Ventia Services Group Limited
ABN 53 603 253 541

Level 8, 80 Pacific Highway
North Sydney NSW 2060
AUSTRALIA

ventia.com

ASX and NZX Release

21 August 2024

Appendix 4D and Half-Year Financial Report

Enclosed are the following documents relating to Ventia Services Group Limited's results for the half-year ended 30 June 2024:

- Appendix 4D
- Half-Year Report

The following associated documents will be provided separately for lodgement:

- Notification of Dividend (Appendix 3A.1)
- Media Release
- Half-Year Presentation

This announcement was authorised by the Board.

-Ends-

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About Ventia
Ventia is a leading essential infrastructure services provider in Australia and New Zealand, proudly providing the services that keeps infrastructure working for our communities. Ventia has access to a combined workforce of more than 35,000 people, operating in over 400 sites across Australia and New Zealand. With a strategy to redefine service excellence by being client-focused, innovative and sustainable, Ventia operates across a broad range of industry segments, including defence, social infrastructure, water, electricity and gas, resources, telecommunications and transport.

VENTIA SERVICES GROUP LIMITED

ABN 53 603 253 541

Results for Announcement to the Market

APPENDIX 4D - Half-Year Report

	Half-year ended 30 June 2024 $'m	Half-year ended 30 June 2023 $'m	Change $'m	Change Percentage
Total revenue	3,082.5	2,786.8	295.7	10.6%
Profit from ordinary activities after income tax attributable to members of the parent entity	101.4	88.3	13.1	14.8%
Profit after income tax attributable to members of the parent entity	101.4	88.3	13.1	14.8%

Dividends	**Amount per security**	**Franked amount per security**	**Franking**
Interim dividend - year ending 31 December 2024	9.35 cents	7.48 cents	80%
Final dividend - year ended 31 December 2023	9.41 cents	7.53 cents	80%

Key interim dividend dates	**Date**
Ex-dividend date	29 August 2024
Record date for determining entitlement to the dividend	30 August 2024
Date for payment of dividend	7 October 2024

	As at 30 June 2024	**As at 31 December 2023**	**As at 30 June 2023**
Net tangible liabilities backing per ordinary share	$ (0.63)	$ (0.68)	$ (0.72)

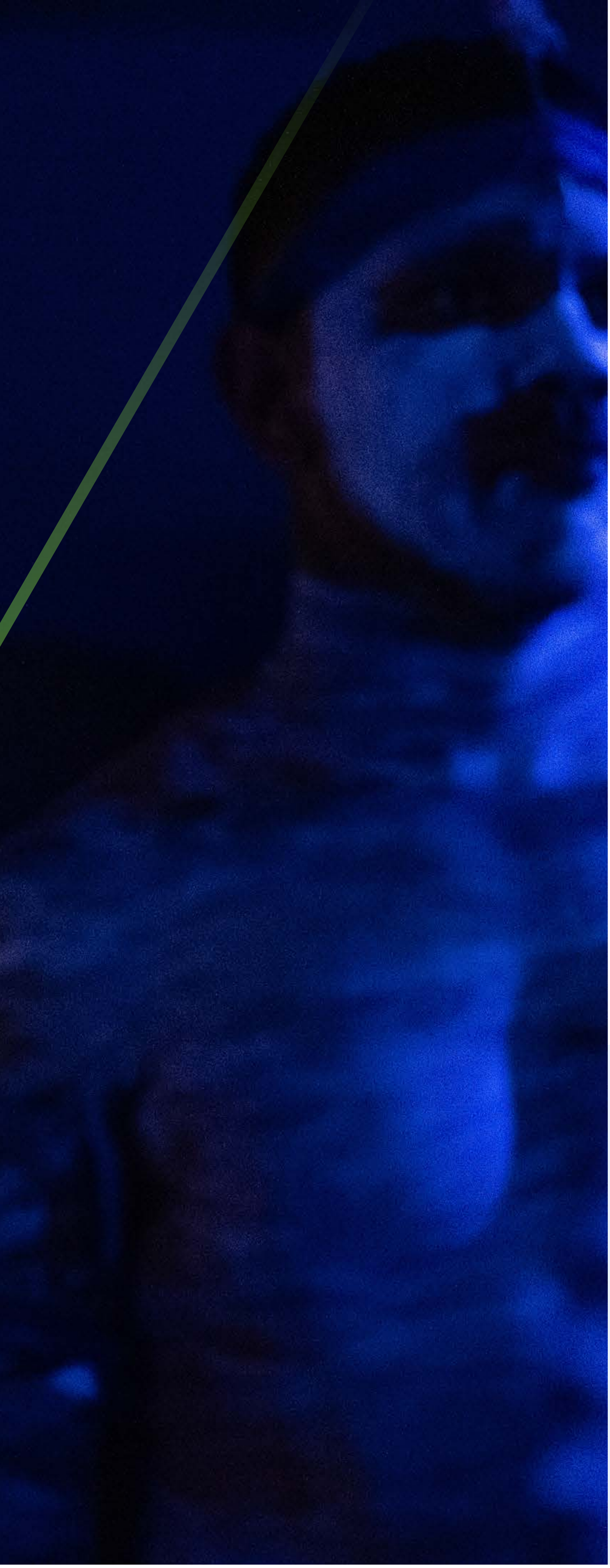
The remainder of the information requiring disclosure to comply with ASX Listing Rule 4.2A is contained in the Half-Year Financial Update and the Condensed Consolidated Financial Statements for the half-year ended 30 June 2024 which are lodged with this Appendix 4D.

ventia

2024
Half-Year Report

We are Ventia.
People are at the heart of our success.

Cover: Incident Response, Chantel James, Sydney (NSW)
Pictured: Noongar marmum (men) performing the "Spider Dance" in Perth (Whadjak Noongar Land)



Acknowledgement of Country

Ventia would like to respectfully acknowledge the Traditional Custodians of Country throughout Australia and their connection to land, sea and community. We pay our respect to them, their cultures and to their Elders past and present.

Mihi

He tautoko te ahurea i ngā kawa me ngā tikanga o ngā Iwi whānui o Aotearoa, me ka kawa me ka tikaka o ka Iwi whānui o Te Waipounamu. We recognise and celebrate the culture of Mana Whenua in Aotearoa and Te Waipounamu where our teams respect local Iwi and communities across the country.

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Half-Year Financial Update

Ventia Services Group Limited (Ventia or Company) and its subsidiaries (together referred to as the Group) is a leading essential services provider in Australia and New Zealand.

The Group has extensive capabilities across the full asset lifecycle and provides services across a diverse range of industry sectors through long-term contracts with a range of government agencies and blue-chip organisations.

Ventia is structured across four sectors:

- Defence and Social Infrastructure;
- Infrastructure Services;
- Telecommunications; and
- Transport.

Ventia's strategy of Redefining Service Excellence is centred on three priorities: client focus, innovation and sustainability.

Ventia has identified three key drivers to increase its market share:

- Renewing and growing existing contracts;
- Winning new work; and
- Cross-selling our expert capabilities.

1. Statutory financial performance

1.1 Statutory Group financial highlights

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Revenue	3,082.5	2,786.8	295.7	10.6%
Profit after income tax	101.4	88.3	13.1	14.8%

	June 2024 Cents per Share	June 2023 Cents per Share	Change Cents per Share	Change %
Basic earnings per share	11.85	10.32	1.53	14.8%

	Other measures[1]			
	June 2024 $'m	June 2023 $'m	Change $'m	Change %
EBITDA	245.8	225.1	20.7	9.2%
NPATA	106.7	94.8	11.9	12.5%
Operating cash flow before interest and tax	222.9	200.2	22.7	11.3%
Operating cash flow conversion %[2]	90.7%	88.9%	n/a	1.8pp
Work in hand	17,213.9	17,470.5	(256.6)	(1.5%)

1. Other measures are non-International Financial Reporting Standards (IFRS) measures that have been derived from statutory information.
2. Calculated as operating cash flow before interest and tax, divided by EBITDA.

EBITDA – Earnings before interest, income tax, depreciation and amortisation.

NPATA – Net profit after tax, excluding the after-tax impact of amortisation of acquired intangible assets.

1.2 Statutory Group financial performance

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Revenue	3,082.5	2,786.8	295.7	10.6%
Expenses	(2,837.4)	(2,563.3)	(274.1)	10.7%
Share of profits of joint ventures	0.7	1.6	(0.9)	(56.3%)
Earnings before interest, income tax, depreciation and amortisation	**245.8**	**225.1**	**20.7**	**9.2%**
Depreciation expense	(57.6)	(51.8)	(5.8)	11.2%
Amortisation expense	(18.5)	(21.0)	2.5	(11.9%)
Earnings before interest and income tax	**169.7**	**152.3**	**17.4**	**11.4%**
Net finance costs	(25.2)	(26.8)	1.6	(6.0%)
Profit before income tax	**144.5**	**125.5**	**19.0**	**15.1%**
Income tax expense	(43.1)	(37.2)	(5.9)	15.9%
Profit after income tax	**101.4**	**88.3**	**13.1**	**14.8%**
Amortisation of acquired intangible assets (after tax)	5.3	6.5	(1.2)	(18.5%)
NPATA	**106.7**	**94.8**	**11.9**	**12.5%**

Revenue

Ventia reported an increase in revenue of $295.7 million, or 10.6%, to $3,082.5 million in HY24. The growth was driven by the strong performance in the Defence and Social Infrastructure and Telecommunications sectors, as a result of increase in minor capital work volume and contribution from contracts commencing in the second half of 2023 and 2024.

Section 2 provides further commentary on sector performance.

EBITDA

Statutory EBITDA increased by $20.7 million, or 9.2%, to $245.8 million in HY24. The movement was driven primarily by the increase in revenue. The Group maintained a stable EBITDA margin at 8.0% (HY23: 8.1%).

Depreciation expense

Depreciation expense increased by $5.8 million, or 11.2%, driven by an assessment of the remaining useful life of certain plant and machinery.

Amortisation expense

Amortisation expense decreased by $2.5 million, or 11.9%, as a portion of acquired intangible assets became fully amortised.

Net finance costs

Net finance costs decreased by $1.6 million, or 6.0%, primarily driven by an increase in interest income as a result of higher cash balances during the period. This was partially offset by an increase in interest expense as the Group's syndicated loan facilities are linked to the Bank Bill Swap Bid Rate (BBSY), which increased from 3.77% in June 2023 to 4.41% in June 2024. The Group partially hedged its interest risk exposure by entering into interest rate swap arrangements.

Income tax

Income tax expense was $43.1 million for HY24, representing an effective tax rate of 29.8% (HY23: 29.6%).

1.3 Statutory Group financial position

Net working capital

Net working capital comprises trade and other receivables, contract assets and inventories, less trade and other payables, contract liabilities, employee benefit liabilities and provisions.

The net working capital balance increased by $26.5 million in HY24. Key movements included an increase in trade and other receivables of $52.2 million, and an increase in contract assets of $23.4 million, offset by an increase in trade and other payables of $57.6 million. These balances are seasonally higher in June compared to December due to higher volumes of work performed in May and June each year.

Net debt

Net debt comprises borrowings (excluding capitalised borrowing costs) and lease liabilities, less cash and cash equivalents.

Net debt decreased by $28.6 million to $516.2 million, mainly due to the increase in cash held at the end of HY24 of $24.9 million. The increase in cash held at the period end reflects the strong operating cash flows of the Group.

1.4 Statutory Group cash flow

Operating cash flow

Net cash generated from operating activities for HY24 was $162.0 million, representing an increase of $2.1 million from HY23. This was driven by an increase in EBITDA and improvement in cash conversion from 88.9% in HY23 to 90.7% in HY24 off set by an increase in income tax paid.

Investing cash flow

Total cash outflow from investing activities was $28.5 million for HY24, representing a $12.1 million increase compared with HY23. Cash outflow for both years mainly comprised payments for acquisition of property, plant and equipment, and intangible assets. The increase was mainly driven by spending on leasehold improvements for new offices, and investment in plant and machinery for the Rig and Well Services business.

Financing cash flow

Total financing cash outflow of $108.4 million increased by $6.6 million compared to HY23. This represents an increase in dividends paid of $9.7 million, partially offset by a reduction in payment of lease liabilities of $3.1 million.

2. Sector financial performance

2.1 Defence and Social Infrastructure

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Sector revenue	1,328.6	1,179.2	149.4	12.7%
Sector EBITDA	89.0	78.1	10.9	14.0%
Sector EBITDA %	6.7%	6.6%	n/a	0.1pp

Defence and Social Infrastructure reported revenue of $1,328.6 million, which represents an increase of $149.4 million or 12.7% on HY23. The strength of the relationship with Defence is evidenced by an increase in minor capital works assigned through the Defence Base Services contract, and continuing to win new contracts, including the Defence Maintenance Contract which mobilised in December 2023.

The continued emphasis on building strong relationships with key clients and delivering service excellence led to the award of contracts, including the $570 million 5-year Homes NSW social housing maintenance contract and a further 1-year extension to our Auckland Council facility management contract.

HY24 EBITDA was $89.0 million, an increase of $10.9 million or 14.0% on HY23. This was driven by the increase in revenue noted above.

2.2 Infrastructure Services

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Sector revenue	630.2	632.6	(2.4)	(0.4%)
Sector EBITDA	49.9	56.0	(6.1)	(10.9%)
Sector EBITDA %	7.9%	8.9%	n/a	(1.0pp)

Infrastructure Services reported revenue of $630.2 million, which represents a decrease of $2.4 million or 0.4% on HY23. This was a result of spending reductions from key clients and the conclusion of projects in Resources and Industrial and Environmental Services, offset partly by stronger volumes across numerous Energy, Water and Renewables contracts in Australia and New Zealand.

New works won in HY24 included a 5-year transmission and distribution maintenance services panel contract with Western Power, and the Burpengary East Wastewater Treatment Plant upgrade for Unitywater. Infrastructure Services also renewed the Yallourn Mine maintenance project for RTL Mining and Earthworks. Contract extensions in HY24 included extension of the contract with Sydney Water until 2030, and a 12-month extension of our contract with Urban Utilities.

HY24 EBITDA was $49.9 million, a decrease of $6.1 million or 10.9% on HY23. The EBITDA result reflects an overall mix of work performed, favouring longer-term operation and maintenance contracts over shorter-term capital works projects. In addition, certain capital works projects completed in HY23 generated favourable margin outcomes which were not replicated in HY24.

2.3 Telecommunications

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Sector revenue	782.3	654.4	127.9	19.5%
Sector EBITDA	100.3	84.1	16.2	19.3%
Sector EBITDA %	12.8%	12.9%	n/a	(0.1pp)

Telecommunications reported revenue of $782.3 million, which represents an increase of $127.9 million or 19.5% on HY23. Telecommunications continued to perform strongly both in core carrier works and defence and space adjacency. Build volumes continued to accelerate across existing programs.

In HY24, new work and renewals of $275m have been secured, including NBN ODM Business Deployment, Gigacomm network design & deployment, and Babcock sustainment engineering, reflecting positive results across all business units.

HY24 EBITDA was $100.3 million, an increase of $16.2 million or 19.3% on HY23. EBITDA grew in line with revenue.

2.4 Transport

	June 2024 $'m	June 2023 $'m	Change $'m	Change %
Sector revenue	341.4	320.6	20.8	6.5%
Sector EBITDA	25.1	23.4	1.7	7.3%
Sector EBITDA %	7.4%	7.3%	n/a	0.1pp

Transport reported revenue of $341.4 million, which represents an increase of $20.8 million or 6.5% on HY23. Australia and New Zealand growth was supported by commencement of contracts in the second half of 2023, which included the 6-year Incident and Response Maintenance contract with Transurban Queensland, provision of Intelligent Transport Systems and solutions for the Westgate Tunnel Project and Western Distributor Smart Motorway, and commencement of the road maintenance contract in New Zealand for the Hauraki District Council.

Transport was successful in being awarded new contracts and renewals in HY24, which included a 3-year minor capital works contract for CityLink Motorway in Melbourne, extension of contracts for maintenance and incident response for Lane Cove Tunnel and M2 Motorway in NSW, and road maintenance for Far North District Council in New Zealand.

HY24 EBITDA was $25.1 million, an increase of $1.7 million or 7.3% on HY23 in line with revenue growth.

3. Liquidity and capital management

As at 30 June 2024, the Group had liquidity of $763.6 million, comprising cash balances of $363.6 million and undrawn committed debt facilities of $400.0 million.

Syndicated loan facilities

Ventia has in place $750.0 million syndicated loan facilities and a $400.0 million revolving cash facility. The syndicated bank loan facilities are unsecured and committed and comprise Australian dollar tranches with maturities in 2025, 2026 and 2028.

Covenants on financing facilities

The Group's financing facilities contain undertakings to comply with financial covenants on its leverage ratio and interest cover ratio. The Group complied with all its financial covenants throughout HY24.

Bank guarantees and insurance bonds

The Group has $690.0 million (31 December 2023: $690.0 million) of bank guarantee and insurance bond facilities on a committed and uncommitted basis to support its contracting activities. The Group utilised $377.8 million of these facilities at 30 June 2024 (31 December 2023: $392.5 million).

Credit ratings

The Group has investment grade credit ratings of Baa2 (outlook stable) from Moody's and BBB (outlook stable) from S&P.

4. Dividends

Ventia's dividend policy is to pay out between 60% and 80% of the Group's NPATA as a dividend. NPATA provides a proxy for Ventia's cash flows available to pay dividends before the after-tax amortisation of acquired intangible assets. It is a key measure of Ventia's financial performance.

On 20 August 2024, the Ventia Board resolved to pay an interim dividend of 9.35 cents per share, 80% franked, representing a payout ratio of 75%.

Ventia intends to frank future dividends to the maximum extent possible, subject to the availability of franking credits.

5. Sustainability

At Ventia, we are passionate about making infrastructure work for our communities and we strive to do that in a sustainable way. Our sustainability strategy is to create a healthier planet, be people and community focused, and be accountable for all that we do.

In support of our commitment to achieving net zero emissions and helping our clients reduce their emissions, we have set targets for the near term (2030) and to reach net zero by 2050 across all emissions scopes. Our targets were validated by the Science Based Targets initiative (SBTi) in June 2024 and align with the Paris Agreement in support of a 1.5°C future.

For further information on Ventia's sustainability strategy and sustainability reporting suites, please visit Ventia's website https://www.ventia.com/our-approach/sustainability.

6. Outlook

In FY24, we now expect to deliver 10-12% NPATA growth compared to FY23. With positive demand drivers across our sectors, a renewal rate of 93%, work in hand of $17.2 billion and long-term strategic relationships with our clients, we are well placed to grow distributions and deliver long-term value.

Financial Report

for the half-year ended 30 June 2024

Pictured: Urandangi, QLD (Black Spot on QLD NT border. Bringing the first mobile service to this remote community)

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Directors' Report

This is the report of the Directors of Ventia Services Group Limited (Ventia or Company) in respect of Ventia and the entities it controlled at the end of, or during, the half-year ended 30 June 2024 (together referred to as the Group).

Directors

The following persons held office as Directors of the Company during the half-year ended 30 June 2024 and up to the date of this report, unless otherwise stated:

Mr David Moffatt (Chairman)

Mr Dean Banks (Managing Director)

Mr Jeffrey Forbes

Ms Sibylle Krieger

Ms Lynne Saint

Ms Anne Urlwin ONZM

Mr Damon Rees

Mr Kevin Crowe (resigned on 21 February 2024)

Mr Steve Martinez (Alternate Director) (resigned on 21 February 2024)

All of the current Directors are non-executive directors, except for Mr Dean Banks who is the Managing Director and Group Chief Executive Officer.

Principal activities

The Group is one of the largest essential services providers in Australia and New Zealand. The Group organises its operations into four sectors as follows:

- Defence and Social Infrastructure provides maintenance and support services to customers operating across defence, social infrastructure (education, health and state government), housing and community, local government and critical infrastructure. This sector also provides property and consulting services to public and private customers;
- Infrastructure Services supports the ongoing operation and maintenance of infrastructure, including utilities (water, electricity and gas), resources and industrial assets (mining, gas, and manufacturing) and resources development (mineral and gas). This sector also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing customer productivity and sustainability;
- Telecommunications provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure; and
- Transport provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

Further details of the results of operations and likely developments are set out in the Half-Year Financial Update on pages 2-6.

Significant changes in the state of affairs

There were no significant changes in the nature of the activities of the Group during the half-year.

Company Secretaries

Ms Rebecca Tweedie
Ms Debbie Schroeder

Dividends

Details of dividends for the current and previous financial year are as follows:

	2024 Cents per Share	2023 Cents per Share
Interim dividend for 2024 to be paid on 7 October 2024 (80% franked)	9.35	–
Final dividend for 2023 paid on 5 April 2024 (80% franked)	–	9.41
Interim dividend for 2023 paid on 6 October 2023 (80% franked)	–	8.31

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 11.

Proceedings on behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

Rounding of amounts

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Instrument, amounts in the Directors' Report and the Condensed Consolidated Financial Statements are rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument, unless otherwise indicated.

Matters subsequent to balance date

Business combinations

On 1 July 2024, Ventia NZ Operations Limited (a controlled entity of Ventia Services Group Limited) acquired the entire share capital of Landscape Solutions Pty Limited (Landsol). Landsol provides commercial landscape maintenance services across New Zealand, and its acquisition will strengthen the Group's Defence and Social Infrastructure offering.

The purchase consideration comprised $13.4 million as a cash payment, settled on 1 July 2024. An additional contingent consideration up to $3.3 million will be payable subject to a number of conditions.

Dividends

Since the end of the half-year, the Directors have resolved to pay an interim dividend of 9.35 cents per share, 80% franked.

In accordance with AASB 110 Events after the Reporting Period, the proposed interim dividend is not recognised as a liability as at 30 June 2024.

Unless disclosed elsewhere in the Condensed Consolidated Financial Statements, no other material matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Other information

The following information, contained in other sections of this Half-Year Report, forms part of this Directors' Report:

- Half-Year Financial Update on pages 2 to 6; and
- Auditor's Independence Declaration on page 11.

This report is made in accordance with a resolution of the Directors of the Company and is dated 20 August 2024.

David Moffatt
Chairman

Auditor’s Independence Declaration

Deloitte.

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20 August 2024

The Board of Directors
Ventia Services Group Limited
Level 8, 80 Pacific Highway
North Sydney, NSW 2060

Dear Board Members

Auditor’s Independence Declaration to Ventia Services Group 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 Ventia Services Group Limited.

As lead audit partner for the review of the half year financial report of Ventia Services Group Limited for the half year ended 30 June 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2024

	Note	June 2024 $'m	June 2023 $'m
Revenue	2.1	3,082.5	2,786.8
Expenses	2.2	(2,837.4)	(2,563.3)
Share of profits of joint ventures		0.7	1.6
Earnings before interest, income tax, depreciation and amortisation		**245.8**	**225.1**
Depreciation expense		(57.6)	(51.8)
Amortisation expense		(18.5)	(21.0)
Earnings before interest and income tax		**169.7**	**152.3**
Net finance costs		(25.2)	(26.8)
Profit before income tax expense		**144.5**	**125.5**
Income tax expense	3.6	(43.1)	(37.2)
Profit after income tax		**101.4**	**88.3**
Earnings per share (cents)			
Basic earnings per share	4.1	11.85	10.32
Diluted earnings per share	4.1	11.74	10.25
Other comprehensive income			
Items that may be reclassified to profit or loss:			
Foreign exchange translation differences		(1.8)	(1.5)
Cash flow hedges:			
– Gains arising on change in the fair value of hedging instruments		6.4	3.5
– Cumulative gain reclassified to profit or loss		(3.1)	(1.5)
– Income tax effect of items above		(1.0)	(0.6)
Total cash flow hedges		2.3	1.4
Other comprehensive income		0.5	(0.1)
Total comprehensive income		**101.9**	**88.2**

The above Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying Notes to the Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

	Note	30 June 2024 $'m	31 December 2023 $'m
Current assets			
Cash and cash equivalents		363.6	338.7
Trade and other receivables	3.1	420.4	371.6
Contract assets	3.1	553.1	529.7
Inventories		49.8	46.8
Current tax assets		19.7	11.1
Derivative assets	4.5	4.6	5.5
Total current assets		**1,411.2**	**1,303.4**
Non-current assets			
Trade and other receivables	3.1	18.4	15.0
Equity accounted investments		8.0	8.4
Derivative assets	4.5	1.7	–
Deferred tax assets		179.9	192.2
Right-of-use assets		120.7	124.4
Property, plant and equipment		133.8	142.3
Intangible assets		39.2	52.8
Goodwill	3.2	1,094.7	1,095.1
Total non-current assets		**1,596.4**	**1,630.2**
Total assets		**3,007.6**	**2,933.6**
Current liabilities			
Trade and other payables	3.3	716.4	658.8
Contract liabilities	3.3	355.2	347.0
Employee benefit liabilities	3.4	149.6	155.0
Provisions	3.5	39.0	30.3
Lease liabilities		46.6	46.2
Current tax liabilities		4.1	1.9
Total current liabilities		**1,310.9**	**1,239.2**
Non-current liabilities			
Contract liabilities	3.3	68.3	65.8
Employee benefit liabilities	3.4	78.6	76.9
Provisions	3.5	124.5	145.7
Derivative liabilities	4.5	0.3	2.7
Lease liabilities		83.2	87.3
Borrowings	4.4	747.1	745.8
Total non-current liabilities		**1,102.0**	**1,124.2**
Total liabilities		**2,412.9**	**2,363.4**
Net assets		**594.7**	**570.2**
Equity			
Share capital	4.3	374.5	374.5
Reserves		(34.5)	(35.9)
Retained earnings		254.7	231.6
Total equity		**594.7**	**570.2**

The above Condensed Consolidated Statement of Financial Position should be read in conjunction with the accompanying Notes to the Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Changes in Equity

for the half-year ended 30 June 2024

2024	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2024		**374.5**	**(35.9)**	**231.6**	**570.2**
Total comprehensive income					
Profit after income tax		–	–	101.4	101.4
Other comprehensive income		–	0.5	–	0.5
Total comprehensive income		**–**	**0.5**	**101.4**	**101.9**
Transactions with owners					
Dividends paid	4.2	–	–	(79.5)	(79.5)
Share-based payments		–	0.9	1.2	2.1
Total transactions with owners		**–**	**0.9**	**(78.3)**	**(77.4)**
Balance at 30 June 2024		**374.5**	**(34.5)**	**254.7**	**594.7**

2023	Note	Share Capital $'m	Reserves $'m	Retained Earnings $'m	Total $'m
Balance at 1 January 2023		**374.5**	**(35.0)**	**181.4**	**520.9**
Total comprehensive income					
Profit after income tax		–	–	88.3	88.3
Other comprehensive income		–	(0.1)	–	(0.1)
Total comprehensive income		**–**	**(0.1)**	**88.3**	**88.2**
Transactions with owners					
Dividends paid	4.2	–	–	(69.8)	(69.8)
Share-based payments		–	1.5	0.3	1.8
Total transactions with owners		**–**	**1.5**	**(69.5)**	**(68.0)**
Balance at 30 June 2023		**374.5**	**(33.6)**	**200.2**	**541.1**

The above Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the Condensed Consolidated Financial Statements.

Condensed Consolidated Statement of Cash Flows

for the half-year ended 30 June 2024

	Note	June 2024 $'m	June 2023 $'m
Cash flows from operating activities			
Receipts from customers		3,346.4	2,988.7
Payments to suppliers and employees		(3,124.6)	(2,789.0)
Dividends received from joint ventures		1.1	0.5
Operating cash flow before interest and tax		**222.9**	**200.2**
Interest received		4.1	2.2
Payments for the interest component of lease liabilities		(3.2)	(3.5)
Interest and other costs of finance paid		(22.8)	(25.6)
Income tax paid		(39.0)	(13.4)
Net cash generated from operating activities		**162.0**	**159.9**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		0.5	2.1
Payments for acquisition of intangible assets		(4.5)	(2.5)
Payments for acquisition of property, plant and equipment		(24.5)	(16.0)
Net cash used in investing activities		**(28.5)**	**(16.4)**
Cash flows from financing activities			
Repayments of principal portion of lease liabilities		(28.9)	(32.0)
Dividends paid	4.2	(79.5)	(69.8)
Net cash used in financing activities		**(108.4)**	**(101.8)**
Net increase in cash and cash equivalents		25.1	41.7
Cash and cash equivalents at start of period		338.7	280.0
Effect of movements in exchange rates on cash and cash equivalents		(0.2)	(0.7)
Cash and cash equivalents at end of period		**363.6**	**321.0**

The above Condensed Consolidated Statement of Cash Flows should be read in conjunction with the accompanying Notes to the Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Statements

for the half-year ended 30 June 2024

1. Basis of preparation

1.1 Basis of preparation

Ventia Services Group Limited (Company) is a for-profit company limited by shares, incorporated and domiciled in Australia.

The address of the Company's registered office and principal place of business is Level 8, 80 Pacific Highway, North Sydney NSW 2060, Australia.

The Condensed Consolidated Financial Statements comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The Condensed Consolidated Financial Statements are general purpose financial statements 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 Condensed Consolidated Financial Statements do 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 for the year ended 31 December 2023.

The Condensed Consolidated Financial Statements were authorised for issue by the Board of Directors on 20 August 2024.

The Company is a company of the kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Instrument amounts in the Directors' Report and the Condensed Consolidated Financial Statements are rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars in accordance with that Instrument, unless otherwise indicated.

The Condensed Consolidated Financial Statements have been prepared on the going concern basis.

The Condensed Consolidated Financial Statements have been prepared on the historical cost basis except for derivative assets and liabilities, which are measured at fair value.

The Condensed Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional currency. Certain companies within the Group have different functional currencies.

The accounting policies and methods of computation adopted in the preparation of the Condensed Consolidated Financial Statements are consistent with those adopted and disclosed in the annual financial report for the year ended 31 December 2023.

1.2 New and amended standards adopted by the Group

The Group has applied the required amendments to standards and interpretations that are relevant to its operations and effective for the current reporting period for the first time for the financial year commencing 1 January 2024, including:

- AASB 2022-5 Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback;
- AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants; and
- AASB 2023-1 Amendments to Australian Accounting Standards – Supplier Finance Arrangements

These new and amended standards have not had any material impact on the disclosures or on the amounts recognised in the Condensed Consolidated Financial Statements.

1.3 Key estimates and judgements

Significant estimates and judgements made in the application of the Company's accounting policies are consistent with those described in the Financial Report for the year ended 31 December 2023.

2. Group performance

2.1 Revenue

The Group enters into client contracts with relatively long-term durations under various contract profiles, including Schedule of Rates, Fixed Price and Cost Reimbursable. These contract profiles are defined as:

Contract Profile	Contract Profile Description
Schedule of Rates	Contracts that predominantly have a combination of: 1) unit pricing; and 2) variable volume of works typically based on work activities or number of client assets maintained. Overheads are often paid as a fixed monthly component of the fee. Contracts for the delivery of recurring services where the fees chargeable to the client are subject to an annual price escalation and/or where the fees chargeable are subject to a volume adjustment mechanism.
Fixed Price	Contracts that predominantly have a fixed price (subject to variations) for an agreed outcome, meaning that the Group is paid for a proportion of works as they are performed, where the overall price is fixed and is not affected by the cost of delivery. Progress payments by the client are made either monthly or as a lump sum once a completion milestone has been reached.
Cost Reimbursable	Contracts that are predominantly structured to pass the actual costs through to the client plus a margin.

Disaggregation of revenue by contract profiles

	June 2024 $'m	June 2023 $'m
Schedule of Rates	2,171.8	2,045.2
Fixed Price	278.1	226.6
Cost Reimbursable	632.6	515.0
Total revenue	**3,082.5**	**2,786.8**

2.2 Expenses

	June 2024 $'m	June 2023 $'m
Labour	1,027.1	994.7
Subcontractors	1,488.7	1,264.7
Materials	220.4	206.6
Other	101.2	97.3
Total expenses excluding interest, tax, depreciation and amortisation	**2,837.4**	**2,563.3**

2.3 Segment disclosures

Operating segment reporting

Operating segments have been identified based on separate financial information that is regularly reviewed by the Group Chief Executive Officer, who is also the chief operating decision maker (CODM). The identification of operating segments is based on the nature of services provided. The Group operates in the following operating segments, which are equivalent to its reportable segments under AASB 8 Operating Segments:

Operating Segments	Segment Description
Defence and Social Infrastructure	Provides maintenance and support services to customers operating across defence, social infrastructure (education, health and state government), housing and community, local government and critical infrastructure. This segment also provides property and consulting services to public and private customers.
Infrastructure Services	Supports the ongoing operation and maintenance of infrastructure, including utilities (water, electricity and gas), resources and industrial assets (mining, gas and manufacturing) and resources development (mineral and gas). This segment also provides complex and large-scale environmental remediation and rehabilitation services, and leverages technologies aimed at enhancing customer productivity and sustainability.
Telecommunications	Provides end-to-end service capabilities that span design, supply, minor construction, installation, commissioning and maintenance of telecommunications networks and infrastructure.
Transport	Provides maintenance, project delivery and technology solutions to owners and operators of road, motorway, tunnel and rail networks.

The revenue and profit of each segment form the primary basis of all management reporting to the CODM. Before 2023, the profit of each segment was measured based on underlying EBITA (earnings before interest, income tax and amortisation of acquired intangible assets, and before acquisition, integration and other restructuring costs). During 2023, segment results were updated to be measured using EBITDA (earnings before interest, income tax, depreciation and amortisation) to align with updated management reporting.

Before 2023, segment revenue was inclusive of the Group's share of revenue of its equity accounted joint ventures. During 2023, the share of revenue of joint ventures was no longer included in segment revenue to align with updated management reporting.

Comparatives figures for 2023 below are presented on the same basis as 2024.

June 2024	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	1,328.6	630.2	782.3	341.4	**3,082.5**
Segment EBITDA	89.0	49.9	100.3	25.1	**264.3**

June 2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Total $'m
Segment revenue	1,179.2	632.6	654.4	320.6	**2,786.8**
Segment EBITDA	78.1	56.0	84.1	23.4	**241.6**

Reconciliation of segment EBITDA to profit after income tax

	June 2024 $'m	June 2023 $'m
Segment EBITDA	264.3	241.6
Depreciation	(57.6)	(51.8)
Corporate costs including amortisation of computer software	(29.3)	(28.2)
EBIT before amortisation of acquired intangible assets	**177.4**	**161.6**
Amortisation of acquired intangible assets[1]	(7.7)	(9.3)
Earnings before interest and income tax	**169.7**	**152.3**
Net finance costs	(25.2)	(26.8)
Profit before income tax	**144.5**	**125.5**
Income tax expense	(43.1)	(37.2)
Profit after income tax	**101.4**	**88.3**

1. Amortisation of acquired intangible assets relates to customer contracts and relationships acquired as part of the acquisition of Broadspectrum and Kordia.

Other segment information

30 June 2024	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Segment assets	586.3	782.4	823.2	210.3	605.4	**3,007.6**
Segment liabilities	396.2	258.2	469.5	316.5	972.5	**2,412.9**

31 December 2023	Defence and Social Infrastructure $'m	Infrastructure Services $'m	Tele-communications $'m	Transport $'m	Corporate $'m	Total $'m
Segment assets	596.0	779.0	854.3	192.8	511.5	**2,933.6**
Segment liabilities	337.9	247.3	483.6	312.4	982.2	**2,363.4**

3. Assets and liabilities

3.1 Trade and other receivables and contract assets

	30 June 2024 $'m	31 December 2023 $'m
Current		
Trade receivables, net of impairment allowance	354.6	312.2
Prepayments and other receivables	56.7	53.6
Amounts receivable from related parties	9.1	5.8
Total current trade and other receivables	**420.4**	**371.6**
Non-current		
Prepayments and other receivables	14.3	6.7
Amounts receivable from related parties	4.1	8.3
Total non-current trade and other receivables	**18.4**	**15.0**
Total trade and other receivables	**438.8**	**386.6**

	30 June 2024 $'m	31 December 2023 $'m
Current		
Contract assets	553.1	529.7
Total contract assets	**553.1**	**529.7**

The ageing of the Group's gross trade receivables at the reporting date was:

	30 June 2024 $'m	31 December 2023 $'m
Gross aged receivables 0-90 days	351.8	308.4
Gross aged receivables more than 90 days	7.6	7.7
Total	**359.4**	**316.1**

3.2 Goodwill

Goodwill has been allocated to groups of cash-generating units (CGUs) represented by the Group's operating segments for the purpose of impairment testing.

	30 June 2024 $'m	31 December 2023 $'m
Defence and Social Infrastructure	251.2	251.3
Infrastructure Services	362.6	362.7
Telecommunications	426.5	426.6
Transport	54.4	54.5
Total goodwill	**1,094.7**	**1,095.1**

A review of impairment indicators relating to goodwill was performed as at 30 June 2024. No impairment indicators have been identified for any of the CGUs as at 30 June 2024.

3.3 Trade and other payables and contract liabilities

	30 June 2024 $'m	31 December 2023 $'m
Trade payables	353.3	368.1
Accruals	268.1	215.7
Other payables	93.0	68.6
Amounts payable to related parties	2.0	6.4
Total trade and other payables	**716.4**	**658.8**

	30 June 2024 $'m	31 December 2023 $'m
Contract liabilities – current	355.2	347.0
Contract liabilities – non-current	68.3	65.8
Total contract liabilities	**423.5**	**412.8**

3.4 Employee benefit liabilities

	30 June 2024 $'m	31 December 2023 $'m
Current		
Annual leave	84.4	89.6
Long service leave	27.5	26.8
Workers' compensation	10.9	8.6
Other employee benefits	26.8	30.0
Total current employee benefit liabilities	**149.6**	**155.0**
Non-current		
Long service leave	58.4	56.2
Workers' compensation	18.3	17.4
Other employee benefits	1.9	3.3
Total non-current employee benefit liabilities	**78.6**	**76.9**
Total employee benefit liabilities	**228.2**	**231.9**

3.5 Provisions

	30 June 2024 $'m	31 December 2023 $'m
Current		
Unfavourable contracts	1.9	2.2
Onerous contracts	2.9	1.3
Warranties and contract claims	28.6	22.7
Other provisions	5.6	4.1
Total current provisions	**39.0**	**30.3**
Non-current		
Unfavourable contracts	46.1	47.1
Onerous contracts	–	5.7
Warranties and contract claims	59.4	74.9
Other provisions	19.0	18.0
Total non-current provisions	**124.5**	**145.7**
Total provisions	**163.5**	**176.0**

3.6 Income tax

Reconciliation between profit before income tax and income tax expense

	30 June 2024 $'m	30 June 2023 $'m
Profit before income tax	144.5	125.5
Income tax expense using the Australian corporate tax rate of 30%	43.4	37.7
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Effect of different tax rates on overseas income	(0.3)	(0.5)
Income tax expense	**43.1**	**37.2**

At 30 June 2024, the Group had unused tax losses for which no deferred tax had been recognised of $13.4 million (31 December 2023: $13.4 million).

4. Capital structure, financing, and risk management

4.1 Earnings per share

Basic earnings per share is calculated as profit after income tax attributable to shareholders, divided by the weighted average number of ordinary shares issued.

Diluted earnings per share is calculated as profit after income tax attributable to shareholders, adjusted for any profit recognised in the period in relation to potential dilutive shares, divided by the weighted average number of shares and dilutive shares.

	June 2024	June 2023
Profit after income tax attributable to equity holders of the parent entity used in earnings per share ($'m)	101.4	88.3
	101.4	**88.3**
Weighted average number of ordinary shares used in earnings per share (millions of shares)		
Basic earnings per share	855.4	855.3
Diluted earnings per share:		
– Weighted average number of ordinary shares issued	855.4	855.3
– Adjustment to reflect potential dilution for equity incentive plans	8.3	5.9
	863.7	861.2
Basic earnings per share (cents)	11.85	10.32
Diluted earnings per share (cents)	11.74	10.25

4.2 Dividends

	June 2024				December 2023			
	Cents per Share	Total Amount $'m	Franking	Date of Payment	Cents per Share	Total Amount $'m	Franking	Date of Payment
Prior year final	9.41	79.5	80%	5 April 2024	8.28	69.8	80%	6 April 2023
Current year interim	–	–	–	–	8.31	70.1	80%	6 October 2023
Dividends paid during the period	**9.41**	**79.5**			**16.59**	**139.9**		

On 20 August 2024, the Board of Directors declared an interim dividend of 9.35 cents per share in respect of the 2024 financial year, 80% franked at a 30% tax rate. The amount will be paid on 7 October 2024. As the dividend was declared subsequent to 30 June 2024, no provision had been made at 30 June 2024.

4.3 Share capital

	30 June 2024		31 December 2023	
Share Capital	Number Millions	$'m	Number Millions	$'m
Movement:				
Balance at start of period/year	855.5	374.5	855.5	374.5
Balance at end of period/year	**855.5**	**374.5**	**855.5**	**374.5**

Share capital

Holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share. In the event of winding up of the Company, ordinary shareholders rank after creditors and are entitled to any net proceeds on liquidation.

The total number of shares issued by the Company as at 30 June 2024 is 855,484,445 (31 December 2023: 855,484,445). This includes 70,671 treasury shares as at 30 June 2024 (31 December 2023: 151,354).

4.4 Borrowings

	30 June 2024 $'m	31 December 2023 $'m
Borrowings	750.0	750.0
Capitalised borrowing costs	(2.9)	(4.2)
Total borrowings	**747.1**	**745.8**

The Group has a syndicated facility agreement for the provision of syndicated term loan facilities and a syndicated revolving cash facility (Syndicated Banking Facilities).

The Syndicated Banking Facilities have an aggregate commitment of $1,150.0 million and comprise:

- $750.0 million of term loan facilities, spread equally across three tranches, each of which is fully drawn at 30 June 2024 and 31 December 2023; and
- a $400.0 million 4-year revolving cash facility, which is undrawn at 30 June 2024 and 31 December 2023.

The Syndicated Banking Facilities have variable interest rates, based on Bank Bill Swap Bid Rate (BBSY) plus a margin.

The maturity profile of the Group's borrowing arrangements by financial year is represented in the table below by facility limit:

	Currency	Annual Interest Rate	Maturity	$'m
Syndicated term loan facilities (non-current)				
Term loan	AUD	BBSY + 150bps	23 November 2025	250.0
Term loan	AUD	BBSY + 160bps	23 November 2026	250.0
Term loan	AUD	BBSY + 160bps	23 November 2028	250.0
				750.0
Syndicated revolving cash facility	AUD		23 November 2025	**400.0**

4.5 Fair value measurement of financial instruments

Some of the Group's financial assets and financial liabilities are measured at fair value at each reporting date.

The following table provides information about how the fair values of these financial assets and financial liabilities are determined. They are grouped into levels 1 to 3 based on the degree to which the fair value measurement inputs are observable.

Level 1 Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 Fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 Fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Fair Value Asset		Fair Value Liability		
	30 June 2024 $'m	31 December 2023 $'m	30 June 2024 $'m	31 December 2023 $'m	Fair Value Hierarchy
Interest rate swaps	6.3	5.5	0.3	2.7	Level 2
Total	**6.3**	**5.5**	**0.3**	**2.7**	

There were no transfers between level 1, level 2, or level 3 during the period.

Estimation of fair values

The fair value of interest rate swaps is determined using a discounted cash flow model where future cash flows are estimated based on market forward rates at the reporting date and the contract rates, discounted at a rate that reflects the credit risk of the various respective counterparties.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The carrying value of cash and cash equivalents, financial assets, bank and other loans, and non-interest bearing monetary financial liabilities of the Group approximate their fair value.

4.6 Commitments for capital expenditure

Capital expenditure commitments of the Group at the reporting date are as follows:

	30 June 2024 $'m	31 December 2023 $'m
Estimated capital expenditure under firm contracts, payable:		
Not later than one year	7.4	8.2
Later than one year, not later than two years	–	–
Beyond two years	–	–
Total capital expenditure commitments[1]	**7.4**	**8.2**

1. There were no material commitments related to joint arrangements.

4.7 Receivable finance arrangements

The Group has a receivables financing facility with a banking institution. The level of non-recourse factoring across the Group was $Nil at 30 June 2024 (31 December 2023: $35.2 million).

Certified receivables are sold to this banking institution on a non-recourse basis and are acknowledged by the customer with payment only being subject to the passage of time. Under the factoring arrangements:

- the certified receivables are derecognised where the risks and rewards of the receivables have been transferred;
- the cash flow to the Group only arises when there is an amount certified by the customer and contractually due to be paid to the Group, and there are no disputes regarding the amounts due; and
- the receipt by the Group irrevocably removes the Group's right to the certified receivable due from the customers.

5. Group structure

5.1 Related parties

Related parties are persons or entities that are related to the Group as defined by AASB 124 Related Party Disclosures. This note provides information about transactions with related parties during the period.

Transactions within the Group

During the period and previous periods, subsidiaries of Ventia Services Group Limited advanced loans to, received and repaid loans from, and provided treasury, accounting, legal, taxation, and administrative services to other Group entities.

Group entities also exchanged goods and services in sale and purchase transactions. All transactions occurred on the basis of normal commercial terms and conditions. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Transactions with related parties

The Group entered into transactions with its joint arrangements during the period. The outstanding balances with related parties are disclosed in Note 3.1 and Note 3.3.

Key Management Personnel compensation

Remuneration arrangements of Key Management Personnel are disclosed in the annual financial report for the year ended 31 December 2023.

5.2 Equity accounted investments

The details of equity accounted investments of the Group are as follows:

			Ownership Interest	
Joint Venture	Country of Incorporation	Statutory Reporting Date	30 June 2024 %	31 December 2023 %
Aroona P&T Pty Ltd	Australia	31 December	50.0	50.0
Brisbane Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Gateway Motorway Services Pty Limited	Australia	30 June	50.0	50.0
Skout Solutions Pty Limited	Australia	31 December	50.0	50.0
SV Joint Venture Pty Limited	Australia	31 December	50.0	50.0
Translink Investments Pty Limited	Australia	30 June	50.0	50.0
Ventia Boral Amey NSW Pty Limited [1]	Australia	31 December	66.6	66.6
Ventia Boral Amey QLD Pty Limited [1]	Australia	31 December	64.4	64.4
Venture Smart Pty Limited	Australia	31 December	50.0	50.0
Skout Solutions (NZ) Limited	New Zealand	31 December	50.0	50.0
Broadspectrum WorleyParsons JV (M) Sdn Bhd	Malaysia	30 June	50.0	50.0

1. While the Group holds a greater than 50% interest in these joint venture entities, voting rights on key matters are shared among the joint venture entity participants, and therefore the Group accounts for these joint venture entities using the equity method.

5.3 Joint operations

The details of joint operations of the Group are as follows:

Joint Operation	Country of Incorporation or Establishment	Ownership Interest 30 June 2024 %	31 December 2023 %
Allwater	Australia	50.0	50.0
Arup Pty Limited & BMD Constructions Pty Ltd & Ventia Pty Ltd (Smartways)	Australia	20.0	20.0
BRSJay	Australia	50.0	50.0
Confluence Water	Australia	42.5	42.5
Gold Coast Infrastructure Solutions	Australia	50.0	50.0
Trace UJV [1]	Australia	80.0	80.0
Utilita Water Solutions	Australia	50.0	50.0
Ventia Boral Amey NSW [1]	Australia	66.6	66.6
Ventia Boral Amey QLD [1]	Australia	64.4	64.4
Watersure	Australia	40.0	40.0
Ventia-Wajarri Enterprises JV	Australia	50.0	50.0

1. Whilst the Group holds a greater than 50% interest in these joint operations, voting rights on key matters are shared among the joint operation participants, and therefore the Group recognises its share of assets, liabilities, revenue and expenses arising from these arrangements.

6. Other

6.1 Contingent liabilities

6.1.1 Indemnities

Indemnities given by third parties on behalf of the Group in the ordinary course of business are as follows:

	30 June 2024 $'m	31 December 2023 $'m
Insurance, performance and payment bonds	377.8	392.5
	377.8	**392.5**

6.1.2 Legal and other matters

Legal, commercial and regulatory matters may arise in the ordinary course of business. The Directors consider that appropriate provisions have been raised to reflect expected costs for the resolution and finalisation of open matters and therefore no contingent liabilities for potential settlements, fines or judgements have been noted, other than the matters below.

6.1.3 Gateway Motorway project

Claims have been made by Queensland Motorways Pty Limited (QM) in the Supreme Court of Queensland against various parties, including the head design, construction and maintenance contractors of the Gateway Motorway project (D&C Contractor) in relation to alleged defects in the motorway upgrade project.

Two companies in which the Group has an interest, Visionstream Australia Pty Limited (VA) (a wholly-owned subsidiary) and Gateway Motorway Services Pty Limited (GMS) (a 50/50 joint venture company), independently provided services to the D&C Contractor in connection with the project. The D&C Contractor has sought to pass down the nature and the value of certain claims made against it by QM to VA, and separately GMS.

Both VA and GMS have respectively served their defence to each allegation, denying all liability. The effect of contractual liability caps, any applicable insurance cover and other relevant matters, will need to be considered.

The works performed by VA relate to intelligent transport signage, electrical works and light poles, with a subcontract value of $38 million. Based on documents currently filed in court in connection with the existing litigation, the Group understands the quantum of a claim against VA could be in the order of $64 million, based on other parties' estimates for (a) the potential future cost to rectify alleged defects and (b) the associated lane occupancy fees to perform rectification works.

The potential outcome of the proceedings cannot be determined at this stage.

6.2 Events after the reporting period

Business combinations

On 1 July 2024, Ventia NZ Operations Limited (a controlled entity of Ventia Services Group Limited) acquired the entire share capital of Landscape Solutions Pty Limited (Landsol). Landsol provides commercial landscape maintenance services across New Zealand and its acquisition will strengthen the Group's Defence and Social Infrastructure offering.

The purchase consideration comprised $13.4 million as a cash payment settled on 1 July 2024. An additional contingent consideration up to $3.3 million will be payable subject to a number of conditions.

Dividends

Since the end of the half-year, the Directors have resolved to pay an interim dividend of 9.35 cents per share, 80% franked.

In accordance with AASB 110 Events after the Reporting Period, the proposed interim dividend is not recognised as a liability as at 30 June 2024.

Unless disclosed elsewhere in the Condensed Consolidated Financial Statements, no other material matter or circumstance has arisen since 30 June 2024 that has significantly affected or may significantly affect:

- the Group's operations in future financial years;
- the results of those operations in future financial years; or
- the Group's state of affairs in future financial years.

Directors' Declaration

In the opinion of the Directors of Ventia Services Group Limited (Company):

a. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;

b. the attached Condensed Consolidated Financial Statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards, and give a true and fair view of the financial position as at 30 June 2024 and performance for the half-year then ended, of the Group; and

c. the Directors have been given the declarations required by Section 295A of the *Corporations Act 2001*.

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

David Moffatt
Chairman

20 August 2024

Independent Auditor’s Review Report

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Independent Auditor’s Review Report
to the members of Ventia Services Group Limited

Conclusion

We have reviewed the half-year financial report of Ventia Services Group Limited (the “Company”) and its subsidiaries (the “Group”), which comprises the condensed consolidated statement of financial position as at 30 June 2024, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of changes in equity and the condensed consolidated statement of cash flows for the half-year ended on that date, notes to the financial statements, including material accounting policy information and other explanatory information, 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 the Group does not comply with the *Corporations Act 2001*, including:

- Giving a true and fair view of the Group’s financial position as at 30 June 2024 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 Company*. 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 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 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 30 June 2024 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

DELOITTE TOUCHE TOHMATSU

H Fortescue
Partner
Chartered Accountants
Sydney, 20 August 2024

G Muller
Partner
Chartered Accountants
Sydney, 20 August 2024

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