

# Appendix 4D

For the half year ended 31 December 2023

**Simonds Group Limited**

ACN: 143 841 801

This half year financial report is provided to the Australian Securities Exchange (ASX) under ASX Listing Rule 4.2.A.

**SIMONDS GROUP LIMITED (ASX: SIO)**  
**APPENDIX 4D**  
**HALF YEAR ENDED 31 DECEMBER 2023**

**Half year ended:** 31 December 2023  
**Previous corresponding period:** 31 December 2022

<b>Results for Announcement to the Market for the half year ended 31 December 2023</b>					
Revenue from ordinary activities from continuing operations	Down	(\$45.2m)	by	(11.8%)	to \$337.0m
Profit / (loss) from ordinary activities before tax from continuing operations	Up	\$19.8m	by	114.5%	to \$2.5m
Profit / (loss) from ordinary activities after tax from continuing operations	Up	\$13.6m	by	114.3%	to \$1.7m
Profit / (loss) after tax from discontinued operations	Up	\$1.5m	by	187.5%	to \$0.7m
Profit / (loss) after tax	Up	\$15.2m	by	119.7%	to \$2.5m
Profit / (loss) attributable to members	Up	\$15.2m	by	119.7%	to \$2.5m

Refer to the Simonds Group Limited Interim Financial Report and the Director's Report for commentary on the above results.

<b>Net tangible asset backing per ordinary share</b>	<b>Amount per share (cents)</b>
As at 31 December 2023 (including right-of-use assets)	3.90
As at 30 June 2023 (including right-of-use assets)	3.48

Net assets backing per share as at 31 December 2023 was 4.71 cents (30 June 2023: 4.02 cents)

<b>Dividends</b>	<b>Amount per share</b>	<b>Franked amount per share</b>
For the half year ended 31 December 2023 (cents)	-	-
For the half year ended 31 December 2022 (cents)	-	-

**Other Information**

This information is based on the financial report which has been reviewed by PKF Melbourne Audit & Assurance Pty Ltd.

For a brief explanation of the results presented in this Appendix 4D, please refer to the ASX announcement on the results for the half year ended 31 December 2023 and the financial report.

# **Simonds Group Limited**

**ABN 54 143 841 801**

Interim Financial Report for the half year ended 31 December 2023



Level 1, 570 St Kilda Road | Melbourne 3004

[simonds.com.au](https://simonds.com.au)

**Simonds Group Limited****Interim Financial Report for the half year ended 31 December 2023**

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## Directors' report

The Directors of Simonds Group Limited (the "Company") submit herewith the financial report of the consolidated entity consisting of the Company and the entities it controlled (the "Group") for the half year ended 31 December 2023. To comply with the provisions of the *Corporations Act 2001*, the directors report is as follows:

### Information about the directors

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

Current Directors		
Name	Date appointed	Current Position
Rhett Simonds <sup>1</sup>	20 April 2016	Executive Chair
Mark Simonds	20 September 2017	Executive Director
Piers O'Brien	20 September 2017	Non-Executive Director
Andrew Bloore	27 July 2021	Non-Executive Director
David Denny	1 November 2021	Independent Non-Executive Director
Richard Grellman	9 May 2023	Independent Non-Executive Director

### Operating and financial review

#### Principal activities

The Group's principal activities during the half year were the design, sale and construction of residential dwellings.

#### Business overview

Building homes since 1949, Simonds Homes is one of Australia's largest volume homebuilders, with display homes located in Victoria, Queensland and South Australia. Simonds Homes' product range includes single and double storey detached homes, with a target market being first and second home families in the metropolitan areas of state capitals and large regional cities.

The Group maintains a small development land portfolio via direct land ownership, and participation in other development land projects via indirect holdings.

The Group has commenced working with domestic building insurers to support customers that are impacted by builder insolvencies.

#### Operations

Group revenue from continuing operations for the period was \$337.0 million, \$45.2 million (11.8%) lower than the comparative period (1H FY23). The decrease in Group revenue was a result of fewer jobs on site. Simonds Homes recorded 962 site starts for the period, a decrease of 137 (or 12.5%) compared to 1H FY23. The reduction in site starts was expected given the impact of the weaker macroeconomic

<sup>1</sup> On 3 November 2023, SIO announced that Mr Rhett Simonds will serve solely as Executive Chair. Mr David McKeown was appointed as the Group's Chief Executive Officer with an effective date of 3 November 2023.

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environment. The lower starts for the period were offset by the higher site start values and improved margin of jobs going to site. The Group continues to rapidly trade through the tail of lower margin jobs.

Despite the lower revenue the Group delivered Earnings Before Interest Tax Depreciation and Amortisation (EBITDA) of \$12.1 million, an increase of \$17.6 million (320%) compared to 1H FY23. Supporting this turnaround is the improved average gross margin of jobs on hand and the cost impact of right sizing initiatives delivered in the previous 12-18 months.

### **Balance sheet**

The available liquidity of \$34.1 million as at 31 December 2023 remains healthy and includes \$9.6 million of cash on hand and unused banking facilities of \$24.5 million. The Group invested \$4.0 million in Display Homes for the reporting period.

The net assets of the Group have increased from \$14.5 million at 30 June 2023 to \$16.9 million at 31 December 2023, given the return to profitability.

### **Operating cash flows**

The Group generated net operating cash flows of \$1.8 million inclusive of the investment in Display Homes. The operating cash flows for the 1H FY23 of \$4.0 million included a \$9.9 million tax refund and \$1.2 million net receipts from the movement in Display Homes. The net movements across comparative periods reflects the strong turnaround in the EBITDA of the Group.

### **Future developments**

The Group continues to invest in alternative sales channels providing a more diversified sales mix. Management remains focused on cost improvement and the continued implementation of value creation initiatives. The Directors expect the continued improvement of operating results in 2H FY24 with the continuation of the themes driving 1H FY24 performance.

The recently announced economic data and stabilisation of interest rates are expected to improve new home buyer and investor confidence supporting growth in sales over time. The longer-term demand for housing remains strong supported by government policy and wider migration plans.

### **Summary of key business risks**

The Board remains optimistic about the Group's future trading performance and acknowledges there are certain factors that may pose a risk to the achievement of the Group's business strategies and future performance.

There are some risks, specific to the Group's home building business, as well as external risks, such as the economic environment, over which the Group has no control. The Group's risk management approach is to identify, evaluate, and mitigate or manage its financial, operational, and business risks. The risk assessment approach includes an estimation of the likelihood of risk occurrence and potential impacts on the financial results. Risks are assessed across the business and reported to the Audit & Risk Committee and to the Board where required under the Group's Risk Management Framework.

### **Impact of macroeconomic pressures:**

The macro-economic environment over the previous 12 months has led the Reserve Bank of Australia to implement measures that impact customers' borrowing capacity. The reduced borrowing capacity of customers and the decrease in affordability has moderated sales activity within the retail channel.

The Group expects these factors to moderate or stabilise in 2H F24 supporting the return of customer confidence and improvement in sales activity.

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While general economic conditions are outside the Group's control, the Group seeks to reduce its exposure to these risks by closely monitoring both internal and external sources of information that provide insights to changes in demand within the markets and regions in which it operates.

The Group continues to invest in alternative sales channels and diversify the sales mix to reduce the impact of the economic environment on a specific channel.

#### Liquidity:

Over the previous 24 months the building industry has been materially impacted by supply challenges, extraordinary cost increases and lower sales volumes stemming from the economic environment. This has resulted in several builders going into liquidation creating further negative sentiment regarding the residential building industry. Even in an improving margin environment the effective management of liquidity remains a critical activity for any construction entity.

Although the Group has a healthy liquidity position, management remains focused and mindful of the impact that unexpected working capital movements can have on the cash position. Strict daily cash flow forecasting measures remain in place including visibility over near and medium-term cash requirements.

#### **Subsequent events**

There have been no events that have occurred subsequent to the reporting date that may significantly affect the Group's operations, results or state of affairs in future periods.

#### **Dividends**

The directors have determined that no dividend will be declared in relation to the 31 December 2023 half year (31 December 2022: nil).

#### **Auditor's independence declaration**

The auditor's independence declaration is included after this report on page 8.

#### **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 Class Order amounts in the financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors



Rhett Simonds  
Executive Chair  
Melbourne, 12 February 2024



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#### AUDITOR'S INDEPENDENCE DECLARATION TO THE DIRECTORS OF SIMONDS GROUP LIMITED

In relation to our review of the financial report of Simonds Group Limited for the half-year ended 31 December 2023, I declare to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (b) no contraventions of any applicable code of professional conduct.

This declaration is made in respect of Simonds Group Limited and the entities it controlled during the financial period.

A handwritten signature in black ink that reads 'PKF'.

PKF  
Melbourne, 12 February 2024

A handwritten signature in black ink that reads 'Kenneth Weldin'.

Kenneth Weldin  
Partner





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## INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SIMONDS GROUP LIMITED

### Report on the Half-Year Financial Report

#### Conclusion

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

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

- (a) giving a true and fair view of the consolidated financial position of the Group as at 31 December 2023, and of its consolidated financial performance for the half-year ended on that date; and
- (b) complying with the Australian 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.

PKF Melbourne Audit & Assurance Pty Ltd is a member of PKF Global, the network of member firms of PKF International Limited, each of which is a separately owned legal entity and does not accept any responsibility or liability for the actions or inactions of any individual member or correspondent firm(s). Liability limited by a scheme approved under Professional Standards Legislation.



## Directors' Responsibility for the Half-Year Financial Report

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

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

A stylized, handwritten signature of the PKF firm, consisting of the letters 'PKF' in a bold, cursive script.

PKF  
Melbourne, 12 February 2024

A handwritten signature of Kenneth Weldin, written in black ink, appearing to read 'K. Weldin'.

Kenneth Weldin  
Partner

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## Directors' declaration

The directors declare that:

- a) the interim financial statements and notes of Simonds Group Limited set out on pages 12 to 23 are in accordance with the Corporations Act 2001 (Cth), including:
  - (i) complying with the applicable Accounting Standards and the Corporations Regulations 2001 (Cth); and
  - (ii) giving a true and fair view of the financial position of the Simonds Group Limited as at 31 December 2023 and of their performance for the half year ended on that date; and
- b) there are reasonable grounds to believe that Simonds Group Limited will be able to pay their debts as and when they become due and payable.

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

On behalf of the Directors

A handwritten signature in black ink, appearing to be "Rhett Simonds", written over a horizontal line.

Rhett Simonds  
Executive Chair  
Melbourne, 12 February 2024

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## Condensed consolidated statement of profit or loss and other comprehensive income

For the half year ended 31 December 2023

	Notes	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Continuing operations</b>			
Revenue	2	337,035	382,219
Cost of sales		(269,081)	(319,000)
<b>Gross profit</b>		<b>67,954</b>	<b>63,219</b>
Expenses	4	(55,845)	(68,740)
<b>Profit / (loss) before financing items, depreciation and amortisation</b>		<b>12,109</b>	<b>(5,521)</b>
Depreciation and amortisation charges		(8,572)	(10,564)
<b>Profit / (loss) before financing items and tax</b>		<b>3,537</b>	<b>(16,085)</b>
<b>Financing items</b>			
Interest expense		(1,023)	(1,244)
<b>Net financing cost</b>		<b>(1,023)</b>	<b>(1,244)</b>
<b>Profit / (loss) before tax</b>		<b>2,514</b>	<b>(17,329)</b>
Income tax (expense) / benefit		(790)	5,383
<b>Profit / (loss) from continuing operations after tax</b>		<b>1,724</b>	<b>(11,946)</b>
<b>Discontinued operations</b>			
Profit / (loss) from discontinued operations after tax	5	733	(754)
<b>Profit / (loss) after tax for the half year</b>		<b>2,457</b>	<b>(12,700)</b>
<b>Other comprehensive income, net of income tax</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>		-	-
<b>Total comprehensive income / (loss) for the half year</b>		<b>2,457</b>	<b>(12,700)</b>
<b>Earnings per share</b>		<b>Cents per share</b>	<b>Cents per share</b>
<b>From continuing operations</b>			
Basic	9	0.48	(7.52)
Diluted	9	0.48	(7.52)
<b>From continuing and discontinued operations</b>			
Basic	9	0.68	(7.99)
Diluted	9	0.68	(7.99)

The accompanying notes form part of these financial statements.

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## Condensed consolidated statement of financial position

As at 31 December 2023

	Notes	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Assets</b>			
<i>Current Assets</i>			
Cash and bank balances		9,600	15,102
Trade and other receivables		38,946	39,941
Tax receivable		52	52
Construction work in progress		51,152	54,312
Inventories	8	22,975	19,012
Other assets		3,080	1,845
<b>Total current assets</b>		<b>125,805</b>	<b>130,264</b>
<i>Non-Current Assets</i>			
Property, plant and equipment		3,139	4,491
Intangible assets		2,911	1,956
Right-of-use assets	12	15,174	19,972
Deferred tax assets		2,748	3,852
<b>Total non-current assets</b>		<b>23,972</b>	<b>30,271</b>
<b>Total assets</b>		<b>149,777</b>	<b>160,535</b>
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Trade and other payables		79,904	89,696
Deferred revenue		14,638	13,185
Borrowings	7	1,915	364
Lease liability		10,003	11,693
Provisions		12,810	13,880
<b>Total current liabilities</b>		<b>119,270</b>	<b>128,818</b>
<i>Non-Current Liabilities</i>			
Lease liability		6,042	9,399
Provisions		7,527	7,837
<b>Total non-current liabilities</b>		<b>13,569</b>	<b>17,236</b>
<b>Total liabilities</b>		<b>132,839</b>	<b>146,054</b>
<b>Net Assets</b>		<b>16,938</b>	<b>14,481</b>
<b>Equity</b>			
Issued capital	11	37,867	37,867
Reserves	10	21,644	21,644
Accumulated losses		(42,573)	(45,030)
<b>Total equity</b>		<b>16,938</b>	<b>14,481</b>

The accompanying notes form part of these financial statements.

## Condensed consolidated statement of changes in equity

For the half year ended 31 December 2023

	Issued capital \$'000	Share buy-back reserve \$'000	Share based payments reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 July 2022	13,505	(7,204)	28,848	(21,697)	13,452
Issue of new shares	25,521	-	-	-	25,521
Share issue transaction costs	(1,231)	-	-	-	(1,231)
(Loss) for the period	-	-	-	(12,700)	(12,700)
<b>Balance at 31 December 2022</b>	<b>37,795</b>	<b>(7,204)</b>	<b>28,848</b>	<b>(34,397)</b>	<b>25,042</b>
Balance at 1 July 2023	37,867	(7,204)	28,848	(45,030)	14,481
Profit for the period	-	-	-	2,457	2,457
<b>Balance at 31 December 2023</b>	<b>37,867</b>	<b>(7,204)</b>	<b>28,848</b>	<b>(42,573)</b>	<b>16,938</b>

The accompanying notes form part of these financial statements.

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## Condensed consolidated statement of cash flows

For the half year ended 31 December 2023

	Notes	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Cash flows from operating activities</b>			
Receipts from customers		377,476	443,698
Payments to suppliers and employees		(374,655)	(448,352)
Cash generated from operations		2,821	(4,654)
Finance costs		(1,023)	(1,244)
Income taxes refund		-	9,880
<i>Net cash generated from operating activities</i>		1,798	3,982
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		-	878
Payments for property, plant and equipment		(288)	(1,213)
Payments for intangible assets		(1,628)	-
<i>Net cash (used in) investing activities</i>		(1,916)	(335)
<b>Cash flows from financing activities</b>			
Net repayment of borrowings		1,550	787
Repayment of lease liability		(6,934)	(8,226)
Proceeds from issue of equity		-	25,521
Payment of share issue transaction cost		-	(277)
<i>Net cash (used in) / generated from financing activities</i>		(5,384)	17,805
<b>Net (decrease) / increase in cash and cash equivalents</b>		(5,502)	21,452
Cash and cash equivalents at the beginning of the period		15,102	11,133
<b><i>Cash and cash equivalents at the end of the period</i></b>		<b>9,600</b>	<b>32,585</b>

The accompanying notes form part of these financial statement

## Notes to the condensed consolidated financial statements

### 1 Significant accounting policies

#### Statement of compliance

This half year financial report is a general purpose condensed consolidated half year 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 half year report does not include any 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 condensed consolidated financial statements have been prepared on the basis of historical cost, except for certain financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below and in the most recent annual financial report.

Historical cost is generally based on the fair values of the consideration given in exchange for goods and services. All amounts are presented in Australian dollars, unless otherwise noted.

The accounting policies and methods of computation adopted in the preparation of the half year financial report are consistent with those adopted and disclosed in the Company's annual financial report for the financial year ended 30 June 2023. The accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

#### Application of new and revised accounting standards

##### Amendments to AASBs and the new interpretation that are mandatorily effective for the current period

There are no new standards effective in the current financial year that have a material effect on the financial statements of the Group.

##### Standards and interpretations on issue not yet adopted

At the date of signing these financial statements, the Directors have reviewed all Standards and Interpretations on issue but not yet effective and do not expect these Standards and Interpretations to have a material effect on the financial statements of the Group.

### 2 Revenue

The following is an analysis of the Group's revenue for the half-year (excluding interest income).

	Notes	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Continuing operations</b>			
Revenue from residential construction contracts		337,035	382,219
		<b>337,035</b>	<b>382,219</b>
<b>Discontinued operations</b>	5	-	-



## Notes to the consolidated financial statements (continued)

### 3 Segment information

#### **Products and services from which reportable segments derive their revenue**

Information on segment performance focuses on the types of products and services the Group provides.

No operating segments have been aggregated in arriving at the reportable segment of the Group. Specifically, the Group's reportable segments under AASB 8 'Operating Segments' are as follows:

- *Residential construction* - this includes activities relating to contracts for residential home construction, speculative home building and the building of display home inventory.
- *Land Development* - this includes activities relating to land development and sales.
- *Discontinued operations*
  - House of Learning Pty Ltd and City-Wide Building and Training Services Pty Ltd previously formed the registered training segment which was divested on 30 November 2021 and as such are presented as a discontinued operation in the comparative information in this half year financial report.
  - Madisson Homes is a subsidiary of the Group and in the prior years formed part of the residential construction segment. Madisson Homes operated in the medium density market, building apartments and townhouses for commercial developers using the concepts, designs and specifications provided by the developers. Consistent with the prior reporting period, this business unit has been presented as a discontinued operation.

#### **Segment revenues and results**

The following is an analysis of the Group's revenue and results by reportable segment.

	Segment revenue		Segment profit / (loss) before tax	
	Half year ended		Half year ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
	\$'000	\$'000	\$'000	\$'000
<b>Continuing operations</b>				
Residential construction	337,035	382,219	2,514	(17,259)
Land developments	-	-	-	(70)
	<b>337,035</b>	<b>382,219</b>	<b>2,514</b>	<b>(17,329)</b>
<b>Discontinued operations</b>				
Registered training	-	-	-	(58)
Residential construction	-	-	1,047	(1,020)
	<b>-</b>	<b>-</b>	<b>1,047</b>	<b>(1,078)</b>
<b>Consolidated segment revenue and profit before tax for the period</b>	<b>337,035</b>	<b>382,219</b>	<b>3,561</b>	<b>(18,407)</b>

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### Segment assets and liabilities

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Segment assets</b>		
Residential construction	146,957	156,227
Land developments	1	239
	<b>146,958</b>	<b>156,466</b>
Discontinued operations	19	165
<b>Total segment assets</b>	<b>146,977</b>	<b>156,631</b>
Current tax receivable	52	-
Deferred tax assets	2,748	3,904
<b>Total assets</b>	<b>149,777</b>	<b>160,535</b>
<b>Segment liabilities</b>		
Residential construction	131,410	144,361
Land developments	12	189
	<b>131,422</b>	<b>144,550</b>
Discontinued operations	1,417	1,504
<b>Total segment liabilities</b>	<b>132,839</b>	<b>146,054</b>
<b>Total liabilities</b>	<b>132,839</b>	<b>146,054</b>

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities are allocated to reportable segments. Intersegment assets and liabilities have been eliminated from the figures quoted above.

### 4 Expenses for the half year

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<b>Continuing operations</b>		
Profit / (loss) on disposal of property, plant and equipment and intangibles	(243)	538
Marketing and selling expenses	(8,525)	(11,703)
Corporate and administrative expenses	(10,264)	(12,229)
Employee benefits expense	(36,813)	(43,069)
Transformation expenses	-	(2,277)
	<b>(55,845)</b>	<b>(68,740)</b>

### 5 Discontinued Operations

#### Madisson Business

Following a comprehensive review initiated by the Directors on 16 November 2015, the Group announced a plan for the orderly closure of the Madisson business unit of the Group on 21 January 2016 upon completion of the remaining projects. All projects were completed in financial year ended 30 June 2017. As part of the warranty rules under the statutory regulations, the business is still incurring warranty claims. As such, the expenses are predominantly related to warranty and related activities.

## Notes to the consolidated financial statements (continued)

**Profit / (loss) for the half year from Madisson business is summarised as follows:**

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
Expenses		
Insurance claim & litigation proceeds <sup>1</sup>	1,147	-
Maintenance & warranty	(100)	(1,020)
Profit / (Loss) before tax	1,047	(1,020)
Attributable income tax benefit / (expense)	(314)	306
Net Profit / (loss) after tax for the period	733	(714)

<sup>1</sup> Amounts received from the Group's insurer in relation to a claim made in respect of defective work performed by a contractor, and in settlement of litigation against that contractor.

### Builders Academy Australia

On 30 September 2021, the Group entered into a sale agreement to dispose its wholly owned subsidiaries, House of Learning Pty Ltd (HOL) and City-Wide Building & Training Services Pty Ltd (CWBTS), collectively referred to as Builders Academy Australia (BAA), which operated as a registered training organisation. The disposal was completed on 30 November 2021, on which date control of BAA passed to the acquirer Up Education Australia Pty Ltd. No activities occurred during the half year ended 31 December 2023.

The result of the discontinued operations, which have been included in the loss for the period, was as follows:

**Profit / (loss) for the half year from Registered training operations summarised as follows:**

Revenue	-	-
Expenses	-	(58)
(Loss) before tax	-	(58)
Attributable tax benefit	-	18
Net Profit / (loss) after tax for the period	-	(40)

## 6 Dividends

During the half year ended 31 December 2023 the Group has not made any dividend payments (June 2023: \$nil) and no interim dividend has been declared for the half year ended 31 December 2023.

## 7 Borrowings

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Current		
Other borrowings	1,915	364
	<b>1,915</b>	<b>364</b>

## Notes to the consolidated financial statements (continued)

### Summary of borrowing arrangements

Details of the Group's borrowing facilities as at 31 December 2023 are as follows:

Facility	Utilised \$'000	Unutilised \$'000	Interest Charge	Description	Maturity Date
Bank Guarantees	1,010	2,990	Fixed Market Rate	The Group's facilities are secured by all Simonds Group Limited corporate entities. Simonds have extended the existing corporate finance facility arrangements in place with Commonwealth Bank Australia.	31 December 2025
Market Rate Loan Facility	-	3,000	Variable Market Rate		
Multi Option Facility	-	18,500	Overdraft Index Rate		
Business Corporate Credit Card Facility	1,000	-	Cash advance interest rate	Charged Card facility made available to Simonds Group	31 December 2025
Equipment Finance Facility	5,593	2,407	Fixed Market Rate	Assets under finance leases are secured by the assets leased with repayment periods not exceeding 5 years.	31 December 2025
<b>Total</b>	<b>7,603</b>	<b>26,897</b>			

In addition to the debt facility outlined above the Group has additional facilities as below:

Facility	Utilised \$'000	Unutilised \$'000	Interest Charge	Description	Maturity Date
Insurance Premium Funding	1,915	-	Fixed Interest Rate	The Group entered into a premium funding contract with IQumulate Premium Funding Pty Ltd, which covers various corporate insurances for period from November 2023 to October 2024.	30 August 2024

## Notes to the consolidated financial statements (continued)

### 8 Inventories

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Display homes, land stock	23,014	19,090
Provision for impairment of inventories	(39)	(78)
	<b>22,975</b>	<b>19,012</b>

The impairment provision of display homes above is assessed using recent market values. This assessment includes current independent valuations, current offers to purchase the display homes, and current asking prices to sell these display homes.

### 9 Earnings per share

	31 Dec 2023 Cents per share	31 Dec 2022 Cents per share
<i>From continuing operations</i>		
Total basic profit / (loss) per share	0.48	(7.52)
Total diluted profit / (loss) per share	0.48	(7.52)
<i>From continuing and discontinued operations</i>		
Total basic profit / (loss) per share	0.68	(7.99)
Total diluted profit / (loss) per share	0.68	(7.99)

**The earnings and weighted average number of ordinary shares used in the calculation of basic earnings are as follows:**

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>From continuing operations</i>		
Profit / (loss) for the half year attributable to owners of the Company	1,724	(11,946)
<i>From continuing and discontinued operations</i>		
Profit / (loss) for the half year attributable to owners of the Company	2,457	(12,700)
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares for the purposes of the basic earnings per share	<b>359,906,450</b>	<b>158,855,699</b>

31 December 2023

## Notes to the consolidated financial statements (continued)

### Diluted earnings per share

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>From continuing operations</i>		
Profit / (loss) for the half year attributable to owners of the Company	1,724	(11,946)
<i>From continuing and discontinued operations</i>		
Profit / (loss) for the half year attributable to owners of the Company	2,457	(12,700)
	<b>Shares</b>	<b>Shares</b>
Weighted average number of ordinary shares used in the calculation of basic earnings per share	359,906,450	158,855,699
Performance rights	498,361	1,332,883
Weighted average number of ordinary shares for the purposes of the diluted earnings per share	360,404,811	160,188,582

### 10 Reserves

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
Share Buy-back Reserve	(7,204)	(7,204)
Share Based Payment Reserve	28,848	28,848
	<b>21,644</b>	<b>21,644</b>

### 11 Issued capital

359,906,450 fully paid ordinary shares	37,867	37,867
(June 2023: 359,906,450)	<b>37,867</b>	<b>37,867</b>

	Number of shares		Share capital (\$'000)	
	31 Dec 2023	30 June 2023	31 Dec 2023	30 June 2023
Balance at beginning of the period	359,906,450	147,234,268	37,867	13,505
Movement in ordinary shares	-	212,672,182	-	25,521
Share issue transaction costs	-	-	-	(1,159)
Balance at end of the period	<b>359,906,450</b>	<b>359,906,450</b>	<b>37,867</b>	<b>37,867</b>

## Notes to the consolidated financial statements (continued)

### 12 Leases

The Group leases commercial offices, display homes, display home furniture, and motor vehicles. The leases are typically with an option to renew and lease payments are reviewed when approaching the lease expiry date to reflect market rentals.

The Group also leases equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

The total cash outflow for leases amounts to \$6.934 million (December 2022: \$8.226 million).

#### *Right of use assets*

	31 Dec 2023 \$'000	30 Jun 2023 \$'000
<b>Opening written down value</b>	19,972	25,626
Additions	1,921	10,881
Disposals	(93)	(1,646)
Depreciation charge for the period	(6,519)	(14,530)
Changes in value from lease modification and cancellation	(107)	(359)
<b>Closing written down value</b>	<b>15,174</b>	<b>19,972</b>

#### *Amount recognised in profit or loss:*

	31 Dec 2023 \$'000	31 Dec 2022 \$'000
<i>Leases under AASB 16</i>		
Interest on lease liabilities	(592)	(789)
Depreciation expense on right-of-use assets	(6,519)	(7,416)
Expenses relating to short-term leases	(1,540)	(1,473)
Expense relating to low value assets	(16)	(90)
(Loss) /profit on lease modification	(167)	(485)
	<b>(8,834)</b>	<b>(10,253)</b>

#### *Commitment for short-term leases and low value assets:*

Relating to leases classified as short-term and/or low value leases, the Group is committed to payments of \$0.017 million for leases under 1 year in duration.

### 13 Related party transactions

#### *Loans to related parties*

At 31 December 2023, there were no loan balances outstanding from related parties (30 June 2022: Nil).

### 14 Subsequent events

There have been no events that have occurred subsequent to the reporting date that may significantly affect the Group's operations, results or state of affairs in future periods.