



Tasma Limited

ABN 22 088 588 425

Interim Financial Report - 31 December 2023

Review of operations

On behalf of the Board of Tasmea Limited (“Tasmea” or “the Group”), we are pleased to present the Tasmea Interim Financial Report for the period ended 31 December 2023.

	31 Dec 2023	31 Dec 2022	Change	Change
Results Summary	\$'000	\$'000	\$'000	%
Revenue	193,318	149,961	43,357	28.9%
Gross Margin	56,168	38,458	17,710	46.1%
Earnings before interest, tax, depreciation and amortisation (EBITDA)	31,401	20,220	11,181	55.3%
Operating profit before finance costs (EBIT)	24,809	16,051	8,758	54.6%
Interest expense (net)	(2,321)	(1,274)	(1,047)	82.2%
Profit before income tax expense	22,488	14,777	7,711	52.2%
Income tax expense	(6,706)	(3,797)	(2,909)	76.6%
Profit after income tax expense for the half year (NPAT)	15,782	10,980	4,802	43.7%
Cash flows from operating activities	23,716	14,746	8,970	60.8%

Financial results

Operating revenue for the half year was \$193,318,000, up 28.9% from the prior corresponding period due to increased activity from mining and industrial customers, and revenue contribution from new acquisitions.

Earnings before interest and tax (EBIT) was \$24,809,000, up 54.6% on the prior corresponding period results.

The Group reported net profit before tax of \$22,488,000, 52.2% higher than at 31 December 2022.

Net cash generated from operating activities was \$23,716,000, 105.4% of net profit before tax.

The Group’s improved trading results reflect the ongoing strategic focus on recurring revenue generated from providing maintenance, shutdown and skilled labour services to “Essential Industry” asset owners.

Financial position

The Group’s financial position has significantly improved during the year, on the back of the strong financial performance, cash collection and debt repayments.

At 31 December 2023, net debt excluding property leases was \$25,027,000 and gearing was 32.4% (30 June 2023: Net debt \$34,521,000, and Gearing 31.9%).

At 31 December 2023, Tasmea’s net debt to EBITDA ratio is 0.75x. The Group has invested heavily in plant and equipment to support the growing operations which has been enabled by strong operating cash flows.

Business acquisitions

The Group acquired Groundbreaking Mining Solutions and ForeFront Services during the half year. These acquisitions increase the Group’s service offerings in the Mechanical services cash generating unit.

Dividends

On 27 February 2024, the Tasmea Board declared an interim fully franked dividend of 2.5 cents per share (2022: 1.5 cents). The dividend will be paid on 7 June 2024, with the date for determining entitlements being 15 May 2024.

All Australian and New Zealand resident Tasmea shareholders are eligible to participate in the Dividend Reinvestment Plan for shares held on the relevant dividend record date.

People

The Group's subsidiaries have managed their direct and indirect employment levels in line with project demands. Recruitment efforts have enabled headcount to increase by 57.8% when compared to prior year, primarily due to increased demand from existing and new customers. Tasmea's skilled workforce now totals in excess of 1,400 employees.

The Group has invested in developing our leadership team and service delivery teams, to ensure they have the skills required to deliver on our growth strategy.

Safety and care

Safety remains a key focus for the Group.

Tasmea management and employees share a mutual responsibility to deliver work in a manner which does not harm either the employee or those who work alongside them. The Group's subsidiary employees maintained their attention to this essential obligation last financial year and once again we are proud to announce another year's lost time injury free performance with the Group extending its overall LTI free record to now more than 4,00+ days.

Tasmea subsidiaries maintained their workers' compensation self-insurance status for its South Australian operations.

Exceptional skill and service

Tasmea subsidiaries continue to foster essential skills and harness innovation and experience within their niche service lines.

Acquisition opportunities are strategic with a strong bias towards remote maintenance and recurring services to essential asset owners.

Tasmea continues to achieve high levels of customer satisfaction and maintains a strong pipeline of recurring work delivered via Master Service Agreements and Facility Agreements.

Systems and processes

A continuous improvement focus has been applied to the back office and the Group has invested in system upgrades, system rollouts and integration of business acquisitions. Significant improvement has been made in the current year, which will continue through to the end of financial year.

Outlook for the second half of FY24

The market conditions for the resources, energy and infrastructure sectors are expected to provide Tasmea subsidiaries with consistent demand for their specialised trade skills services for fixed plant maintenance. Tasmea also continues to assess a number of business acquisition opportunities.

On behalf of the Board, we thank our customers, suppliers and employees, who have contributed to the continued success of the Group.

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General information

The financial statements cover Tasmea Limited as a consolidated entity consisting of Tasmea Limited and the entities it controlled at the end of, or during, the half-year. The financial statements are presented in Australian dollars, which is Tasmea Limited's functional and presentation currency.

Tasmea Limited is an unlisted public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business are:

Registered office

Principal place of business

75 Verde Drive Jandakot WA 6164 Regional Western Australia, South Australia, Queensland and New South Wales

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 February 2024.

The directors of Tasmea Limited present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity' or 'Group') consisting of Tasmea Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the half-year ended 31 December 2023.

Directors

The following persons were directors of Tasmea Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Giuseppe (Joe) Totaro	Non-executive Director and Chairman (appointed 21 September 2023)
Stephen Young	Managing Director
Mark Vartuli	Executive Director
Jason Pryde	Executive Director
Michael Terlet	Non-executive Director
Kristie Young	Non-executive Director (appointed 21 September 2023)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of the provision of engineering and maintenance services to the:

- Mining and resources industry;
- Oil and gas industry;
- Water industry;
- Defence and infrastructure industry; and
- Power and renewable energy industry.

Review of operations

The profit for the Group after providing for income tax and non-controlling interest amounted to \$15,782,000 (31 December 2022: \$10,980,000).

Further information regarding the Group's results and operations during the half year is included in the review of operations on pages 1-2 of the Interim Financial Report.

Significant changes in the state of affairs

During the financial half year, the following changes occurred within the consolidated entity:

- On 1 July 2023, Tasmea Limited acquired Groundbreaking Mining Solutions Pty Ltd ("**GMS**"). GMS offers drill and blast rig solutions to clients in Australia and overseas, comprising a range of in-house engineering, maintenance and asset management services as well as equipment hire. The acquisition of GMS provides a strategic opportunity for the Group to diversify its client base and geographical scope of operations. The total purchase consideration for the business was \$27.5 million.

- Effective 1 July 2023, Tasmea Limited acquired the remaining 5% equity in A Noble & Son Limited bringing its total shareholding to 100%. The purchase consideration was 666,666 Ordinary Shares in Tasmea Limited with a fair value of \$1.0 million. The final acquisition price was determined in accordance with the shareholder agreement entered into at the time of the acquisition.

- On 1 October 2023, Tasmea Limited acquired MGW Engineering Pty Ltd trading as ForeFront Services ("**ForeFront Services**"). ForeFront Services is a multi-disciplined engineering, construction, maintenance and mining services provider based in Orange, New South Wales. ForeFront Services provides surface and underground maintenance and shutdown services to various mining facilities and fixed mining plant and equipment. The acquisition of ForeFront Services provides a strategic opportunity for the Group to diversify its client base and geographical scope of operations. The total purchase consideration for the business was \$17.0 million.

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

Dividends

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Dividends paid during the financial half-year were as follows:		
Final dividend for the year ended 30 June 2023 of 2.0 cents per ordinary share (30 June 2022 Final Dividend 1.3 cents)	3,912	2,521

On 27 February 2024, the Tasmea Board declared an interim fully franked dividend of 2.5 cents per share (2022: 1.5 cents). The dividend will be paid on 7 June 2024, with the date for determining entitlements being 15 May 2024.

Matters subsequent to the end of the financial half-year

On 7 February 2024, Tasmea settled the first tranche of deferred acquisition consideration for MGW Engineering Pty Ltd t/a Forefront Services via a mixture of operating cashflows, bank facilities and the issue of 1,000,000 new shares in Tasmea Limited with a fair value of \$1,400,000.

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Rounding of amounts


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

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.


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

On behalf of the directors



Stephen E Young
Managing Director

29 February 2024



Mark G Vartuli
Executive Director

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Auditor's Independence Declaration

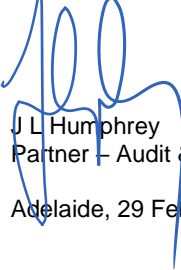
To the Directors of Tasma Limited

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the review of Tasma Limited for the half-year ended 31 December 2023. I declare that, to the best of my knowledge and belief, there have been:

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



GRANT THORNTON AUDIT PTY LTD
Chartered Accountants



J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2024

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Tasmea Limited
Consolidated statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2023



	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Revenue			
Revenue from contracts with customers	4	193,318	149,961
Cost of sales	6	(137,150)	(111,503)
Gross profit		56,168	38,458
Other income	5	1,218	726
Expenses			
Administrative expenses		(26,345)	(18,964)
Depreciation and amortisation expense		(6,232)	(4,169)
Operating profit before finance costs		24,809	16,051
Finance costs(net)		(2,321)	(1,274)
Profit before income tax expense		22,488	14,777
Income tax expense	7	(6,706)	(3,797)
Profit after income tax expense for the half-year		15,782	10,980
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year		15,782	10,980
Profit for the half-year is attributable to:			
Non-controlling interest		-	60
Owners of Tasmea Limited		15,782	10,920
		15,782	10,980
Total comprehensive income for the half-year is attributable to:			
Non-controlling interest		-	60
Owners of Tasmea Limited		15,782	10,920
		15,782	10,980
		Cents	Cents
Basic earnings per share	23	8.07	5.63
Diluted earnings per share	23	8.07	5.63

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

Tasmea Limited
Consolidated statement of financial position
As at 31 December 2023



	Note	31 Dec 2023 \$'000	30 June 2023 \$'000
Assets			
Current assets			
Cash and cash equivalents	8	25,027	17,009
Trade and other receivables	9	51,254	46,077
Contract assets		17,825	12,370
Inventories	10	14,387	10,233
Other assets	11	6,323	5,009
		<u>114,816</u>	<u>90,698</u>
Non-current assets classified as held for sale	12	790	1,265
Total current assets		<u>115,606</u>	<u>91,963</u>
Non-current assets			
Right-of-use assets	13	8,255	7,729
Property, plant and equipment	14	42,472	29,796
Intangible assets	15	89,683	61,428
Deferred tax asset	7	-	10
Other assets	11	2,391	845
Total non-current assets		<u>142,801</u>	<u>99,808</u>
Total assets		<u>258,407</u>	<u>191,771</u>
Liabilities			
Current liabilities			
Trade and other payables	16	62,579	42,621
Contract liabilities		9,982	7,338
Lease liabilities	17	8,843	8,925
Borrowings	18	13,750	10,473
Provision for income tax		7,748	87
Other provisions	19	10,310	8,711
Total current liabilities		<u>113,212</u>	<u>78,155</u>
Non-current liabilities			
Trade and other payables	16	7,683	553
Lease liabilities	17	14,761	11,181
Borrowings	18	35,764	26,882
Deferred tax liability	7	193	-
Other provisions	19	1,064	1,140
Total non-current liabilities		<u>59,465</u>	<u>39,756</u>
Total liabilities		<u>172,677</u>	<u>117,911</u>
Net assets		<u>85,730</u>	<u>73,860</u>
Equity			
Issued capital	21	85,416	84,416
Retained profits/(accumulated losses)		314	(10,709)
Equity attributable to the owners of Tasmea Limited		<u>85,730</u>	<u>73,707</u>
Non-controlling interest	25	-	153
Total equity		<u>85,730</u>	<u>73,860</u>

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

Tasmea Limited
Consolidated statement of changes in equity
For the half-year ended 31 December 2023



	Issued capital \$'000	Accumulated losses \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2022	83,466	(24,595)	-	58,871
Profit after income tax expense for the half-year	-	10,920	60	10,980
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	10,920	60	10,980
<i>Transactions with owners in their capacity as owners:</i>				
Dividends paid (note 22)	-	(2,521)	-	(2,521)
Balance at 31 December 2022	83,466	(16,196)	60	67,330

	Issued capital \$'000	Retained profits \$'000	Non- controlling interest \$'000	Total equity \$'000
Balance at 1 July 2023	84,416	(10,709)	153	73,860
Profit after income tax expense for the half-year	-	15,782	-	15,782
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	15,782	-	15,782
<i>Transactions with owners in their capacity as owners:</i>				
Shares issued as consideration for interest in A Noble & Son (note 20)	1,000	(847)	(153)	-
Dividends paid (note 22)	-	(3,912)	-	(3,912)
Balance at 31 December 2023	85,416	314	-	85,730

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

Tasmea Limited
Consolidated statement of cash flows
For the half-year ended 31 December 2023



	Note	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Cash flows from operating activities			
Receipts from customers		202,835	174,141
Payments to suppliers		(177,273)	(158,569)
		25,562	15,572
Other income		685	447
Interest and other finance costs paid		(2,320)	(1,273)
Income taxes paid		(211)	-
Net cash from operating activities		23,716	14,746
Cash flows from investing activities			
Payments for subsidiaries, net of cash acquired	20	(16,029)	(1,483)
Payments of deferred acquisition consideration		(114)	(1,000)
Proceeds from disposal of investments	26	475	-
Payments for property, plant and equipment		(8,089)	(2,539)
Proceeds from disposal of property, plant and equipment		114	-
Net cash used in investing activities		(23,643)	(5,022)
Cash flows from financing activities			
Proceeds from borrowings		22,356	-
Dividends paid		(2,048)	(1,273)
Repayment of borrowings		(9,532)	(4,339)
Repayment of lease liabilities		(2,829)	(3,420)
Net cash from/(used in) financing activities		7,947	(9,032)
Net increase in cash and cash equivalents		8,020	692
Cash and cash equivalents at the beginning of the financial half-year		17,007	22,668
Cash and cash equivalents at the end of the financial half-year		25,027	23,360

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

Note 1. Reporting entity

Tasmea Limited (the “Company”) is a company domiciled in Australia. The address of the Company’s registered office is 75 Verde Drive, Jandakot, WA 6164.

The consolidated interim financial statements of the Company as at and for the half year ended 31 December 2023 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”). The Group is a for-profit consolidated entity and is primarily involved in providing engineering and maintenance services to the mining and resources, water and defence industries.

These interim financial statements were authorised for issue by the Company’s board of directors on 29 February 2024.

Note 2. Material accounting policy information

These general purpose financial statements for the interim half-year reporting period ended 31 December 2023 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2023.

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

New or amended Accounting Standards and Interpretations adopted

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

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

Note 3. Critical accounting judgements, estimates and assumptions

In preparing these interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those described in the last annual financial statements.

Note 4. Revenue from contracts with customers

The Group's operations and main revenue streams are those described in the last annual financial statements. The Group's revenue is derived from contracts with customers.

	31 December 2023 \$'000	31 December 2022 \$'000
Sales - Services	171,373	138,049
Sales - Goods	21,945	11,912
Total revenue from contracts with customers	193,318	149,961

Key information relating to the Group's interim financial performance, and revenue disaggregated by major service lines and timing of revenue recognition, is detailed below.

For the period ended 31 Dec 2023

Type of service	Electrical Services \$'000	Mechanical Services \$'000	Civil Services \$'000	Water & Fluid \$'000	Corporate Services \$'000	Total \$'000
<i>Timing of revenue recognition</i>						
Revenue recognised over time	65,580	51,671	26,058	27,366	698	171,373
Revenue recognised at a point in time	-	15,854	-	6,091	-	21,945
Total revenue from contracts with customers	65,580	67,525	26,058	33,457	698	193,318

For the period ended 31 Dec 2022

Type of service	Electrical Services \$'000	Mechanical Services \$'000	Civil Services \$'000	Water & Fluid \$'000	Corporate Services \$'000	Total \$'000
<i>Timing of revenue recognition</i>						
Revenue recognised over time	57,173	36,367	24,588	19,644	277	138,049
Revenue recognised at a point in time	-	6,282	-	5,630	-	11,912
Total revenue from contracts with customers	57,173	42,649	24,588	25,274	277	149,961

Note 5. Other income

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Net gain/(loss) on disposal of property, plant and equipment	114	(19)
Government grant income	171	230
Other	933	515
Total other income	1,218	726

Note 6. Cost of sales

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Labour	51,570	42,215
Materials	38,558	36,360
Services and contractors	16,370	14,359
Other employee costs	12,754	5,321
Plant and equipment costs	4,691	3,774
Travel and accommodation costs	2,569	1,054
Freight costs	1,049	1,051
Other costs of sales	9,589	7,369
Total cost of sales	137,150	111,503

Note 7. Income tax

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Reconciliation of income tax expense and tax at the statutory rate</i>		
Profit before income tax expense	22,488	14,777
Tax at the statutory tax rate of 30%	6,746	4,433
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Origination and reversal of temporary differences	(194)	(511)
Sundry items	154	(125)
Income tax expense	6,706	3,797
	\$'000	\$'000

Deferred tax liability / (Deferred tax asset)

Deferred tax balances comprise temporary differences attributable to:

Amounts recognised in profit or loss:		
Property, plant and equipment	4,050	3,164
Employee benefits	(3,911)	(2,834)
Leases	284	(132)
Accrued expenses	(261)	(81)
Other	31	(127)
Deferred tax liability	193	(10)

Note 8. Cash and cash equivalents

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current assets</i>		
Cash at bank	21,751	13,184
Cash on short term deposit	3,276	3,825
Total cash and cash equivalents	25,027	17,009

Note 9. Trade and other receivables

	31 Dec 2023 \$'000	30 June 2023 \$'000
Trade receivables	46,443	41,677
Less: Allowance for expected credit losses	(617)	(376)
	45,826	41,301
Other receivables	5,428	4,776
Total trade and other receivables	51,254	46,077

Note 10. Inventories

	31 Dec 2023 \$'000	30 June 2023 \$'000
Raw materials	734	840
Work in progress	1,359	-
Finished goods	12,769	9,568
Less: Provision for impairment	(475)	(175)
	12,294	9,393
Total inventories	14,387	10,233

Note 11. Other assets

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current assets</i>		
Prepayments	4,893	3,130
Security deposits	834	766
Other current assets	596	1,113
Total other current assets	6,323	5,009
<i>Non-current assets</i>		
Total other non-current assets	2,391	845

Note 12. Non-current assets classified as held for sale

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current assets</i>		
Investment in associates	-	475
Land and buildings	790	790
Total non-current assets classified as held for sale	790	1,265

In June 2023, management committed to sell a property in Karratha, Western Australia, to Related Parties. The sale was approved by shareholders at an Extraordinary General Meeting on 4 September 2023. The sale is pending approval from a local government authority. Accordingly, the asset is classified as held for sale at 31 December 2023.

Note 13. Right-of-use assets

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Non-current assets</i>		
Land and buildings - right-of-use	8,255	7,729

Note 14. Property, plant and equipment

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Non-current assets</i>		
Land - at cost	1,857	1,857
Land and buildings - at cost	847	847
Less: Accumulated depreciation	(144)	(112)
	<u>703</u>	<u>735</u>
Leasehold improvements - at cost	4,113	3,260
Less: Accumulated depreciation	(1,292)	(1,067)
	<u>2,821</u>	<u>2,193</u>
Plant and equipment - at cost	33,433	23,365
Less: Accumulated depreciation	(17,592)	(15,482)
	<u>15,841</u>	<u>7,883</u>
Plant and equipment under lease	5,919	4,876
Less: Accumulated depreciation	(1,998)	(1,734)
	<u>3,921</u>	<u>3,142</u>
Motor vehicles - at cost	8,277	6,463
Less: Accumulated depreciation	(5,344)	(5,138)
	<u>2,933</u>	<u>1,325</u>
Motor vehicles under lease	23,606	20,381
Less: Accumulated depreciation	(10,337)	(9,000)
	<u>13,269</u>	<u>11,381</u>
Office furniture & equipment - at cost	5,410	5,213
Less: Accumulated depreciation	(4,283)	(3,933)
	<u>1,127</u>	<u>1,280</u>
Total property, plant and equipment	<u>42,472</u>	<u>29,796</u>

Note 15. Intangible assets

	31 Dec 2023 \$'000	30 June 2023 \$'000
Goodwill	88,342	61,426
Product development	656	-
Patents and trademarks	151	2
Customer contracts	534	-
Total intangible assets	<u>89,683</u>	<u>61,428</u>

Note 15. Intangible assets (continued)

Reconciliations

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

	Goodwill \$'000	Patents & trademarks \$'000	Product development \$'000	Customer contracts \$'000	Total \$'000
Balance at 1 July 2023	61,426	2	-	-	61,428
Additions through business combinations (note 20)	26,916	149	656	534	28,255
Balance at 31 December 2023	88,342	151	656	534	89,683

Goodwill and other indefinite life intangibles are allocated for impairment testing purposes to cash generating units (CGUs) as follows:

	31 Dec 2023 \$'000	30 June 2023 \$'000
Electrical services	28,064	28,064
Mechanical services	35,709	8,793
Civil services	8,548	8,548
Water and fluid	14,961	14,961
Corporate	1,060	1,060
Total intangible assets	88,342	61,426

The Group is required to consider whether there are any impairment indicators at each reporting date. Accordingly, Management has analysed EBIT actual results to budget for each CGU for the six months ended 31 December 2023 and has concluded that there are no impairment indicators. The Group will undertake a full impairment analysis at 30 June 2024.

Accounting policy for 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

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.

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 8-10 years.

Note 15. Intangible assets (continued)

Product development

Product development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised product development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years.

Customer contracts

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 years.

Note 16. Trade and other payables

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Trade payables	20,603	21,718
Related party payables	6,710	4,947
Deferred acquisition payments	15,309	364
Other payables and accrued expenses	19,957	15,592
Total trade and other payables	62,579	42,621
<i>Non-current liabilities</i>		
Deferred acquisition payments	7,683	553

Deferred acquisition payments

Deferred acquisition payments are payable in respect of the acquisitions of Corfields Electrical (acquired in October 2022), Sigma Power Services (acquired in April 2023), Groundbreaking Mining Solutions (acquired in July 2023)(note 20) and ForeFront Services (acquired in October 2023)(note 20). Non-current payables are discounted to present value.

Note 17. Lease liabilities

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Lease liabilities - Properties	2,734	2,612
Lease liabilities - Motor vehicles, Plant & equipment	6,109	6,313
Total current lease liabilities	8,843	8,925
<i>Non-current liabilities</i>		
Lease liabilities - Properties	4,384	3,319
Lease liabilities - Motor vehicles, Plant & equipment	10,377	7,862
Total non-current lease liabilities	14,761	11,181

Note 18. Borrowings

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Term loans	12,980	8,577
Other short term loans	770	1,896
Total current borrowings	13,750	10,473
<i>Non-current liabilities</i>		
Term loans	35,764	26,882
Total non-current borrowings	35,764	26,882

Tasmea Limited's various finance facilities include both fixed and floating interest rates depending on the nature of the facility. The maturity terms of the various finance facilities are reflected in the Current / Non-current split shown above. Tasmea Limited's banking facilities require a number of standard representations, warranties and undertakings (including financial and reporting obligations) from Tasmea Limited and Tasmea Limited Group companies in favour of the respective lenders. The facilities also include a guarantee between the parent and the majority of Group companies with staged security enforcement rights and obligations. Fixed and floating security has been placed over all Group assets.

The Group has complied with all loan covenants in place during the period. There have been no changes to loan covenants in place since the last reporting period.

Note 19. Other provisions

	31 Dec 2023 \$'000	30 June 2023 \$'000
<i>Current liabilities</i>		
Employee entitlements	9,975	8,374
Other provisions	335	337
Total current provisions	10,310	8,711
<i>Non-current liabilities</i>		
Employee entitlements	624	653
Workers compensation self insurance	440	487
Total non-current provisions	1,064	1,140

Note 20. Business combinations

A Noble & Son Limited

On 1 July 2023, the Group acquired an additional 5% of shares in A Noble & Son Limited, increasing its ownership interest to 100%. Consideration of \$1,000,000 was paid to the non-controlling shareholder, satisfied by the issue of 666,666 ordinary shares in Tasmea Limited at \$1.50 per share. A reconciliation of the fair value of additional interest acquired in A Noble & Son is set out below:

	\$'000
Consideration paid via issue of new shares to non-controlling shareholders	1,000
Carrying value of the additional interest in A Noble & Son Limited	(153)
Difference recognised in retained earnings	847

Groundbreaking Mining Solutions

On 1 July 2023, Tasmea Limited acquired Groundbreaking Mining Solutions Pty Ltd ("**GMS**"). GMS offers drill and blast rig solutions to clients in Australia and overseas, comprising a range of in-house engineering, maintenance and asset management services as well as equipment hire. The acquisition of GMS provides a strategic opportunity for the consolidated entity to diversify its client base and geographical scope of operations.

The values identified in relation to the acquisition of GMS are provisional as at 31 December 2023. Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	1,508
Trade and other receivables	2,959
Inventories	5,285
Other assets	607
Property, plant and equipment	5,770
Right-of-use assets	2,094
Intangible assets	656
Trade and other payables	(1,700)
Deferred tax liability	(1,417)
Other provisions	(407)
Borrowings	(3,509)
Net assets acquired	11,846
Goodwill	15,639
Acquisition-date fair value of the total consideration transferred	27,485
Representing:	
Cash paid to vendor	22,000
Deferred consideration payable to vendor	5,485
	27,485
Cash used to acquire business, net of cash acquired at 31 December 2023:	
Acquisition-date fair value of the total consideration transferred	22,000
Less: cash and cash equivalents	(1,508)
Net cash used	20,492

Note 20. Business combinations (continued)

Deferred consideration

As part of the purchase agreement with the previous owners of GMS, a deferred consideration has been agreed. There will be additional cash payments to the previous owners of GMS where GMS achieves its EBITDA target for each of the 2024, 2025 and 2026 financial years. As at the acquisition date, the fair value of the deferred consideration was estimated to be \$5,485,000. As at 31 December 2023, the key performance indicators of GMS show that it is probable that the EBITDA target will be achieved.

ForeFront Services

On 1 October 2023, Tasmea Limited acquired MGW Engineering Pty Ltd trading as ForeFront Services ("**ForeFront Services**"). ForeFront Services is a multi-disciplined engineering, construction, maintenance and mining services provider based in Orange, New South Wales. ForeFront Services provides surface and underground maintenance and shutdown services to various mine facilities and fixed mining plant and equipment. The acquisition of ForeFront Services provides a strategic opportunity for the Group to diversify its client base and geographical scope of operations.

The values identified in relation to the acquisition of ForeFront Services are provisional as at 31 December 2023. Details of the acquisition are as follows:

	Fair value \$'000
Cash and cash equivalents	4,463
Trade receivables	3,237
Contract assets	469
Inventories	63
Other assets	381
Property, plant and equipment	2,503
Intangible assets	688
Trade and other payables	(1,364)
Contract liabilities	(737)
Provision for income tax	(583)
Other provisions	(2,037)
Borrowings	(1,478)
	<hr/>
Net assets acquired	5,605
Goodwill	11,277
	<hr/>
Acquisition-date fair value of the total consideration transferred	<u>16,882</u>
Representing:	
Deferred consideration	<u>16,882</u>
Cash used to acquire business, net of cash acquired, at 31 December 2023:	
Cash and cash equivalents acquired	<u>4,463</u>

Deferred consideration

As part of the purchase agreement with the previous owners of ForeFront Services, deferred consideration has been agreed. Future payments to be made to the previous owners of ForeFront Services are:

- \$11.4 million payable on 7 February 2024, comprised of cash payment and issue of Tasmea Limited shares;
- Estimated working capital adjustment payable on 31 March 2024;
- Earnout payments where ForeFront Services achieves its EBIT target for each of the 2024 to 2027 calendar years. As at the acquisition date, the fair value of the deferred consideration was estimated to be \$3,560,000. As at 31 December 2023, it is probable that the EBIT target will be achieved.
- Cash payments where ForeFront Services continues to provide services to its largest customer for each of the 2024 to

Note 20. Business combinations (continued)

2027 calendar years. As at the acquisition date, the fair value of the deferred consideration was estimated to be \$534,000. As at 31 December 2023, it is probable that the contract will continue.

<i>Reconciliation of cash flows in relation to business combinations:</i>	\$'000
Net outflow on the acquisition of GMS	(20,492)
Net inflow in relation to the acquisition of ForeFront Services	4,463
Net cash outflow for the period	(16,029)

<i>Reconciliation of deferred consideration payable in relation to business combinations:</i>	\$'000
Current deferred consideration payable in relation to the acquisitions of Corfields Electrical, Sigma Power Services, Groundbreaking Mining Solutions and ForeFront Services (note 16)	15,309
Non-current deferred consideration payable in relation to the acquisitions of Groundbreaking Mining Solutions and ForeFront Services (note 16)	7,683
Total deferred consideration payable	22,992

Note 21. Issued capital

	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
	Shares	Shares	\$'000	\$'000
Ordinary shares - fully paid	195,601,304	194,934,638	85,416	84,416

Movements in ordinary share capital

Details	Date	Shares	Issue price	\$'000
Balance	1 July 2023	194,934,638		84,416
Shares issued as purchase consideration for outside equity interest in A Noble & Son Limited	7 August 2023	666,666	\$1.50	1,000
Balance	31 December 2023	195,601,304		85,416

Shares issued during the period

Tasmea Limited acquired the remaining 5% equity in A Noble & Son Limited for 666,666 Ordinary Shares in Tasmea Limited with a fair value of \$1.0 million. The final acquisition price was determined in accordance with the shareholder agreement entered into at the time of the acquisition.

Note 22. Dividends

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Dividends paid during the financial half-year were as follows:		
Final dividend for the year ended 30 June 2023 of 2.0 cents per ordinary share (30 June 2022 Final Dividend 1.3 cents)	3,912	2,521

On 27 February 2024, the Tasmea Board declared an interim fully franked dividend of 2.5 cents per share (2022: 1.5 cents). The dividend will be paid on 7 June 2024, with the date for determining entitlements being 15 May 2024.

Note 23. Earnings per share

	31 Dec 2023	31 Dec 2022
	\$'000	\$'000
Profit after income tax	15,782	10,980
Non-controlling interest	-	(60)
Profit after income tax attributable to the owners of Tasmea Limited	<u>15,782</u>	<u>10,920</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>195,467,246</u>	<u>193,984,638</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>195,467,246</u>	<u>193,984,638</u>
	Cents	Cents
Basic earnings per share	8.07	5.63
Diluted earnings per share	8.07	5.63

Note 24. Interests in subsidiaries

Interests in subsidiaries are the same as those disclosed in the Group's last annual financial statements, as well as the addition of the following subsidiaries during the half year:

- GroundBreaking Mining Solutions Pty Ltd
- MGW Engineering Pty Ltd t/a ForeFront Services

Effective 1 July 2023, Tasmea Limited acquired the remaining 5% equity in A Noble & Son Limited and this subsidiary is now wholly owned by Tasmea Limited.

Note 25. Non-controlling interest

	31 Dec 2023	30 June 2023
	\$'000	\$'000
Retained profits	<u>-</u>	<u>153</u>

Effective 1 July 2023, Tasmea Limited acquired the remaining 5% equity in A Noble & Son Limited, at which time A Noble & Son Limited became a wholly owned subsidiary of Tasmea Limited. The final acquisition price was determined in accordance with the shareholder agreement entered into at the time of the acquisition.

Note 26. Related party transactions

Parent entity

The ultimate controlling entity of the Group is Tasmea Limited.

Subsidiaries

Interests in subsidiaries are set out in note 24.

Key management personnel

Key management personnel of the Group include the Executive Directors and Non-executive Directors.

Transactions with related parties

Regent Street Pty Ltd is an associated entity of Stephen Young and Mark Vartuli and Pryde Corporation Pty Ltd is an associated entity of Jason Pryde. Lease agreements between Tasmea subsidiaries and Regent Street Pty Ltd and Pryde Corporation Pty Ltd are consistent with the disclosure made in the 30 June 2023 Annual Financial Report.

Sale of Equity & Advisory Pty Ltd

Effective 1 July 2023, the investment in Associate (Equity & Advisory) was sold to SY & MV Pty Ltd, an associated entity of Stephen Young and Mark Vartuli, for \$475,000. The sale was approved by shareholders at an Extraordinary General Meeting on 4 September 2023. A Shared Services Agreement was entered into between Equity & Advisory Pty Ltd and Tasmea Corporate Services Pty Ltd for Tasmea to provide shared services to Equity & Advisory Pty Ltd on the terms and conditions of the agreement.

Sale of Property

In June 2023, management committed to sell a property in Karratha, Western Australia to Related Parties. The sale was approved by shareholders at an Extraordinary General Meeting on 4 September 2023. The sale is pending approval from a local government authority. Accordingly, the asset is classified as held for sale at 31 December 2023.

Loans to/from related parties

The following balances are outstanding at the reporting date in relation to payables with related parties:

	31 Dec 2023	30 June 2023
	\$	\$
Current payables:		
Dividends payable	6,461	4,903

At 31 December 2023, dividends payable to Stephen Young and Mark Vartuli remain unpaid by agreement.

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

Note 27. Events after the reporting period

On 7 February 2024, Tasmea settled the first tranche of deferred acquisition consideration for MGW Engineering Pty Ltd t/a Forefront Services via a mixture of operating cashflows, bank facilities and the issue of 1,000,000 new shares in Tasmea Limited with a fair value of \$1,400,000.


Apart from the dividend declared as disclosed in note 22, no other matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- 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
- 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 Corporations Act 2001.

On behalf of the directors



Stephen E Young
Managing Director

29 February 2024



Mark G Vartuli
Executive Director

Independent Auditor's Review Report

To the Members of Tasma Limited

Report on the half year financial report

Conclusion

We have reviewed the accompanying half year financial report of Tasma Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2023, and 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, a description of accounting policies, other selected explanatory notes, and the directors' declaration.

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

- a giving a true and fair view of the Group 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 the Corporations Regulations 2001*.

Basis for Conclusion

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

Directors' responsibility for the half-year financial report

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

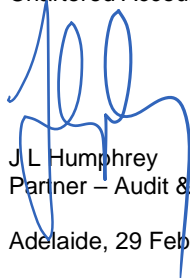
Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group'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.

The logo for Grant Thornton, featuring the name in a blue, cursive script.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

A blue ink signature of J L Humphrey, written in a cursive style.

J L Humphrey
Partner – Audit & Assurance

Adelaide, 29 February 2024