,727,000 at 30 June 2023, substantially all of this revenue has been recognised in the current year, while substantially all of the contract assets balance of $25,185,000 as at 30 June 2023 was invoiced in the current year.

NOTE 5: EXPENSES

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

	2024 $'000	2023 $'000
Expenses		
Cost of sales	459,617	409,723
Interest expense for financial liabilities not at fair value through profit or loss		
External – Interest on loans and borrowings	1,841	799
Interest on lease liabilities	518	159
Total finance costs	**2,359**	**958**
Employee benefits expense		
Salaries & wages	39,642	33,567
Share based payments	1,467	1,334
Other	1,566	916
Total employee benefits expense	**42,675**	**35,817**

The above Cost of sales and Employee expenses include superannuation contribution expenses of $12,779,000 (2023: $9,151,000.)

	2024 $'000	2023 $'000
Depreciation and amortisation expense		
Depreciation for property, plant and equipment	9,459	6,348
Depreciation for right-of-use assets	4,097	2,488
Amortisation	1,122	733
Total depreciation and amortisation expense	**14,678**	**9,569**

NOTE 6: EQUITY ACCOUNTED INVESTMENT RESULTS

	2024 $'000	2023 $'000
Equity accounted investment results – associate – DDR Australia Pty Ltd	1,196	636
	1,196	**636**

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

NOTE 7: INCOME TAX EXPENSE

	2024 $'000	2023 $'000
Current income tax		
Current tax expense	9,481	8,392
Adjustments in respect of previous years	(24)	2
Tax offsets	(427)	(157)
Deferred income tax		
Reversing temporary differences	(1,338)	144
Aggregate income tax expense	**7,692**	**8,381**
Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	29,122	27,582
Tax at the Australian tax rate of 30% (2023: 30%)	8,737	8,275
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Adjustments recognised for prior periods	(24)	-
Other non-allowable items	(363)	407
Notional profits on associates not subject to tax	(359)	(192)
Franking credits for dividends	(299)	(109)
Income tax expense	**7,692**	**8,381**

NOTE 8: EARNINGS PER SHARE

A. BASIC AND DILUTED EARNINGS PER SHARE

	2024 cents	2023 cents
From continuing operations attributable to the ordinary equity holders of the company	8.66	7.91
Total basic earnings per share attributable to the ordinary equity holders of the company	8.66	7.91
Total diluted earnings per share attributable to the ordinary equity holders of the company	8.29	7.55

B. RECONCILIATIONS OF EARNINGS USED IN CALCULATING EARNINGS PER SHARE

	2024 $'000	2023 $'000
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating basic earnings per share	21,430	19,201
Profit from continuing operations attributable to the ordinary equity holders of the company used in calculating diluted earnings per share	21,430	19,201

C. WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR

	2024 Number	2023 Number
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	247,351,061	242,723,467
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	258,481,061	254,163,467

NOTE 9: CASH AND CASH EQUIVALENTS

	2024	2023
	$'000	$'000
Cash at bank and on hand	60,218	61,187
Short-term deposits	5,000	5,000
Total cash and cash equivalents	**65,218**	**66,187**

NOTE 10: TRADE AND OTHER RECEIVABLES

	2024	2023
	$'000	$'000
Current		
Trade receivables	75,042	59,922
Less: allowance for expected credit losses	(289)	(289)
	74,753	**59,633**
Other receivables	(737)	188
Total current trade and other receivables	**74,016**	**59,821**
Non-Current		
Trade receivables	234	6,298
Total non-current trade and other receivables	**234**	**6,298**

ALLOWANCE FOR EXPECTED CREDIT LOSSES

These trade receivables shown above are subject to the expected credit loss model under the financial reporting standard on financial instruments. The trade receivables are considered to have low credit risk individually. At the end of the reporting year a loss allowance is recognised at an amount equal to 12 month expected credit losses because there has not been a significant increase in credit risk since initial recognition. At 30 June 2024 there are no trade receivable balances past due but impaired. A loss allowance balance of $289,000 (2023: $289,000) is recognised in respect of the expected credit losses for the year ended 30 June 2024. Movements in the allowance for expected credit losses are as follows:

	2024	2023
	$'000	$'000
Opening balance	289	17
Additional provisions recognised	13	289
Receivables written off during the year as uncollectable	(13)	-
Unused amounts reversed	-	(17)
Closing balance	**289**	**289**

NOTE 11: INVENTORIES

	2024	2023
	$'000	$'000
Current		
Consumable stock	1,017	346
Total inventories	**1,017**	**346**

Note 12: OTHER ASSETS

	2024 $'000	2023 $'000
Current		
Prepayments	2,253	1,820
	2,253	**1,820**
Non-current		
Security deposits	320	249
	320	**249**

NOTE 13: CURRENT AND DEFERRED TAXES

	2024 $'000	2023 $'000
Current		
Provision for income tax	231	1,773
Total current payable	**231**	**1,773**
Non-current		
Deferred tax assets	4,769	4,573
Deferred tax liabilities	(3,257)	(4,311)
Net	**1,512**	**262**

DEFERRED TAX ASSET

	2024 $'000	2023 $'000
Non-current		
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Provisions and accruals	4,300	3,837
Right-of-use assets	103	82
Initial Public Offering costs	214	467
Provision for expected credit loss	87	87
Work in progress	36	71
Borrowing costs	29	29
Deferred tax asset	**4,769**	**4,573**
Movements:		
Opening balance	4,573	3,428
Acquisition of subsidiary	-	164
Prior year over/under-provision	(23)	-
Charged to profit or loss	219	981
Closing balance	**4,769**	**4,573**

Note 13: Current & Deferred Taxes continued...

	2024 $'000	2023 $'000
DEFERRED TAX LIABILITY		
Non-current		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Consumable stock	305	104
Plant & equipment	2,952	4,207
Deferred tax liability	**3,257**	**4,311**
Movements:		
Opening balance	4,311	3,186
Prior year over/under-provision	65	-
Charged to profit of loss	(1,119)	1,125
Closing balance	**3,257**	**4,311**

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2024 $'000	2023 $'000
Land and buildings		
At cost	2,914	2,914
Accumulated depreciation	(57)	(29)
	2,857	**2,885**
Plant and machinery		
At cost	26,456	18,563
Accumulated depreciation	(11,543)	(8,297)
	14,913	**10,266**
Motor vehicles		
At cost	21,464	17,141
Accumulated depreciation	(9,872)	(7,260)
	11,592	**9,881**
Office and computer equipment		
At cost	6,393	4,764
Accumulated depreciation	(4,004)	(2,845)
	2,389	**1,919**
Leasehold improvements		
At cost	2,971	2,570
Accumulated depreciation	(1,924)	(1,596)
	1,047	**974**
Capital work in progress (WIP)		
At cost	648	37
Total plant and equipment	**33,446**	**25,962**

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

Consolidated	Land and Buildings	Plant and Machinery	Motor Vehicles	Office and IT Equipment	Leasehold Improvements	Capital WIP	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2022	617	7,719	7,331	1,636	1,338	182	18,823
Additions/ (transfer)	2,290	4,366	5,259	1,178	53	(145)	13,001
Acquired in subsidiary	-	605	30	22	-	-	657
Disposals	-	(78)	(91)	(2)	-	-	(171)
Depreciation expense	(22)	(2,346)	(2,648)	(915)	(417)	-	(6,348)
Balance at 30 June 2023	**2,885**	**10,266**	**9,881**	**1,919**	**974**	**37**	**25,962**
Additions	-	8,249	5,366	1,531	498	611	16,255
Acquired through business combinations (Note 30)	-	851	172	123	-	-	1,146
Disposals	-	(309)	(133)	(2)	(14)	-	(458)
Depreciation expense	(28)	(4,144)	(3,694)	(1,182)	(411)	-	(9,459)
Balance at 30 June 2024	**2,857**	**14,913**	**11,592**	**2,389**	**1,047**	**648**	**33,446**

NOTE 15: LEASES

AMOUNTS RECOGNISED IN THE BALANCE SHEET

The balance sheet shows the following amounts relating to leases:

	2024	2023
	$'000	$'000
Land and buildings		
Right-of-use	11,485	6,630
Accumulated depreciation	(5,762)	(3,886)
	5,723	**2,744**
Property lease liabilities		
Current	2,509	2,071
Non-current	3,558	945
Total non-current property lease liabilities	**6,067**	**3,016**

Refer to "Note 25: Financial instruments" on page 84 for further information on financial instruments.

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

	Cost	Accumulated Depreciation	Carrying Value
	$'000	$'000	$'000
Balance at 1 July 2022	5,224	(2,699)	2,525
Additions during the year	2,162	-	2,162
Acquired in acquisition	395	-	395
Leases expired during the year	(1,151)	1,301	150
Depreciation expense	-	(2,488)	(2,488)
Balance at 30 June 2023	**6,630**	**(3,886)**	**2,744**
Additions during the year	6,431	-	6,431
Leases expired during the year	(1,576)	2,221	645
Depreciation expense	-	(4,097)	(4,097)
Balance at 30 June 2024	**11,485**	**(5,762)**	**5,723**

AMOUNTS RECOGNISED IN THE STATEMENT OF PROFIT OR LOSS

The statement of profit or loss shows the following amounts relating to leases

	2024 $'000	2023 $'000
Depreciation charge of right-of-use assets		
Buildings	4,097	2,488
	4,097	**2,488**
Interest expense (included in finance cost)	518	159
Expense relating to short-term leases	188	236
Expense relating to leases of low value assets not shown as short-term leases	57	55

The total cash outflow for leases for 2024 was $4,026,000 (2023: $2,485,000)

NOTE 16: INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2024 $'000	2023 $'000
Non-current		
DDR Australia Pty Ltd	5,732	4,536
	5,732	**4,536**

Refer to "Note 32: Parent entity information" on page 93 for further information on interests in associates and joint arrangements.

NOTE 17: INTANGIBLE ASSETS

	2024 $'000	2023 $'000
Customer relationships - at cost	11,271	10,992
Less: Accumulated amortisation	(1,855)	(733)
Carrying amount at year end	**9,416**	**10,259**
Goodwill	4,452	4,452
Less: impairment	-	-
Carrying amount at year end	**4,452**	**4,452**
Total	**13,868**	**14,711**

	Customer Relationships $'000	Goodwill $'000	Total $'000
Carrying amount at 1 July 2022	-	-	-
Recognised on acquisition of a subsidiary	10,992	4,452	15,444
Amortisation	(733)	-	(733)
Carrying amount at 30 June 2023	**10,259**	**4,452**	**14,711**
Recognised on acquisition of a business (Note 30)	279	-	279
Amortisation	(1,122)	-	(1,122)
Carrying amount at 30 June 2024	**9,416**	**4,452**	**13,868**

The entire goodwill balance noted above relates to the acquisition of WPF Duratec Pty Ltd (WPF) in 2023. The Group tests goodwill annually for impairment, or more frequently if there are indications that goodwill might be impaired in accordance with accounting policy AA. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of goodwill and other intangible assets are determined based on value in use of WPF as a cash generating unit (CGU). The value in use calculation uses a discounted cash flow model based on a conservative financial projection covering a five year period, together with a terminal value. At 30 June 2024 there were no indicators of impairment identified.

Key assumptions are those to which the recoverable amount of an asset of cash-generating unit is most sensitive.

The following key assumptions were used in the discounted cash flow model for the WPF CGU:

- 11.95% pre-tax discount rate;
- 3.60% per annum projected revenue growth rate which is a conservative growth rate used for the purposes of the impairment testing
- 3.60% per annum increase in operating costs and overheads

Cash flows beyond the five year period have been extrapolated using a steady 1.1% per annum growth rate.

The discount rate of 11.95% pre-tax reflects management's estimate of the time value of money and the group's weighted average cost of capital adjusted for WPF, the risk free rate and the volatility of the share price relative to market movements.

Management believes at this stage the conservative projected revenue growth rate used for impairment testing is prudent and have no reason to revise this estimate based on current performance.

Based on the above, the recoverable amount of WPF CGU exceeded the carrying amount by $28.2m.

Management have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- WPF CGU Revenue would need to decrease by more than 26% in FY2026 before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase from 11.9% to 24.9% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believe that any reasonable possible change in key assumptions on which the recoverable amounts of the WPF CGU is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount.

NOTE 18: TRADE AND OTHER PAYABLES

	2024 $'000	2023 $'000
Current		
Trade payables	43,489	44,447
Sundry payables and accrued expenses	22,987	27,233
Other payables	3,783	6,118
Employee entitlements	5,216	4,278
Total current trade and other payables	**75,475**	**82,076**
Contingent consideration payable (refer to Note 30)	-	9,000
Total contingent consideration payable	**-**	**9,000**
Non-current		
Trade payables	3,361	3,360
Total non-current trade and other payables	**3,361**	**3,360**

NOTE 19: BORROWINGS

	2024 $'000	2023 $'000
Current		
Equipment finance	11,844	4,773
Total current borrowings	**11,844**	**4,773**
Non-current		
Equipment finance	13,651	10,535
Total non-current borrowings	**13,651**	**10,535**

Refer to "Note 25: Financial instruments" on page 84 for further information on financial instruments.

NOTE 20: PROVISIONS

	2024 $'000	2023 $'000
Current		
Employee benefits		
Carrying amount at the start of the year	10,484	6,824
Additional provisions recognised	6,555	8,183
Amounts used	(5,784)	(4,523)
Current carrying amount at the end of the year	**11,255**	**10,484**
Non-current		
Employee benefits		
Carrying amount at the start of the year	1,314	732
Additional provisions recognised	490	582
Amounts used	-	-
Non-current carrying amount at the end of the year	**1,804**	**1,314**

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

NOTE 21: ISSUED CAPITAL

		2024	2023	2024	2023
		Shares	Shares	$'000	$'000
Ordinary shares – fully paid		248,372,718	244,020,537	29,858	26,899

MOVEMENT IN ORDINARY SHARE CAPITAL:

Details	Date	Shares	Cumulative Shares	Issue price ($)	$'000
Balance	1 Jul 2022		240,573,404		**25,167**
Dividend Reinvestment Plan	5 Oct 2022	761,138	241,334,542	0.38	**291**
Vested IPO Performance Rights	4 Nov 2022	2,367,500	243,702,042	0.50	**1,183**
Dividend Reinvestment Plan	9 May 2023	318,495	244,020,537	0.81	**258**
Balance	**30 Jun 2023**		**244,020,537**		26,899
Performance Rights	25 Aug 2023	3,320,000	247,340,537	0.53	**1,770**
Dividend Reinvestment Plan	9 Oct 2023	619,447	247,959,984	1.19	**738**
Dividend Reinvestment Plan	7 May 2024	412,734	248,372,718	1.09	**451**
Balance	**30 Jun 2024**		**248,372,718**		29,858

A. ORDINARY SHARES

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.

NOTE 22: RESERVES

	2024	2023
	$'000	$'000
Acquisition Reserve		
Balance at the beginning of the financial period	**(231)**	**(231)**
Balance at end of the financial period	**(231)**	**(231)**
Share Based Payment Reserve		
Balance at the beginning of the financial period	2,415	2,196
Share-based payments	1,579	1,402
Transfer to issued capital	(1,770)	(1,183)
Balance at end of the financial period	**2,224**	**2,415**
Total Reserves	**1,993**	**2,184**

The acquisition reserve is used to recognise the acquisition of non-controlling interests.

NOTE 23: RETAINED EARNINGS

	2024 $'000	2023 $'000
Retained profits at beginning of the financial year	16,980	3,825
Profit after income tax expense for the year	21,430	19,201
Dividends paid	(11,140)	(6,046)
Retained profits at end of the financial year	**27,270**	**16,980**

NOTE 24: DIVIDENDS

Dividends paid during the financial year were as follows:

	2024 $'000	2023 $'000
Other dividends (cash)	9,950	5,497
Dividend Reinvestment Plan	1,190	549
Declared fully franked ordinary dividends franked at 30% (2023: 30%)	**11,140**	**6,046**

Since the end of the financial year, the Directors have recommended the payment of a final ordinary dividend for 2024 of 2.5 cents per fully paid share, franked to 100%, to be paid on 9 October 2024.

NOTE 25: FINANCIAL INSTRUMENTS

The Group's overall risk management program focuses on identifying risks and seeking to minimise any potential adverse effects on the financial performance of the Group. The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. The Board of Directors is responsible for risk management and the approval of relevant policies, such as identification and analysis of risk exposure of the Group, and appropriate procedures, controls and risk limits.

A. MARKET RISK

Market risk is the risk that changes in market prices will affect the Group's income.

B. INTEREST RATE RISK

The consolidated entity's main interest rate risk arises from long-term borrowings.

C. CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. To mitigate the risk, the Group has a strict credit policy, including setting appropriate credit limits. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery.

Cash and cash equivalents (as disclosed in Note 9) are also subject to the impairment requirements of the standard on financial instruments. There are no material amounts of collateral held as security at 30 June 2024.

D. LIQUIDITY RISK

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The Group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

The following table details the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The amounts are based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

	Weighted average interest	Carrying amount	Contractual cashflow	1 year or less	1-2 years	2-5 years	Over 5 years
		$'000	$'000	$'000	$'000	$'000	$'000
2024							
Non-derivate financial liabilities							
Trade and other payables		78,836	78,836	75,475	3,361	-	-
Borrowings	6.27%	25,495	27,958	12,940	6,344	8,674	-
Property lease liabilities	10.10%	6,067	6,634	2,960	1,525	1,620	529
		110,398	**113,428**	**91,375**	**11,230**	**10,294**	**529**
2023							
Non-derivate financial liabilities							
Trade and other payables		85,436	85,436	82,076	2,009	702	649
Contingent consideration payable		9,000	9,000	9,000	-	-	-
Borrowings	5.08%	15,308	16,852	5,438	4,694	6,720	-
Property lease liabilities	6.82%	3,016	3,243	2,221	641	381	-
		112,760	**114,531**	**98,735**	**7,344**	**7,803**	**649**

E. CAPITAL MANAGEMENT

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group's capital risk management policy remains unchanged from 30 June 2023.

As Bankwest no longer offers business products or services under the Bankwest brand, the Group entered into a new facilities agreement with Commonwealth Bank of Australia (CBA) on 2 November 2023. As part of this agreement, the Group is subject to terms and conditions which include financial covenants relating to earnings and debt (leverage ratio) and current assets to current liabilities (current ratio). All covenants were complied with during the reporting period.

In relation to the Group's main funding agreement, Duratec Limited, Duratec Australia (ES) Pty Ltd, MEnD Consulting Pty Ltd and WPF Duratec Pty Ltd each provide a guarantee and indemnity and a General Security Deed in favour of CBA.

The Group also has an asset finance facility with NAB and security interests are granted in favour of NAB and CBA in respect of goods acquired using each respective Asset Finance Facility.

The Group issues surety bonds during the course of business via its facilities with AssetInsure, Vero and Berkshire Hathaway Specialty Insurance Company.

	Expiry date	2024 $'000	2023 $'000
TOTAL FACILITIES			
CBA			
Multi option facility	3 November 2024	50,000	35,000
Cash advance sub-facility		20,000	-
Overdraft sub-facility		-	20,000
Procurement management facilities	No fixed term, payable on demand	40	-
Corporate credit card facility		400	400
Market rate loan facility	3 November 2026	5,600	-
Asset finance sub-facility	No fixed term, revolving facility	24,000	12,000
NAB			
Asset finance facility	31 January 2025	9,000	7,600
AssetInsure			
Bond facility	1 March 2025	30,000	20,000
Vero			
Bond facility	15 October 2024	20,000	10,000
Berkshire Hathaway			
Bond facility	2 November 2028	15,000	-
		174,040	**105,000**
USED AT REPORTING DATE:			
CBA			
Multi option facility		42,387	30,148
Cash advance sub-facility		5,000	-
Overdraft sub-facility		-	-
Procurement management facilities		-	-
Corporate credit card facility		146	127
Market rate loan facility		-	-
Asset finance facility		13,062	10,479
NAB			
Asset finance facility		7,016	4,829
AssetInsure			
Bond facility		19,886	7,659
Vero			
Bond facility		10,027	6,927
Berkshire Hathaway			
Bond facility		14,611	-
		112,134	**60,169**

	Expiry date	2024 $'000	2023 $'000
UNUSED AT REPORTING DATE:			
CBA			
Multi option facility		7,613	4,852
Cash advance sub-facility		15,000	-
Overdraft sub-facility		-	20,000
Procurement management facilities		40	-
Corporate credit card facility		254	273
Market rate loan facility		5,600	-
Asset finance facility		10,938	1,521
NAB			
Asset finance facility		1,984	2,771
AssetInsure			
Bond facility		10,114	12,341
Vero			
Bond facility		9,973	3,073
Berkshire Hathaway			
Bond facility		389	-
		61,906	**44,831**

F. CURRENCY RISK

The Group's receivables are all denominated in Australian dollars and accordingly no currency risk exists.

G. FAIR VALUE OF FINANCIAL INSTRUMENTS

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

NOTE 26: REMUNERATION OF AUDITORS

During the financial year the following fees were paid or payable for services provided by RSM Australia Partners, the auditor of the Group:

	2024 $'000	2023 $'000
Audit services – RSM Australia Partners		
Audit and review of the financial statements	238	243
Other services – RSM Australia Pty Ltd		
Tax services	90	34
Other consulting services	45	-
	373	**277**

NOTE 27: 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.

	2024 $'000	2023 $'000
Bonds & Guarantees on issue at end of financial year	86,911	44,733

NOTE 28: CAPITAL COMMITMENTS

	2024 $'000	2023 $'000
Committed at the reporting date but not recognised as liabilities, payable:		
Plant and equipment	1,010	1,179

NOTE 29: RELATED PARTY TRANSACTIONS

The Group's main related parties are as follows:

- **Parent Entity**
  Duratec Limited is the parent entity.
- **Key Management Personnel (KMP)**
  All directors (whether executive or otherwise) of the entities in the Group are considered KMP.
- **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. For further details of interests held in associates and joint ventures, refer to "Note 33" on page 94.
- **Entities, or Any Member of the Group that it is Part of, Provides Key Management Personnel Services**
  An entity with a director, who is also considered as Key Management Personnel of the Group.
- **Transactions with Related Parties**
  Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties during the year:

		Sales to related parties	Purchases from related parties	Related party balances in Trade receivables	Related party balances in Trade Payables	Dividends received	Loan balances payable to related parties	Loan balances receivable from related parties
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Associates								
DDR Australia Pty Ltd	2024	6,367	2,034	475	89	-	-	-
	2023	6,581	1,792	366	196	365	-	-
Jimann Pty Ltd	2024	-	268	-	-	-	-	-
	2023	-	263	-	-	-	-	-
Entity providing KMP services								
Fortec Australia Pty Ltd	2024	31	22	-	-	-	-	-
	2023	92	64	68	13	-	-	-
Bold Drainage Pty Ltd	2024	-	137	-	-	-	-	-
	2023	-	126	-	-	-	-	-
KB Corporate Advisors Pty Ltd	2024	-	95	-	-	-	-	-
	2023	-	-	-	-	-	-	-
Total	2024	**6,398**	**2,556**	**475**	**89**	**-**	**-**	**-**
Total	2023	**6,673**	**2,245**	**434**	**209**	**365**	**-**	**-**

COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2024	2023
	$'000	$'000
Short-term employee benefits	2,420	3,500
Post-employment benefits	180	159
Long-term benefits	51	56
Share-based payments	104	155
Total compensation paid to Key Management Personnel	**2,755**	**3,870**

NOTE 30: BUSINESS COMBINATIONS

A. ACQUISITION OF WILSON'S PIPE FABRICATION PTY LTD

Refer to the 2023 Financial Statements for details of the acquisition of Wilson's Pipe Fabrication Pty Ltd. Except for changes noted below, the disclosures are consistent with Note 30 of the 2023 Financial Statements.

On 7 October 2022, Duratec entered an agreement to acquire 100% Wilson's Pipe Fabrication Pty Ltd, 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 which was subject to 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 working capital amount was finalised in September 2023, resulting an reduction of $0.5m from the initial estimate previously disclosed in the 2023 financial statements. These adjustments were made within the initial 12-month measurement period.

On 28 November 2023, Wilson's Pipe Fabrication Pty Ltd changed its name to WPF Duratec Pty Ltd.

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 WPF Duratec Pty Ltd employees. The goodwill is not deductible for tax purposes.

The following table summarises the cash flows in relation to the acquisition at 30 June 2024

	30 June 2024	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**

B. ACQUISITION OF THE BUSINESS OF A&B WELDING PTY LTD

On 15 December 2023, WPF Duratec Pty Ltd (a wholly owned subsidiary of Duratec Limited) entered a Business Purchase Agreement to acquire the operational assets and business of A&B Welding Pty Ltd for a total consideration transferred of $1,427,000. A&B Welding Pty Ltd provides fabrication & welding, labour hire, maintenance and other specialised services. The acquisition was completed on 29 January 2024. The transaction has been accounted for as a business combination on that date, as it resulted in the transfer of control over the business operations including key customer contracts, rather than the legal entity itself.

The values identified in relation to the acquisition of the business of A&B Welding Pty Ltd are final as at 30 June 2024.

	Fair Value 29 Jan 2024 $'000
Inventories	319
Property, plant and equipment	1,146
Customer relationships	279
Employee liabilities	(119)
Net assets acquired	**1,625**
Gain on bargain purchase	(198)
Acquisition-date fair value of the total consideration transferred	1,427
Representing:	
Cash paid to vendor	1,427
Acquisition costs expensed to profit or loss	28
Cash used to acquire business, net of cash acquired:	
Acquisition-date fair value of the total consideration transferred	1,427
Less: cash and cash equivalents	-
Net cash used	**1,427**

NOTE 31: SHARE-BASED PAYMENTS

As at 30 June 2024, 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 3,310,000 Rights

Number of Rights granted	Vesting Date	Lapsed	Vested	Balance	Vesting Hurdles
1,855,000	31 Aug 2023	395,000	1,460,000	- [1]	**1** Continued employment to vesting date & meeting an earnings per share (EPS) target
1,997,500	6 Sep 2024	412,500	-	1,585,000 [1]	
2,455,000	5 Sep 2025	400,000	-	2,055,000 [1]	
170,000	31 Aug 2025	20,000	-	150,000 [1]	
145,000	31 Aug 2025	-	-	145,000 [1]	
1,655,000	31 Aug 2026	25,000	-	1,630,000 [1]	
1,855,000	31 Aug 2023	395,000	1,460,000	- [2]	**2** Continued employment to vesting date & meeting a total shareholder return (TSR) target
1,997,500	6 Sep 2024	412,500	-	1,585,000 [2]	
2,455,000	5 Sep 2025	400,000	-	2,055,000 [2]	
170,000	31 Aug 2025	20,000	-	150,000 [2]	
145,000	31 Aug 2025	-	-	145,000 [2]	
1,655,000	31 Aug 2026	25,000	-	1,630,000 [2]	
16,555,000		**2,505,000**	**2,920,000**	**11,130,000**	

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.

C. VALUATION MODEL INPUTS

For the performance rights issued during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	1 Dec 2023
Expiry Date	30 Sep 2028
Number of Performance Rights	3,310,000
Share Price at Valuation Date	$1.30
Expected Volatility	47.90%
Dividend yield	3.02%
Risk Free Interest Rate	4.07%
Fair Value at Valuation Date:	
Subject to Total Shareholder Return (TSR) performance condition	$0.66
Subject to Earnings Per Share (EPS) performance condition	$1.30

D. EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024	2023
	$'000	$'000
Deferred shares issued under the short-term incentive scheme - Duratec Limited	1,391	1,302
Deferred shares issued under the short-term incentive scheme - WPF Duratec Pty Ltd	76	32
	1,467	**1,334**
Deferred shares issued under the short-term incentive scheme - DDR Australia Pty Ltd	112	68
	1,579	**1,402**

NOTE 32: PARENT ENTITY INFORMATION

Set out below is the supplementary information about the parent entity.

	2024 $'000	2023 $'000
Statement of Profit or Loss and Other Comprehensive Income		
Profit after income tax [1]	20,458	16,756
Total comprehensive income[1]	**20,458**	**6,950**
STATEMENT OF FINANCIAL POSITION		
Assets		
Current assets	149,552	144,267
Non-current assets	64,076	62,021
Total assets	**213,628**	**206,288**
Liabilities		
Current liabilities	135,313	143,825
Non-current liabilities	23,161	20,204
Total liabilities	**158,474**	**164,029**
Equity		
Issued capital	29,858	26,899
Reserves	2,225	2,415
Retained earnings	23,071	12,945
Total equity	**55,154**	**42,259**

1 Includes acquisition related costs

CONTINGENT LIABILITIES

Other than disclosed in “Note 27” on page 88, the parent entity had no contingent liabilities as at 30 June 2024 and 30 June 2023.

CAPITAL COMMITMENTS - PROPERTY, PLANT AND EQUIPMENT

Other than disclosed in “Note 28” on page 88, the parent entity had no capital commitments for property, plant and equipment as at 30 June 2024 and 30 June 2023.

MATERIAL ACCOUNTING POLICIES

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in “Note 1” on page 63, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.
- Dividends received from subsidiaries are recognised as other income by the parent entity and its receipt may be an indicator of an impairment of the investment.

NOTE 33: INTERESTS IN SUBSIDIARIES, ASSOCIATES AND JOINT ARRANGEMENTS

A. SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in "Note 1" on page 63. The proportion of ownership interests held equals the voting rights held by the Group. 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.

		Ownership interest held by the Group	
Name of entity	Principal place of business and country of incorporation	2024 %	2023 %
Duratec Australia (ES) Pty Ltd	Australia	100	100
MEnD Consulting Pty Ltd	Australia	100	100
Duratec New Zealand Ltd [1]	New Zealand	100	100
WPF Duratec Pty Ltd	Australia	100	100
Duratec (PNG) Limited [2]	Papua New Guinea	100	-

1 Duratec New Zealand Limited was incorporated in November 2020 but is not yet trading.

2 Duratec (PNG) Limited was incorporated on 2 April 2024 but is not yet trading.

B. ASSOCIATES AND JOINT ARRANGEMENTS

Interests in associates are accounted for using the equity method of accounting whilst Duratec Limited's share of the joint arrangement is proportionately consolidated in the financial accounts.

			Proportion of ordinary share interests/ participating share	
Name of entity	Principal place of business and country of incorporation	Classification	2024 %	2023 %
DDR Australia Pty Ltd	Australia	Associate	49	49
Duratec Ertech JV	Australia	Joint Arrangement	50	50

C. INFORMATION ABOUT ASSOCIATES

DDR Australia Pty Ltd ('DDR') is registered as an incorporated company. 51% of DDR's issued shares are owned by Hutcheson & Co Holdings Pty Ltd and 49% is owned by Duratec Limited. The purpose of the business is to carry out Commonwealth and State Government works, whether directly or via Government contractors, where there is an indigenous procurement policy.

D. INFORMATION ABOUT JOINT ARRANGEMENT

Duratec Ertech JV is an unincorporated entity and is classified as a joint operation whereby Duratec and Ertech each have a 50% interest. Duratec Ertech JV is a contractual arrangement between participants for the sharing of costs and outputs and Duratec Limited's share is proportionately consolidated in the financial accounts.

NOTE 34: DEED OF CROSS GUARANTEE

At 30 June 2024, Duratec Limited, MEnD Consulting Pty Ltd and WPF Duratec Pty Ltd are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly owned entities have been relieved from the requirements to prepare a financial report and directors' report under ASIC Corporations (Wholly Owned Companies) Instrument 2016/785.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Duratec Limited, they also represent the 'Extended Closed Group'.

Set out below is a consolidated statement of profit or loss and other comprehensive income and statement of financial position of the 'Closed Group'.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	2024 $'000	2023 $'000
Continuing Operations		
Revenue from contracts with customers	555,792	471,783
Contracting cost of sales	(459,617)	(396,058)
	96,175	**75,725**
Other income	3,969	1,859
Employee benefits expense	(42,675)	(35,046)
Administration expense	(10,518)	(8,553)
Occupancy expense	(1,988)	(1,426)
Depreciation and amortisation expense	(14,678)	(8,522)
Finance costs	(2,359)	(924)
Equity accounted investment results	1,196	636
Profit before income tax expense from continuing operations	**29,122**	**23,749**
Income tax expense	(7,692)	(7,002)
Profit after income tax expense for the year	**21,430**	**16,747**
Total comprehensive income for the year	**21,430**	**16,747**
Profit for the year is attributable to:		
Owners of Duratec Limited	21,430	16,747
Profit for the year	**21,430**	**16,747**
Total comprehensive income for the year, net of tax	**21,430**	**16,747**

Note 34: Deed of Cross Guarantee continued...

STATEMENT OF FINANCIAL POSITION	2024 $'000	2023 $'000
ASSETS		
Current Assets		
Cash and cash equivalents	65,014	62,550
Trade and other receivables	74,016	54,782
Contract assets	18,802	24,585
Inventories	1,017	346
Other current assets	2,253	1,761
Total Current Assets	**161,102**	**144,024**
Non-Current Assets		
Trade and other receivables	234	6,298
Property, plant and equipment	33,446	25,356
Right-of-use assets	5,723	2,439
Investments accounted for using the equity method	5,732	23,545
Other non-current assets	320	186
Intangible assets	13,868	-
Deferred tax assets	4,769	4,392
Total Non-Current Assets	**64,092**	**62,216**
Total Assets	**225,194**	**206,240**
LIABILITIES		
Current Liabilities		
Trade and other payables	75,475	80,826
Contingent consideration	-	9,000
Borrowings	11,844	4,773
Property lease liabilities	2,509	1,940
Contract liabilities	39,332	34,550
Current tax receivable	231	1,257
Provisions	11,255	10,082
Total Current Liabilities	**140,646**	**142,428**
Non-Current Liabilities		
Trade and other payables	3,361	3,359
Borrowings	13,651	10,535
Property lease liabilities	3,558	752
Deferred tax liabilities	3,257	4,311
Provisions	1,804	1,246
Total Non-Current Liabilities	**25,631**	**20,203**
Total Liabilities	**166,277**	**162,631**
Net Assets	**58,917**	**43,609**
EQUITY		
Issued capital	29,858	26,899
Reserves	1,993	2,184
Retained earnings	27,066	14,526
Total Equity	**58,917**	**43,609**

On 3 July 2023, the Group executed a Revocation Deed to release Duratec Australia (ES) Pty Ltd from the Deed of Cross Guarantee. An original of the Revocation Deed was lodged with Australian Securities and Investments Commission (ASIC) on 5 July 2023. The effect of the Revocation Deed is that Duratec Australia (ES) Pty Ltd was released from all liabilities under the Deed of Cross Guarantee in respect of any debts of the Group entities.

An agreement was signed on 3 July 2023 to add WPF Duratec Pty Ltd to the Deed of Cross Guarantee.

NOTE 35: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

	2024	2023
	$'000	$'000
Profit after income tax expense for the year	21,430	19,201
Adjustments for:		
Depreciation and amortisation expense	14,678	9,569
Share of profits of associates	(1,196)	(636)
Dividends received from associate	(997)	(365)
Gain on sale of fixed assets	(309)	(232)
Share based payment expense	1,467	1,334
Gain on bargain purchase	(198)	-
Other reconciling items	6	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(8,593)	(29,853)
(Decrease)/Increase in contract assets	6,383	(7,600)
Increase in inventories	(352)	(29)
Increase in other assets	(505)	(225)
(Decrease)/increase in trade and other payables	(6,488)	44,032
Increase/ (Decrease) in contract liabilities	3,604	(5,963)
Increase in provisions	1,142	3,762
(Decrease)/ Increase in tax balances	(2,791)	1,845
Net cash from operating activities	**27,281**	**34,840**

NON-CASH TRANSACTIONS

Additions to the right-of-use assets during the year amounted to $6,431,000 (2023: $2,162,000).

CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	1 July 2023	New leases	Acquired in acquisition	Repayments made	Other non-cash adj	30 June 2024
	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings	15,308	25,875	-	(15,689)	1	25,495
Lease Liabilities	3,016	6,431	-	(4,026)	646	6,067

	1 July 2022	New leases	Acquired in acquisition	Repayments made	Other non-cash adj	30 June 2023
	$'000	$'000	$'000	$'000	$'000	$'000
Borrowings	12,022	8,078	-	(4,792)	-	15,308
Lease Liabilities	2,786	2,162	395	(2,485)	158	3,016

NOTE 36: EVENTS AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2024 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.

CONSOLIDATED ENTITY DISCLOSURE STATEMENT

As at 30 June 2024

Entity name	Entity type	Place formed / Country of incorporation	Ownership interest %	Tax residency
Duratec Australia (ES) Pty Ltd	Body corporate	Australia	100%	Australia[1]
MEnD Consulting Pty Ltd	Body corporate	Australia	100%	Australia[1]
Duratec New Zealand Ltd	Body corporate	New Zealand	100%	Australia[2]
WPF Duratec Pty Ltd	Body corporate	Australia	100%	Australia[1]
Duratec (PNG) Limited	Body corporate	Papua New Guinea	100%	Australia[2]

1 *Duratec Limited (the 'head entity') and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under the tax consolidation regime.*

2 *The tax residency of these entities is deemed to be Australia as they are dormant and are controlled from Australia.*

DIRECTORS' DECLARATION

For the year ended 30 June 2024

In the directors' opinion the consolidated financial statements and notes are in accordance with the Corporations Act 2001 and;

a. Comply with Australian Accounting Standards, the Corporations Regulations 2001, and other mandatory professional reporting requirements;

b. Give a true and fair view of the consolidated entity's financial position as at 30 June 2024 and of its performance for the financial year ended on that date;

c. Comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in Note 1 to the financial statements; and

d. At the date of this declaration, there are reasonable grounds to believe that the members of Duratec Limited will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed of cross guarantee described in Note 34 to the financial statements.

There are reasonable grounds to believe the Group will be able to pay its debts as and when they become due and payable, and the information disclosed in the attached consolidated entity disclosure statement is true and correct.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the directors and in accordance with section 295(5)(a) of the Corporations Act 2001 for the year ended 30 June 2024.

On behalf of the Directors,

Chris Oates
Managing Director - Duratec Limited

Date: 27 August 2024
Perth

INDEPENDENT AUDITOR'S REPORT

RSM Australia Partners

Level 32 Exchange Tower, 2 The Esplanade Perth WA 6000
GPO Box R1253 Perth WA 6844

T +61 (0) 8 9261 9100

www.rsm.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF DURATEC LIMITED

OPINION

We have audited the financial report of Duratec Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2024, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards 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 Group 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 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

RSM

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Recognition of Revenue
Refer to Note 4 in the financial statements</td></tr>
<tr><td>The Group's largest source of revenue is derived from construction services and services contracts.

Construction services and services contracts revenue is recognised by management after assessing all factors relevant to each contract, including specifically assessing the following as applicable:
› Estimation of total contract revenue and costs, including the estimation of cost contingencies;
› Determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims;
› Determination of the stage of completion and measurement of progress towards performance obligations; and
› Estimation of project completion dates.

The above determinations will also impact on account balances such as contract assets and liabilities.

We determined this area to be a key audit matter due to the number and type of estimation events over the course of the contract life, the unique nature of individual contract conditions, leading to complex and judgmental revenue recognition from contracts.</td><td>Our audit procedures included:
› Assessing contractual terms with customers and substantiating project revenues and costs incurred against underlying supporting documents;
› Assessing management's assumptions in determining the stage of completion, total contract revenue and total estimated costs;
› Checking the mathematical accuracy of revenue recognised during the year based on the stage of completion;
› Reading customers and subcontractor correspondence and discussing the progress of projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contract costs;
› Discussing the rationale for revisions made to estimated costs with project personnel and management and checking explanations to supporting documentation;
› Challenging management's assessment and testing the reasonableness of the provision for foreseeable losses; and
› Challenging the judgements made by management in estimating the expected credit loss relating to contract assets.</td></tr>
<tr><td colspan="2">Impairment of Intangible Assets
Refer to Note 17 in the financial statements</td></tr>
<tr><td>The carrying amount of goodwill and customer relationships are $4,452,000 and $9,416,000 respectively. Management has performed an impairment test on the recoverability of the goodwill as required by Australian Accounting Standards.

We determined this area to be a key audit matter due to the size of the goodwill and customer relationships balance and because the directors' assessment of the value-in-use of the cash generating unit (CGU) involves significant management judgement about the identification of CGU, the future underlying cash flows of the business and the discount rate applied</td><td>Our audit procedures included:
› Assessing management's determination that the goodwill should be allocated to one CGU;
› Assessing the valuation methodology used to determine the recoverable amount of goodwill and the CGU's customer relationships, property plant and equipment and right of use assets;
› Challenging the reasonableness of key assumptions, including the cash flow projections, expected revenue growth rates, the discount rates and sensitivities used;
› Reviewing management's sensitivity analysis over the key assumptions used in the model;
› Checking the mathematical accuracy of the value-in-use model and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of these budgets; and
› Reviewing the appropriateness of disclosures in the financial statements.</td></tr>
</table>

RSM

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2024, but does not include the financial report and the auditor's report thereon.

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 Company are responsible for the preparation of:

a. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001; and

b. the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

i. the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and

ii. the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group 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.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf This description forms part of our auditor's report.

RSM

REPORT ON THE REMUNERATION REPORT

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2024.

In our opinion, the Remuneration Report of Duratec Limited, for the year ended 30 June 2024, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

RSM

RSM AUSTRALIA

J A KOMNINOS
Partner

Perth, WA
Dated: 27 August 2024

SHAREHOLDING DETAILS

CLASS OF SHARES AND VOTING RIGHTS

As at 31 July 2024 there were 2,147 shareholders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, subject to any rights or restrictions for the time being attached to any class or classes of shares, are:

a) at meetings of members or class of members, each member entitled to vote may vote in person or by proxy or representative; and

b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or representative has one vote for each ordinary share held.

Number of Shareholders

2,417

Total shares on issue

248,372,718

Nº of unmarketable parcels

73[2]

2 *Based on a closing price of $1.2950 on 31 July 2024.*

SUBSTANTIAL SHAREHOLDERS AS AT 31 JULY 2024

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 (Cth) are:

Shareholder Name	Nº of Shares
ERTECH HOLDINGS PTY LTD	47,348,514
JAMES ROBERT GIUMELLI	47,348,514 [1]
JAMES PATRICK GIUMELLI	47,748,514 [1]
DENCORT PTY LTD <HARCOURT FAMILY A/C>	23,953,389
MR CHRIS OATES + MRS PAMELA OATES <OATES FAMILY A/C>	23,953,389
KENT COLONY VENTURES PTY LTD <DIPROSE RICHARDS FAMILY A/C>	23,908,522

1 *Each of these holders have a relevant interest in the 47,348,514 shares held by Ertech Holdings Pty Ltd pursuant to the Corporations Act 2001 (Cth).*

DISTRIBUTION OF SHAREHOLDINGS

as at 31 July 2024

Range	Total Holders	% Units
1-1,000	460	0.12
1,001-5,000	745	0.86
5,001-10,000	397	1.27
10,001-100,000	708	8.67
100,001 and over	107	89.08

TOP 20 SHAREHOLDERS

as at 31 July 2024

Holder		Nº of Shares	% of Total
1	ERTECH HOLDINGS PTY LTD	47,348,514	19.06
2	DENCORT PTY LTD <HARCOURT FAMILY A/C>	23,953,389	9.64
2	KENT COLONY VENTURES PTY LTD <DIPROSE RICHARDS FAMILY A/C>	23,853,389	9.60
4	MR CHRIS OATES + MRS PAMELA OATES <OATES FAMILY A/C>	23,853,389	9.60
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	17,564,476	7.07
6	CITICORP NOMINEES PTY LIMITED	11,755,826	4.73
7	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	7,980,946	3.21
8	BNP PARIBAS NOMINEES PTY LTD <IB AU NOMS RETAILCLIENT>	7,475,425	3.01
9	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	5,707,027	2.30
10	BNP PARIBAS NOMS PTY LTD	5,330,559	2.15
11	JAWP INVESTMENTS PTY LTD	4,575,000	1.84
12	MR OLIVER MCKEON <MT POCKETS BUSINESS A/C>	4,316,120	1.74
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	2,415,046	1.73
14	UBS NOMINEES PTY LTD	2,212,458	0.89
15	MR MICHAEL JOHN WILSON	2,200,000	0.89
16	FORT BARAMBA PTY LTD	1,715,674	0.69
17	BNP PARIBAS NOMS (NZ) LTD	1,590,759	0.64
18	NATIONAL NOMINEES LIMITED	1,569,547	0.63
19	EXLDATA PTY LTD	1,438,919	0.58
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <GSCO CUSTOMERS A/C>	1,224,670	0.49

ON-MARKET SHARE BUY-BACK

There is no current on-market buy-back.

RESTRICTED SECURITIES

There are no securities in the capital of the Company subject to escrow arrangements.

UNQUOTED SECURITIES

Class	Number of securities	Number of holders
Performance Rights	11,508,000	80

There are no rights attaching to performance rights.

DISTRIBUTION OF PERFORMANCE RIGHTS

as at 31 July 2024

Range	Total Holders	% Units
1-1,000	-	-
1,001-5,000	-	-
5,001-10,000	-	-
10,001-100,000	35	15.1%
100,001 and over	45	84.9%

CORPORATE DIRECTORY

SHARE REGISTRY

COMPUTERSHARE INVESTOR SERVICES PTY LTD

Level 17, 221 St Georges Terrace,
Perth WA 6000

Phone: 1300 850 505
(within Australia)

+61 3 9415 4000
(outside Australia)

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 WA 6000

REGISTERED OFFICE

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

108 Motivation Drive, Wangara
Western Australia 6065

CONTACT DETAILS

Phone: +61 (8) 9206 6900

Email: info@duratec.com.au

Website: www.duratec.com.au

DIRECTORS

Martin Brydon
Non-Executive Director, Chair

Chris Oates
Executive Director, Managing Director

Robert (Phil) Harcourt
Non-Executive Director

Gavin Miller
Non-Executive Director

Krista Bates
Non-Executive Director

Dennis Wilkins
Company Secretary

DURATEC

108 Motivation Drive, Wangara
Western Australia 6065

Tel: +61 8 6206 6900

Email: info@duratec.com.au

www.duratec.com.au