



APPENDIX 4D

FY23 - HALF YEAR RESULTS

24TH FEBRUARY 2023

 **SAUNDERS**
INTERNATIONAL

ASX APPENDIX 4D

Half Year Result for Announcements to the Market

SAUNDERS INTERNATIONAL LIMITED - ABN 14 050 287 431



1. REPORTING PERIOD

Financial half year ended (‘current period’)	Financial half year ended (‘previous corresponding period’)
31 December 2022	31 December 2021

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

	December 2022 \$'000	December 2021 \$'000	Change \$'000	Change %
Key Information				
Revenue from Ordinary activities	92,967	46,399	46,568	100.4%
Net Profit after Tax	4,748	2,802	1,946	69.5%
Net Profit after Tax Attributable to Members	4,748	2,802	1,946	69.5%

A description of the figures reported above is contained in the attached Saunders International Ltd FY23 H1 Financial Report.

3. DIVIDENDS

	Period	Payment Date	Amount per security cents	Franked amount per security at 30% tax
Dividend				
Interim Dividend	31 December 2022	11 April 2023	2.00	30%
Final Dividend	30 June 2022	11 October 2022	2.00	30%
Interim Dividend	31 December 2021	11 April 2022	1.00	30%

4. NET TANGIBLE ASSETS BACKING

	Current Period cents	30 June 2022 cents	Previous Corresponding period cents
Net Tangible Assets per share			
Net Tangible Assets per share	\$0.32	\$0.31	\$0.28

This Half Year Report should be read in conjunction with the Annual Report of Saunders International Limited as at 30 June 2022 together with any public announcements made by Saunders International Limited during the half year ended 31 December 2022 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

5. REVIEW STATUS

The FY23 H1 results are based on financial statements which have been subject to a review by Deloitte Touche Tohmatsu and the Auditors' Review Reports contains no qualifications.

6. CONTROL GAINED OR LOST OVER ENTITIES HAVING MATERIAL EFFECT

There was no material control over any entity gained or lost during the six months ended 31 December 2022.



FINANCIAL REPORT

INTERIM CONSOLIDATED FINANCIAL REPORT

FOR THE HALF-YEAR ENDED

24TH FEBRUARY 2023



Directors' Report

The directors of Saunders International Limited submit herewith the half-year financial report for the six months ended 31 December 2022.

In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

DIRECTORS

The names and particulars of the directors of the Company during or since the end of the half-year are:

- Timothy Burnett
- Mark Benson
- Gregory Fletcher
- Nicholas Yates

REVIEW OF OPERATIONS

A summary of the revenues and results is as follows: -

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	92,967	46,399
Profit before income tax	6,920	4,016
Income tax (expense)	(2,172)	(1,214)
Profit attributable to the members of Saunders International Limited	4,748	2,802

Reconciliation of profit before income tax to EBITDA (unaudited):

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Profit before income tax	6,920	4,016
Interest income	(24)	-
Interest expense on loans and hire purchase finance charges	115	47
Depreciation of owned, hire purchase and right of use assets	1,395	1,084
EBITDA	8,406	5,147

During the FY23 H1 period, the Saunders Group provided innovative cost-effective solutions to the oil & gas, infrastructure, defence, water, energy, mining & minerals sectors. Saunders provided multi-disciplined engineering and construction solutions including design, fabrication, construction, shutdown, maintenance and industrial automation services to leading organisations across Australia. The principal activities include:

- the design, fabrication, construction and maintenance of bulk liquid storage facilities tanks and road and rail bridges.
- the manufacture of precast concrete products for transport infrastructure projects and provides a range of specialised services for the maintenance of commercial, industrial and marine infrastructure assets.
- through Saunders PlantWeave, the Group are able to provide industrial automation and process controls activities.

REVIEW OF OPERATIONS (CONT.)

Saunders' revenue for the half year is \$93.0 million, an increase of \$46.6m or 100.4% (FY22 H1: \$46.4m). Profit after tax was \$4.8 million, an improvement of \$1.95 million or 69.5% (FY22 H1: \$2.80 million). EBITDA was \$8.41 million, an improvement of \$3.26 million or 63.3% (FY22 H1: \$5.15 million).

Earnings per share for the period was 4.44 cents, an increase of 1.75 cents or 65.1% (FY22 H1: 2.69 cents).

Saunders financial foundations continue to strengthen with cash and cash equivalents of \$38.57 million (FY22: \$36.75 million). The Group has no interest-bearing loans, except for finance leases and insurance premium funding. With revenue and earnings forecast to continue to grow in FY23-H2 the Group forecasts its' cash reserves to continue to strengthen.

The strong result for the half year is attributed to Saunders' project teams continuing to successfully execute projects in a safe manner and in line with schedule and budget.

Key Highlights

- Strong financial results despite macro market challenges continuing; inflation of goods and services, inclement weather and labour resource availability.
- Secured ~\$100 million in contract wins in the period with both long-term and new customers.
- Orderbook increased to \$200 million (up from \$193m per FY22 Annual Report).
- Strong cash position of \$38.6 million, with positive operating cash flow in the period.
- Continued growth in the defence, infrastructure, and oil & gas sectors.
- Entering final stages of Federal Safety Commission (FSC) accreditation.
- Defence Industry Security Program (DISP) accreditation finalised.
- Re-affirm FY23 guidance of \$190-\$220 million revenue and 6.5%-7.5% EBIT.

Safety

As the Group continues to grow, we are constantly focused on improving our safety performance to ensure we achieve "Zero Harm" for the people who work for us, and with us. The Board, Executive Team and Project teams are focussed on proactive reporting and structured reviews of high potential incidents to ensure we work hard to prevent injuries.

Saunders is in the final stages of obtaining accreditation from the Office of the Federal Safety Commissioner ("FSC"). The FSC fall under the Australian Government Building and Construction Work Health Safety Accreditation Scheme and, once received, will enable Saunders to tender for head contract infrastructure and defence projects funded directly or indirectly by the Australian Government.

Outlook

Saunders work-in-hand as at 31 December 2022 is \$200 million (FY22: \$193 million).

The value of live tenders as at 31 December 2022 was \$535 million. The pipeline (yet to be tendered) is at \$1.2 billion. This strong pipeline of opportunities reflects the Group's diversification across each of our operating services and represents a mix of new and existing customers.

The Group set a new strategic plan at the beginning of FY23, which is focussed on achieving sustained growth for its shareholders in the medium and longer term. The immediate initiatives are focussed on ensuring the Group remains highly disciplined in executing the current projects it is delivering.

There continues to be positive tail winds in the majority of the sectors the Group operates in, namely, Defence, Infrastructure, Oil & Gas and New Energy. The Group continually evaluates its services to ensure they are aligned with growth sectors that will achieve positive shareholder returns, including a focus on opportunities that allow Saunders to deliver vertically integrated projects in an innovative cost-effective manner.

To ensure we continue to deliver operational excellence to our clients, we have bolstered our project delivery and management teams with experienced personnel.

REVIEW OF OPERATIONS (CONT.)

Dividend

The Board declared on 22 February 2023 that there will be an interim dividend payable of 2.00 cents per share fully franked for FY23-H1 (FY22-H1 1.00 cent per share fully franked). The dividend will be payable on 11 April 2023 with the record date for determining dividends on 15 March 2023.

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4 of the half-year financial report.

Rounding Off Of Amounts

The Company is a company of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report Instrument 2016/191, dated 24 March 2016) and in accordance with the Corporations Instrument amounts in the directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s306(3) of the Corporations Act 2001.

On behalf of the directors



Mark Benson
Director
Sydney, 23 February 2023



Timothy Burnett
Director
Sydney, 23 February 2023

The Board of Directors
Saunders International Limited
Level 2, 1F Homebush Bay Drive
Rhodes NSW 2138

23 February 2023

Dear Board Members

Saunders International Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Saunders International Limited.

As lead audit partner for the review of the financial statements of Saunders International Limited for the half-year ended 31 December 2022, 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.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



David Sartorio
Partner
Chartered Accountants

Liability limited by a scheme approved under Professional Standards Legislation.
Member of Deloitte Asia Pacific Limited and the Deloitte Organisation

Independent Auditor's Review Report to the Members of Saunders International Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Saunders International Limited (the "Company") and its subsidiaries (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2022, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration as set out on pages 7-18.

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 the Group 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 2022 and of 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*.

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 Half-year Financial Report* section of our report. We are independent of the Group in accordance with 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 the Company, would be in the same terms if given to the directors as at the time of this auditor's review report.

Directors' Responsibilities 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 Responsibilities for the Review of the Half-year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 2022 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.



DELOITTE TOUCHE TOHMATSU



David Sartorio
Partner
Chartered Accountants
Parramatta, 23 February 2023

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Revenue	4	92,967	46,399
Interest income		24	-
Other Income	5	150	836
Materials and third-party costs charged to projects	5	(58,674)	(26,851)
Employee benefits expense		(23,012)	(13,870)
Depreciation expense	5	(1,395)	(1,084)
Finance costs	5	(115)	(47)
Motor vehicle expenses		(223)	(136)
Occupancy and operating lease expense		(384)	(222)
Other expenses		(2,418)	(1,009)
Profit before tax		6,920	4,016
Income tax (expense)	6	(2,172)	(1,214)
Profit for the period		4,748	2,802
Other comprehensive income		-	-
Total comprehensive income for the period		4,748	2,802
Attributable to			
Equity holders of the parent		4,748	2,802
Earnings per share			
Basic (cents per share)	15	4.44 cents	2.69 cents
Diluted (cents per share)	15	4.37 cents	2.62 cents

Notes to the financial statements are included on pages 11 to 17

Condensed Consolidated Statement of Financial Position

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Note	31 Dec 2022 \$'000	30 Jun 2022 \$'000
Current assets			
Cash and cash equivalents		38,565	36,746
Trade and other receivables		14,469	28,946
Contract Assets		8,415	9,340
Inventories		167	189
Other current Assets		1,286	192
Total current assets		62,902	75,413
Non-current assets			
Property plant and equipment		11,551	12,086
Right-of-use assets		4,028	3,674
Intangible asset	19	321	321
Deferred tax assets		764	-
Total non-current assets		16,664	16,081
TOTAL ASSETS		79,566	91,494
Current liabilities			
Trade and other payables		18,875	35,500
Contract liabilities		10,876	13,023
Provisions		6,183	4,427
Current tax liability		1,898	2,089
Lease liabilities		1,347	1,191
Borrowings		1,242	-
Total current liabilities		40,421	56,230
Non-current liabilities			
Provisions		915	839
Lease liabilities		2,349	2,328
Deferred tax liabilities		-	72
Borrowings		960	-
Total non-current liabilities		4,224	3,239
TOTAL LIABILITIES		44,645	59,469
NET ASSETS		34,921	32,025
Equity			
Issued capital	13	22,814	22,482
Treasury shares under employee share plan	14	(1,666)	(1,806)
Share based payments reserve	14	438	384
Retained earnings		13,335	10,965
Total equity		34,921	32,025

Condensed Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	Issued Capital \$'000	Treasury Shares Issued Under Employee Share Plan \$'000	Share Based Payments Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 30 June 2021	20,687	(674)	736	7,358	28,107
Profit for the period	-	-	-	2,802	2,802
Transactions with owners in their capacity as owners					
Dividend paid	63	-	-	(1,863)	(1,800)
Shares issued (net of forfeiture/ lapsing) during the period	445	-	(314)	-	131
Share based payments expense	-	-	155	(131)	24
Balance at 31 December 2021	21,195	(674)	577	8,166	29,264
Balance at 30 June 2022	22,482	(1,806)	384	10,965	32,025
Profit for the period	-	-	-	4,748	4,748
Transactions with owners in their capacity as owners					
Dividend paid	-	-	-	(2,191)	(2,191)
Shares issued (net of forfeiture/ lapsing) during the period	(140)	140	-	-	-
Shares vested during the period	472	-	(285)	(187)	-
Share based payments expense	-	-	339	-	339
Balance at 31 December 2022	22,814	(1,666)	438	13,335	34,921

Notes to the financial statements are included on pages 11 to 17

Condensed Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2022

	31 Dec 2022 \$'000	31 Dec 2021 \$'000
Cash flows from operating activities		
Receipts from customers	115,635	55,324
Payments to suppliers and employees	(109,516)	(46,123)
Interest received	24	-
Finance costs paid	(115)	(47)
Income taxes (paid)	(3,211)	-
Net cash inflows from operating activities	2,817	9,154
Cash flows from investing activities		
Payments for property, plant and equipment	(392)	(922)
Proceeds received in sale of assets	-	12
Payments for business acquisition	-	(185)
Net cash (used) in investing activities	(392)	(1,095)
Cash flows from financing activities		
Dividends paid to shareholders	(2,191)	(1,800)
Proceeds from Borrowings	3,088	1,407
Repayment of Borrowings	(886)	(639)
Repayment of lease liabilities	(647)	(345)
Net cash (outflows) from financing activities	(636)	(1,377)
Net increase / (decrease) in cash and cash equivalents	1,789	6,682
Cash and cash equivalents at the beginning of the period	36,746	23,816
Effects of exchange rate fluctuations on cash held	30	39
Cash and cash equivalents at the end of the financial period	38,565	30,537

Notes to the financial statements are included on pages 11 to 17

Notes to the Condensed Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The condensed consolidated interim financial report for the half-year reporting period ended 31 December 2022 is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 Interim Financial Reporting (AASB 134). Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 Interim Financial Reporting. The interim financial report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The interim financial statements have been prepared on the basis of historical cost. The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

All amounts are presented in Australian dollars.

Rounding off of amounts

The Group is of the kind referred to in ASIC Corporations (Rounding in Financials/Directors' Report Instrument 2016/191, dated 24 March 2016, and in accordance with the Corporations Instrument amounts in the directors' report and the half-year report are rounded off to the nearest thousand dollars, unless otherwise indicated.

2. ADOPTION OF NEW AND REVISED ACCOUNTING STANDARDS

Accounting Standard in issue but not yet effective

Certain Australian Accounting Standards and Interpretations have recently been issued or amended but are not yet effective and have not been adopted by the Group for the half-year ended 31 December 2022. There will be no material impact of these new standards or amendments to the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income of the Group.

3. SIGNIFICANT CHANGES FROM THE ANNUAL FINANCIAL STATEMENTS

Government Grants

During the FY22 H1, prior comparative period, the Group became eligible for certain government support in response to the coronavirus pandemic, as explained in Note 9. For the period FY23 H1 the Group was not eligible for these government supports schemes.

The Group's accounting policy for government grants is explained below.

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, wage subsidies received under the JobSaver/JobKeeper schemes are presented as other income in the profit or loss.

3. SIGNIFICANT CHANGES FROM THE ANNUAL FINANCIAL STATEMENTS (CONT)

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

4. REVENUE

Revenue stream	Revenue recognition	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Engineering & Construction	Over time	60,726	19,686
Services	Over time	18,865	10,994
Fabrication & Construction	Over time	13,376	15,719
Total revenue		92,967	46,399

5. PROFIT/(LOSS) FOR THE PERIOD

The operating profit before income tax includes the following items of revenue and expense:

	Note	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Revenue			
Sales revenue		92,967	46,399
Interest Income			
Interest income		24	-
Other income			
JobSaver/JobKeeper subsidy (Government grants)	9	-	744
Others		150	92
Total other income		150	836
Expenses			
Cost of sales		79,779	37,701
Depreciation of:			
- Buildings		14	14
- Plant and equipment		835	650
- Computer, furniture and fixtures		78	101
- Right of use assets		468	319
Total depreciation expense		1,395	1,084
Finance costs on lease liabilities		109	47
Other finance costs		6	-
Total finance costs		115	47

6. INCOME TAX

	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Current tax relating to current period	3,008	1,511
Deferred tax	(836)	(297)
Total Income Tax Expense/(Benefit)	2,172	1,214

7. DIVIDENDS PAID OR PROPOSED

	Half-Year Ended 31 Dec 2022 \$'000	Half-Year Ended 31 Dec 2021 \$'000
Dividends Paid		
Declared final dividend in FY23 of 1.00 cents per share fully franked and a special dividend of 1.00 cents per share fully franked. (FY22 : 0.75 cents final dividend per share fully franked and 1.00 special dividend per share fully franked).	2,191	1,863
Dividends Proposed		
The directors proposed that there will be an interim dividend paid to shareholders for the half year ended 31 December 2022 of 2.00 cents per share fully franked (FY22 H1: 1.00 cent per share fully franked). The dividend was approved on 22 February 2023, and will be payable on 11 April 2023.	-	-

8. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

In the ordinary course of business, the Group receives claims against it which may involve litigation. In the event that a claim is successful, it is expected to be adequately covered by the insurance policies held by the Group. Where the outcome is probable and can be reasonably quantified, provision is made in these financial statements.

Bank guarantees and Surety Bonds at 31 December 2022 amounted to \$21.93 million (31 December 2021: \$15.70 million). The Group has combined Bank guarantees and Surety Bond facilities of \$35.00 million (31 December 2021: \$25.00 million).

9. GOVERNMENT GRANTS AND GOVERNMENT ASSISTANCE

In the prior corresponding period the Group benefited from a government support package as a result of COVID-19. The amount of government subsidies received by the Group in the reporting period is \$NIL (FY22-H1: \$0.74 million). The Group has not received any further payments.

10. EMPLOYEE SHARE PLAN

During the period NIL (FY22 H1: NIL) Treasury Shares were issued to employees under the existing Employee Share Plan.

11. PERFORMANCE RIGHTS PLAN

The Managing Director and Key Management Personnel participate in the Saunders International Performance Rights Plan. This plan is part of the long term incentive component of the Managing Director and members of the senior leadership team's remuneration package. During the period a total number of 515,292 (FY22 H1: 691,199) Performance Rights were issued under the plan.

12. EVENTS SUBSEQUENT TO REPORTING DATE

The Board declared on 22 February 2023 that there will be an interim dividend payable of 2.00 cents per share fully franked for FY23-H1 (FY22-H1 1.00 cent per share fully franked). The dividend will be payable on 11 April 2023 with the record date for determining dividends on 15 March 2023.

The directors are not aware of any other matter or circumstance, not already disclosed, occurring subsequent to the end of the financial half year that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

13. SHARE CAPITAL

	Number of Ordinary Shares	Half-Year Ended 31 Dec 2022 \$'000	Full-Year Ended 30 June 2022 \$'000
109,548,656 issued ordinary shares (June 2022: 108,103,160)	109,548,656	24,480	24,288
Less: 1,960,656 Treasury shares issued under employee share plan (June 2022: 2,207,950)	(1,960,656)	(1,666)	(1,806)
Issued and fully paid ordinary shares (June 2022: 105,895,210)	107,588,000	22,814	22,482

	Number of Ordinary Shares	\$'000
June 2022 – Issued Ordinary Shares	105,895,210	22,482
Rights and Shares Issued	1,692,790	472
Less: Employee share plan forfeited	-	(140)
December 2022 – Issued Ordinary Shares	107,588,000	22,814

The Managing Director and certain Key Management Personnel participate in the Saunders International Rights Plan. This plan is part of the long-term incentive component of the respective remuneration packages. The total number of Performance Rights issued, yet to vest, under the plan is 1,636,399, as at 31 December 2022.

14. TREASURY SHARES AND RESERVES

	Half-Year Ended 31 Dec 2022 \$'000	Full-Year Ended 30 Jun 2022 \$'000
Treasury Shares	(1,666)	(1,806)
Share-based payments reserve	438	384
	(1,228)	(1,422)
Share Based Payments Reserve Movement		
Balance at Beginning of period	384	736
Share based payments expense	339	218
Shares issued	(285)	(570)
Balance at end of period	438	384
Treasury Shares Under Employee Share Plan		
Balance at Beginning of period	(1,806)	(674)
Treasury shares forfeited/(issued)	140	(1,132)
Treasury shares vested	-	-
Balance at end of period	(1,666)	(1,806)

Treasury shares are ordinary shares in the company which are offered to employees under the Employee Share Plan and are deducted from equity until the vesting date of the shares.

Share-based Payments reserve

The share-based payments reserve is for the fair value of options and performance rights granted and recognised to date but not yet exercised, and treasury shares purchased and recognised to date which have not yet vested.

15. EARNINGS PER SHARE

	Half-Year Ended 31 Dec 2022 Cents per share	Half-Year Ended 31 Dec 2021 Cents per share
Basic earnings per share	4.44	2.69
Diluted earnings per share	4.37	2.62

	2022 \$'000	2021 \$'000
Net profit for the period	4,748	2,802

	Number	Number
Basic earnings per share		
Weighted average number of issued and paid ordinary shares for the purpose of basic earnings per share	106,944,257	104,306,909

Diluted earnings per share

Weighted average numbers of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share reconciles to the weighted average number of ordinary shares used in the calculation of basic earnings per share as follows:

Weighted average number of ordinary shares used in the calculation of basic EPS	106,944,257	104,306,909
Shares deemed to be issued for no consideration in respect of employee options and performance rights (a)	1,605,578	2,806,512
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	108,549,835	107,113,421

- (a) During the half year ended 31 December 2022 the potential ordinary shares associated with the employee share option plan as set out in Note 13 are anti-dilutive and therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share. The potential ordinary shares associated with the Performance Rights are dilutive and have been included in the weighted average number of ordinary shares for the purposes of diluted earnings per share.

16. REVENUE BY BUSINESS SEGMENTS

The Group operates in one reporting segment being the design, construction, and maintenance of steel storage tanks, concrete bridges, structural mechanical piping, industrial automation and controls.

In the current period, 4 customers made up 72% of the revenue earned (FY22-H1: 5 customers made up 39% of the revenue earned).

17. CONTROLLED ENTITIES

Name of entity	Country of incorporation	Ownership interest	
		2021	2022
Parent Entity			
Saunders International Limited	Australia		
Subsidiaries			
Saunders Asset Services Pty Ltd	Australia	100%	100%
Saunders Civilbuild Pty Ltd	Australia	100%	100%
Saunders Property (NSW) Pty Ltd	Australia	100%	100%
Saunders PlantWeave Pty Ltd	Australia	100%	100%
Saunders PNG Limited	PNG	100%	100%

18. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets, is determined with reference to quoted market prices. The fair value of other financial assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable market transactions. The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives and option pricing models. The directors consider that the carrying amount of financial assets and financial liabilities recorded at amortised costs in the financial statements approximate their fair value.

19. INTANGIBLE ASSETS

On 30 July 2021, the Group acquired PlantWeave Technologies (PlantWeave), a specialist in industrial process automation and electrical solutions. The purchase was made with the Group's cash reserves and resulted in recognition of intangible assets of \$321,313.

Directors' Declaration

The directors of Saunders International Limited declare that:

- a) in the directors' opinion there are reasonable grounds to believe the company will be able to pay its debts as and when they become due and payable; and
- b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001 including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to section 303(5) of the Corporations Act 2001.

On behalf of the directors



Mark Benson
Director
Sydney, 23 February 2023



Timothy Burnett
Director
Sydney, 23 February 2023