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Decmil Group Limited

Half Year Report

31 December 2023

**Together, we're
the difference.**

CORPORATE DIRECTORY

Directors

Andrew Barclay, Chair
Rod Heale, Executive Director
Peter Thomas, Executive Director
David Steele, Non-Executive Director
Vin Vassallo, Non-Executive Director

Executive Team

Rod Heale, Chief Executive Officer
Peter Thomas, Chief Financial Officer
Deon Baddock, Executive General Manager West
Simon Barnes, Executive General Manager East
Rob Currie, Group Manager People & Culture
Bryn Vaughan, Group HSE Manager

Company Secretary

Peter Coppini

Australian Business Number

35 111 210 390

Registered Office

20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877
Facsimile: 08 9368 8878

Postal Address

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Osborne Park WA 6916

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Osborne Park WA 6017
Telephone: 08 9368 8877
Brisbane
Level 5, 60 Edward Street
Brisbane QLD 4000
Telephone: 07 3640 4600
Melbourne
Level 3, 850 Collins Street
Docklands VIC 3008
Telephone: 1300 332 645

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
Perth WA 6000
Telephone: 08 9261 9100

Share Registry

Computershare Investor Services Pty Ltd
Level 17, 221 St Georges Terrace
Perth WA 6000
Telephone: 08 9323 2000
Email: web.queries@computershare.com.au
Website: www.computershare.com.au

Bankers

National Australia Bank Ltd
100 St Georges Terrace
Perth WA 6000
Telephone: 13 10 12

Controlled Entities

Decmil Australia Pty Ltd
Decmil Engineering Pty Ltd
Decmil PNG Limited
Decmil Southern Pty Ltd
Eastcoast Development Engineering Pty Ltd
Homeground Villages Pty Ltd
Homeground Gladstone Pty Ltd ATF
Homeground Gladstone Unit Trust
Decmil Maintenance Pty Ltd
Decmil Group Limited Employee Share Plan Trust

ASX Codes

DCG
DCGPA

DIRECTORS' REPORT

Your directors submit the financial report of Decmil Group Limited ("Company") and its controlled entities ("Group", or "Consolidated Entity") for the half-year ended 31 December 2023.

Directors and Company Secretary

The following persons were directors of Decmil Group Limited during the whole of the half-year and up to the date of this report:

- Andrew Barclay – Chair
- Rod Heale – Executive Director
- Peter Thomas – Executive Director
- David Steele – Non-Executive Director
- Vin Vassallo – Non-Executive Director

The Company Secretary is Peter Coppini.

Principal activities

Decmil was established in 1978 and since has grown to provide design, engineering, construction and maintenance engineering construction services to the Infrastructure, Resources, and Renewables sectors across Australia:

Infrastructure

- Government infrastructure projects including major road and bridge civil engineering projects.
- Integrated transport solutions such as railway networks and airports.
- Construction of schools, medical centres, facilities, airports and accommodation units for government and local councils.
- Construction of industrial and commercial buildings.

Resources

- Non-process infrastructure, including industrial buildings, workshop, storage facilities, control rooms, substations, workshops and accommodation facilities.
- Construction of workforce accommodation and associated facilities.
- Civil works including site preparation, excavation, bulk earthworks and construction of roads and bridges.

Renewables

- Early Contractor Involvement (ECI), project management and construction services for the renewable energy sector focusing on wind farm civil balance of plant projects.

Operating and Financial Results

Revenue for the half-year ended 31 December 2023 was \$215 million compared to \$256 million in the prior half-year.

Earnings before interest, tax, depreciation, amortisation and impairments was a profit of \$2.6 million compared to a profit of \$3.3 million in the prior half-year.

The consolidated entity reported a statutory net loss for the half-year of \$1.8 million compared to a loss of \$2.5 million in the prior half-year.

Operating cash flow for the half-year ended 31 December 2023 was a net outflow of \$9.4 million compared to a net outflow of \$6.3 million in the prior half-year.

The Company raised \$26.3 million by issuing Redeemable Convertible Preference Shares ("RCPS") in June and July 2023 ("Capital Raising"). \$20 million of the Capital Raising was underwritten prior to 30 June 2023. During July 2023, the Capital Raising became fully underwritten. All proceeds from the Capital Raising were received by the Company before the end of July 2023.

At 31 December 2023 the balance sheet reflected an overall net debt position of \$17.5 million compared to \$23.5 million at 30 June 2023. Net assets were \$62.5 million at 31 December 2023 compared to \$58.7 million at 30 June 2023.

Dividends Paid or Recommended

Fully paid ordinary shares

No interim dividend for fully paid ordinary shares was paid, declared, or recommended for payment for the half-year ended 31 December 2023.

Redeemable convertible preference shares

On 22 August 2023, the Board determined the first dividend for the Company's RCPS. The first RCPS dividend covered the payment period 24 July 2023 to 30 September 2023. The dividend amount per RCPS was \$0.00452459 and was paid on 29 September 2023. For further information about the first RCPS dividend, please see Decmil's announcement (Appendix 3A.1) dated 23 August 2023.

On 20 February 2024, the Board determined the second dividend for the Company's RCPS. The second RCPS dividend covers the payment period 1 October 2023 to 31 March 2024. The dividend amount per RCPS is \$0.0012 and is scheduled for payment on 28 March 2024. For further information about the second RCPS dividend, please see Decmil's announcement (Appendix 3A.1) dated 20 February 2024.

Operational Overview

Operations continue to reflect the diversity of the Group, with project activity spanning public sector infrastructure projects across Australia, non-process and worker accommodation facilities for the WA and Queensland resource sectors, general in-situ construction in WA and balance of plant works in renewable energy across multiple states.

Revenue from operations has decreased from \$256 million in the prior half-year to \$215 million for the half-year ended 31 December 2023.

Key operational highlights for the half-year ended 31 December 2023 include:

Safety

- Strong safety performance with zero lost time injuries for the period resulting in a lost time injury frequency rate (LTIFR) of 0.0 and a total recordable injury frequency rate (TRIFR) of 2.7.

Infrastructure

- In December 2023, Decmil was awarded the \$78 million Ison Road Rail Overpass project in Werribee, west of Melbourne, Victoria, by Major Road Projects Victoria. Other projects continuing or completed in the half-year ended 31 December 2023 include:

- Continued progress on the contract for the design and construction of phase one of the Albany Ring Road for the Western Australian Government and the contract for phase two (\$100 million - \$250 million).
- Continued progress on the Gippsland Line Upgrade contract with the VicConnect Alliance, an alliance between Rail Projects Victoria, UGL and Arup (Decmil share \$100 million - \$250 million).
- Continued progress on the contract to construct new training workshops at the Pundulmurra TAFE campus in South Hedland for the WA Department of Finance (\$0 - \$50 million).
- Continued progress on the contract to design and construct the Florin Parkside apartments project for Stirling Capital, located in Perth (\$0 - \$50 million).
- Practical completion achieved for the Barwon Heads Road Upgrade Work Package 1 for Major Road Projects Victoria (\$50 million - \$100 million).
- Practical completion achieved for the new Port Hedland Community Centre building complex for the Town of Port Hedland (\$0 - \$50 million).
- Practical completion achieved for the Karratha Senior High School for the Government of Western Australia, Department of Finance Building Management and Works (\$0 - \$50 million).

Resources

- In August 2023, Decmil was awarded the \$84 million Perdaman bulk earthworks project at the Ceres Urea Plant Project in the Pilbara region of Western Australia by the Saipem Clough Joint Venture. Other projects continuing or completed in the half-year ended 31 December 2023 include:
- Award of contract for the NDA Washbay project for QGC Pty Ltd in Queensland (\$0 - \$50 million).
- Award (limited notice) on the Mount Holland Lithium Project in Western Australia for Covalent Lithium Pty Ltd.
- Continued work on multiple Early Contractor Involvement contracts including: Early Design Development Services for Roy Hill Infrastructure's Rolling Stock Maintenance Workshop upgrade, early Design Development Services for BHP's Port Haven project and Early Contract Involvement work on the Myara Mine for Alcoa.
- Continued progress at the Covalent Kwinana NPI project for Covalent Lithium (\$0 - \$50 million).

Renewables

- Continued work at the Ryan Corner Windfarm for GPG (\$50 million - \$100 million).
- Decmil has been advised of conditional preferred status as Civil Balance of Plant contractor for the construction of the 108 MW Waddi Wind Farm in Western Australia and has undertaken early works (\$0 - \$50 million).

Homeground Gladstone

- Occupancy levels were modest but improving at Homeground Gladstone. Homeground revenue was \$6.7 million for the half-year ended 31 December 2023 delivering an EBITDA of \$1.4 million.
- Average occupancy for the half-year was 17.1%, which included a peak month of 28.7%.

Significant Changes in State of Affairs

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

After Balance Date Events

No matters or circumstances have arisen since the end of the half-year which 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.

Likely Developments and Outlook

Several of Decmil's key sectors are experiencing strong market conditions.

These sectors and their drivers are summarised below:

- **Infrastructure:** Across Australia the combined infrastructure pipeline (building, transport and utilities) (2022-23 to 2026-27) amounts to \$691 billion. The transport component of this is some 30% or \$211 billion (IA Market Capacity Report 2023 page 32).
- **Resources:** As of October 2023, Australia had 86 projects worth \$77 billion at the committed stage and a further 46 projects worth \$30 billion at the advanced feasibility stage. Most of these projects are in Western Australia or Queensland. Western Australia now holds more than 70% of project value by committed stage.
- **Renewables:** Australia's strengthened climate target of 43% of emissions reductions by 2030 and achieving net zero emissions by 2050 provides greater impetus for renewable energy. Australia's renewable energy capacity is forecast to expand to 82% up to 2030. Clean Energy Council forecasts that Australia will need financial commitments in the order of 5000-7000 MW of new large-scale generation each year between now and 2030 to meet the Government's target (Renewable Projects Quarterly Report Q3 2023 – Clean Energy Council).

As at 31 December 2023 the consolidated entity has approximately \$455 million of work in hand extending into FY27.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investment 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

The auditor’s independence declaration under section 307C of the Corporations Act 2001 (“the Act”) is included within this interim financial report.

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

On behalf of the Board of Directors,



Andrew Barclay
Chair

22 February 2024

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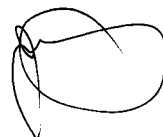
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Decmil Group Limited for the half-year ended 31 December 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (ii) any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink that reads "RSM".

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be "James Komninos".

JAMES KOMNINOS
Partner

Perth, WA
Dated: 22 February 2024

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RSM Australia Partners ABN 36 965 185 036

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Note	Consolidated Entity	
		31/12/2023	31/12/2022
		\$000	\$000
Revenue	3	215,254	255,275
Cost of sales		(203,869)	(239,221)
Gross profit		11,385	16,054
Other income	3	6,141	776
Administration expenses		(14,328)	(13,185)
Equity based payments		(621)	(309)
Earnings before interest, tax, depreciation and amortisation		2,577	3,336
Interest received	3	1	1
Borrowing costs		(2,590)	(2,916)
Depreciation and amortisation expense		(1,828)	(2,904)
Loss before income tax expense		(1,840)	(2,483)
Income tax expense		-	-
Net loss after tax		(1,840)	(2,483)
Other Comprehensive Income			
Other comprehensive income		-	-
Total comprehensive loss for the period		(1,840)	(2,483)
Basic earnings per share (cents per share)		(1.18)	(1.60)
Diluted earnings per share (cents per share)		(1.18)	(1.60)

The accompanying notes form part of the interim financial report

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	Consolidated Entity	
		31/12/2023	30/06/2023
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		25,479	3,686
Trade and other receivables		30,238	40,838
Contract assets		33,358	33,771
Non-current asset held for sale	6	-	56,991
Other assets		11,667	6,374
TOTAL CURRENT ASSETS		100,742	141,660
NON-CURRENT ASSETS			
Investment property	6	62,900	-
Plant and equipment		7,149	8,687
Right-of-use assets		8,907	8,441
Intangible assets		50,000	50,000
TOTAL NON-CURRENT ASSETS		128,956	67,128
TOTAL ASSETS		229,698	208,788
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables		77,913	84,403
Contract liabilities		21,329	14,668
Borrowings		2,551	8,505
Hire purchase lease liabilities		928	1,108
Leasing liabilities		1,951	2,342
Provisions		4,064	3,498
TOTAL CURRENT LIABILITIES		108,736	114,524
NON-CURRENT LIABILITIES			
Trade and other payables		7,531	6,908
Borrowings		40,452	18,716
Hire purchase lease liabilities		1,258	1,664
Leasing liabilities		8,748	7,875
Provisions		441	375
TOTAL NON-CURRENT LIABILITIES		58,430	35,538
TOTAL LIABILITIES		167,166	150,062
NET ASSETS		62,532	58,726
EQUITY			
Issued capital and Redeemable convertible preference shares (RCPS)	4	304,566	298,325
Reserves		3,865	3,865
Accumulated losses		(245,899)	(243,464)
TOTAL EQUITY		62,532	58,726

The accompanying notes form part of the interim financial report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Issued Capital and Redeemable Convertible Preference Shares	Reserves	Accumulated Losses	Total
	\$000	\$000	\$000	\$000
Balance at 1 July 2022	279,961	-	(241,620)	38,341
Net loss for the period	-	-	(2,483)	(2,483)
Total comprehensive loss for the period	-	-	(2,483)	(2,483)
Transaction costs net of tax benefit	(1)	-	-	(1)
Equity based payments	(309)	-	-	(309)
Balance at 31 December 2022	279,651	-	(244,103)	35,548
Balance at 1 July 2023	298,325	3,865	(243,464)	58,726
Net loss for the period	-	-	(1,840)	(1,840)
Total comprehensive loss for the period	-	-	(1,840)	(1,840)
Shares issued for the period	6,275	-	-	6,275
Dividend paid	-	-	(595)	(595)
Transaction costs net of tax benefit	(429)	-	-	(429)
Equity based payments	395	-	-	395
Balance at 31 December 2023	304,566	3,865	(245,899)	62,532

The accompanying notes form part of the interim financial report

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated Entity	
	31/12/2023	31/12/2022
	\$000	\$000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	219,319	239,380
Payments to suppliers and employees	(226,174)	(242,781)
Interest received	1	1
Finance costs	(2,590)	(2,916)
Net cash used in operating activities	(9,444)	(6,316)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(140)	(392)
Proceeds from sale of non-current assets	155	473
Net cash provided by investing activities	15	81
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	13,283	-
Repayment of borrowings	(278)	(19,663)
Repayment of lease liabilities	(1,077)	(2,548)
Net proceeds from share issue	19,889	(2)
Dividend paid	(595)	-
Net cash provided by / (used in) financing activities	31,222	(22,213)
Net increase / (decrease) in cash held	21,793	(28,448)
Cash at beginning of period	3,686	39,263
Cash at end of period	25,479	10,815

The accompanying notes form part of the interim financial report

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The half-year financial report ending 31 December 2023 is a general purpose financial report prepared in accordance with the Act and Australian Accounting Standard AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Accounting Standard 34 'Interim Financial Reporting'. The half-year financial report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2023 and any public announcements made by Decmil Group Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Act.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of assets. The same accounting policies and methods of computation have been followed in this half-year financial report as were applied in the most recent annual financial report, except in relation to the matters disclosed below.

New and amended Accounting Standards and Interpretations

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.

Going concern

For the half-year ended 31 December 2023, the consolidated entity incurred a loss after tax of \$1.8 million and had net operating cash outflows from operating activities of \$9.4 million. As at 31 December 2023, the consolidated entity has a net current liability of \$8.0 million.

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

The Directors believe that it is reasonably foreseeable that the consolidated entity will continue as a going concern and that it is appropriate to adopt the going concern basis in the preparation of the financial report after consideration of the following factors:

- The ability of the Directors and management to continue to manage its cash flows in line with its existing cash reserves and banking facilities to successfully execute its contracted projects in hand and win new work to operate within the Company's cash flow forecast;
- The consolidated entity has the ability to raise additional funds via access to capital markets. This is evident from the completion of the capital raise of the \$26.3 million via the issue of redeemable convertible preference shares on 18 July 2023;
- The consolidated entity has access to other funding opportunities, such as debt and other hybrid funding instruments. As at 31 December 2023, there are undrawn facilities of \$29.4 million from several funders; and
- The consolidated entity has the ability to sell off Homeground to generate additional cashflows for the business. Homeground has recently been revalued upwards as disclosed in Note 6, due to an increase in actual and forecast occupancy rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 2: SEGMENT INFORMATION

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as two segments.

1. Construction & Engineering

- Decmil Australia Pty Ltd – multi-discipline design, civil engineering and construction services
- Decmil Southern Pty Ltd – civil engineering and infrastructure construction services
- Decmil Maintenance Pty Ltd – dormant entity formerly known as Decmil Infrastructure Pty Ltd
- Eastcoast Development Engineering Pty Ltd – acquired business now integrated into the Decmil Australia Pty Ltd
- Decmil Engineering Pty Ltd – acquired business now integrated into Decmil Australia Pty Ltd
- Decmil PNG Limited – dormant construction arm of Decmil located in Papua New Guinea.

2. Accommodation

- Homeground Villages Pty Ltd – holder of the units in the Homeground Gladstone Unit Trust
- Homeground Gladstone Unit Trust – Homeground Gladstone Accommodation Village located in Gladstone, Queensland.

All the assets are located in Australia.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED
31 DECEMBER 2023**

(a) Segment performance 31/12/2023	Construction & Engineering \$000	Accommodation \$000	Total \$000
External sales	208,587	6,667	215,254
Other income	192	5,949	6,141
Total segment revenue	208,779	12,616	221,395
Segment EBITDA	(4,755)	7,332	2,577
Depreciation & amortisation expense	(1,795)	(33)	(1,828)
Net interest	(2,590)	1	(2,589)
Segment result	(9,140)	7,300	(1,840)
Other unallocated expenses			-
Loss for the period			(1,840)

Segment performance 31/12/2022	Construction & Engineering \$000	Accommodation \$000	Total \$000
External sales	249,089	6,186	255,275
Other income	599	177	776
Total segment revenue	249,688	6,363	256,051
Segment EBITDA	2,017	1,319	3,336
Depreciation & amortisation expense	(2,873)	(31)	(2,904)
Net interest	(2,916)	1	(2,915)
Segment result	(3,772)	1,289	(2,483)
Other unallocated expenses			-
Loss for the period			(2,483)

(b) Segment assets 31/12/2023	Construction & Engineering \$000	Accommodation \$000	Total \$000
Current assets	94,071	1,986	96,057
Non-current assets	58,952	63,120	122,072
Other unallocated assets	-	-	11,569
Total segment assets	153,023	65,106	229,698

Segment assets 30/06/2023	Construction & Engineering \$000	Accommodation \$000	Total \$000
Current assets	66,254	58,402	124,656
Non-current assets	59,497	192	59,689
Other unallocated assets	-	-	24,443
Total segment assets	125,751	58,594	208,788

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

(c) Segment liabilities 31/12/2023	Construction & Engineering \$000	Accommodation \$000	Total \$000
Current liabilities	100,751	1,475	102,226
Non-current liabilities	11,185	-	11,185
Other unallocated liabilities	-	-	53,755
Total segment liabilities	111,936	1,475	167,166

Segment liabilities 30/06/2023	Construction & Engineering \$000	Accommodation \$000	Total \$000
Current liabilities	97,557	1,659	99,216
Non-current liabilities	90,036	-	90,036
Other unallocated liabilities	-	-	(39,190)
Total segment liabilities	187,593	1,659	150,062

NOTE 3: REVENUE

	Consolidated Entity	
	31/12/2023	31/12/2022
	\$000	\$000
Construction and engineering revenue	208,587	249,089
Accommodation revenue	6,667	6,186
Other revenue		
- other income	254	776
- gain in valuation of investment property	5,887	-
- interest received	1	1
Total revenue	221,396	256,052

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated Entity	
	31/12/2023	31/12/2022
	\$000	\$000
Sectors		
Infrastructure	121,597	195,037
Resources	60,423	29,993
Renewables	26,567	24,059
Accommodation	6,667	6,186
	215,254	255,275
Geographical regions		
Australia	215,254	255,275
	215,254	255,275

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

	Consolidated Entity	
	31/12/2023	31/12/2022
	\$000	\$000
Timing of revenue recognition		
Services transferred over time	208,587	249,089
Services transferred at a point in time	6,667	6,186
	<u>215,254</u>	<u>255,275</u>

NOTE 4: ISSUED CAPITAL & REDEEMABLE CONVERTIBLE PREFERENCE SHARES

	Consolidated Entity	
	31/12/2023	30/06/2023
	\$000	\$000
a) Paid up capital		
Fully paid ordinary shares	280,368	279,973
Redeemable convertible preference shares	24,198	4,300
	<u>304,566</u>	<u>284,273</u>
	No. of Shares '000	Paid Up Capital \$000
b) Movements		
Balance 1 July 2023 issued ordinary shares	155,552	279,973
Balance 1 July 2023 issued redeemable convertible preference shares	22,809	4,300
Cash receipt of redeemable convertible preference shares issued	77,191	14,052
Issue of shares for capital raising	31,377	6,275
	<u>286,929</u>	<u>304,600</u>
Equity based payments		395
Transaction costs net of tax benefit		(429)
		<u>304,566</u>

NOTE 5: DIVIDENDS

No interim dividend for ordinary shares was paid, declared or recommended for payment for the half-year ended 31 December 2023.

On 22 August 2023, the Board determined the first dividend for the Company's Redeemable Convertible Preference Shares ("RCPS"). The first RCPS dividend covered the payment period 24 July 2023 to 30 September 2023. The dividend amount per RCPS was \$0.00452459 and was paid on 29 September 2023.

On 20 February 2024, the Board determined the second dividend for the Company's RCPS. The second RCPS dividend covers the payment period 1 October 2023 to 31 March 2024. The dividend amount per RCPS is \$0.0012 and is scheduled for payment on 28 March 2024.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2023

NOTE 6: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets that the consolidated entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3: Unobservable inputs for the asset

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Consolidated – 31 December 2023				
Assets				
Investment property	-	62,900	-	62,900
Property, plant and equipment at fair value	-	3,339	-	3,339
Total assets	-	66,239	-	66,239

Consolidated – 30 June 2023				
Assets				
Non-current asset held for sale	-	56,991	-	56,991
Property, plant and equipment at fair value	-	3,865	-	3,865
Total assets	-	60,856	-	60,856

There were no transfers between levels during the half-year period. There is a transfer of the same asset from non-current asset held for sale to investment property during the half-year period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Movements in level 2 assets during the current half-year financial period and previous financial year are set out below:

Consolidated	Revalued Assets \$000
Balance at 30 June 2023	60,856
Revaluation - Investment property	5,887
Additions	22
Depreciation	(526)
Balance at 31 December 2023	66,239

In February 2024, the Group's property, being the Homeground accommodation village located near Gladstone, Queensland, was revalued by an independent valuer (Ernst & Young). The primary valuation method utilised by the valuer was a discounted cash flow model.

Key assumptions utilised by the valuer in the preparation of its valuation included:

- Useful life of the asset is 20 years with no terminal value
- Various occupancy assumptions over the estimated useful life based on expected future accommodation demand
- Room rate growth of 2.5% from FY24
- A nominal post-tax discount rate range of 9.5% to 10.5%.

The fair value is sensitive to changes within the range of key assumptions disclosed above. Any material change within the range for any individual assumption or any combination of assumptions will likely have a material impact on the fair value as follows:

Assumption	Increase in Assumption	Decrease in Assumption
Useful life	Positive impact	Negative impact
Occupancy	Positive impact	Negative impact
Room rate growth	Positive impact	Negative impact
Discount rate	Negative impact	Positive impact

NOTE 7: CONTINGENT LIABILITIES

As at 31 December 2023, the guarantees given to various customers for satisfactory contract performance amounted to \$47.0 million, down from \$64.3 million as at 31 December 2022.

NOTE 8: EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of the reporting period which 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.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The attached financial statements and notes comply with the Act, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
2. The attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the financial half-year ended on that date; and
3. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Act.

On behalf of the Board of Directors,



Andrew Barclay
Chair

22 February 2024

**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF DECMIL GROUP LIMITED****Report on the Half-Year Financial Report***Conclusion*

We have reviewed the accompanying half-year financial report of Decmil Group Limited which comprises the consolidated statement of financial position as at 31 December 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Decmil Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibility for the Half-Year Financial Report

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

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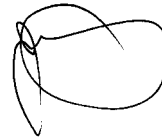
Auditor's Responsibility for the Review of the Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2023 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to read 'James Komninos', written over a faint circular stamp or watermark.

JAMES KOMNINOS
Partner

Perth, WA
Dated: 22 February 2024