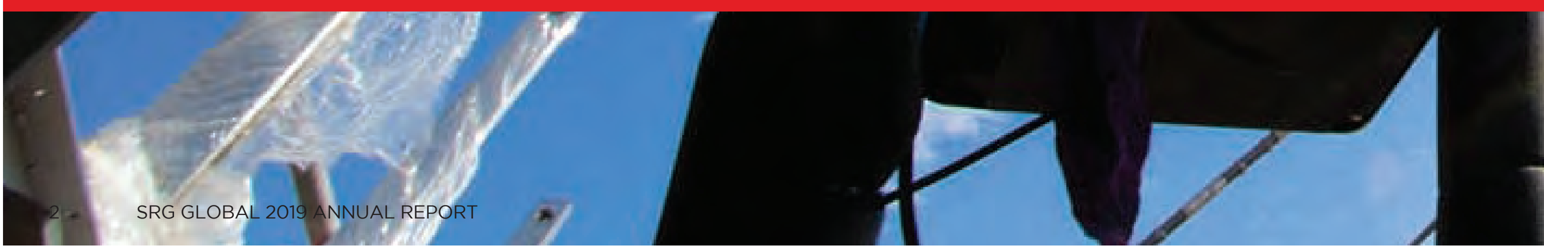
2019 ANNUAL REPORT

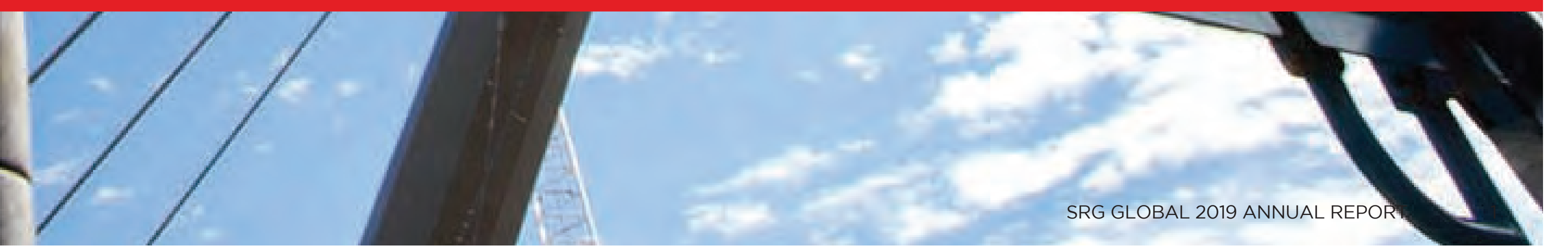
FOR THE YEAR ENDING 30 JUNE 2019
ABN: 81 104 662 259

Contents



Making the complex simple

SRG Global is an engineering-led specialist construction, maintenance and mining services group built to solve complex problems across the entire asset lifecycle.



SRG Global Model

WHO WE ARE

We're an **engineering-led** specialist construction, maintenance and mining services group

OPERATING MODEL

End-to-end solutions across the entire asset lifecycle.

- Engineer
- Construct
- Sustain

OUR VISION

The **most sought-after** specialist construction, maintenance and mining services business.

MAKING THE COMPLEX SIMPLE

Operating Segments

Construction

Constructing complex infrastructure

Targeted Revenue

Asset Services

Sustaining complex infrastructure

Recurring Revenue

Mining Services

Comprehensive ground solutions

Recurring Revenue

Chairman's Report

Live for the challenge

We live to solve problems and have the courage to challenge the status quo and what's considered possible.

Smarter together

Individually, we're all pretty smart but when we pool our resources and work together as one, we're capable of taking on the world.

Never give up

We're doers. We are resilient and relentlessly pursue excellence in everything we do. 100% accountability, zero excuses.

Have each other's backs

We're stronger as one team. We look out for each other and keep each other out of harm's way.

We are smarter together

It is my pleasure to present the 2019 SRG Global Limited Annual Report, which marks the first full year since we brought together SRG Limited ('SRG') and Global Construction Services Limited ('GCS'). This has been a transformational year and we have made significant progress to establish ourselves as the most sought-after engineering-led construction, maintenance and mining services business.

It was clear from the first day of coming together that our success would not be determined by our capability alone but more importantly by what we stood for as one company. To this end I am delighted at the way our people came together, created and embraced what is core to us and our new way forward, which in the first instance has underpinned an efficient and well managed integration process.

In order to forge a sense of togetherness it was necessary to establish "**What We Stand For**". Out of this process we identified a series of commitments that everyone in the business can relate to and embody – **live for the challenge, smarter together, never give up and have each other's backs**. It has been pleasing for the Board to see that these commitments have been embraced at all levels of the Group and applied not just operationally but also throughout the integration process.

LIVE FOR THE CHALLENGE

The process of bringing together two ASX listed groups is not without its challenges. The SRG Global team has embraced these challenges and has largely completed what is, from both a corporate and operational perspective, a complex process. With integration activities now substantially complete, SRG Global is well positioned to capitalise on the combined and integrated offering to the market, and further build on the numerous examples of early success in this area since the merger.

SMARTER TOGETHER

With our combined capability and expertise, the team has seamlessly integrated two businesses whilst ensuring impeccable delivery of service to our customers was maintained. Our conviction that the market wanted service providers to have an integrated offering has been validated by the projects we have been able to, and continue to, deliver.

NEVER GIVE UP

The past 12 months has presented SRG Global with a variety of business challenges however the continued focus has been on building a strong foundation from which SRG Global can deliver solid returns to shareholders. Importantly, the team's resilience during difficult times has ensured it has delivered on initial expectations through maintaining a disciplined and targeted approach to the right project opportunities. Most notably it has been able to secure a number of substantial term revenue contracts and also establish new business units to target potentially lucrative emerging markets.

HAVE EACH OTHER'S BACKS

A safe business is a good business and we continue to strive towards our goal of Zero Harm. It is pleasing to note that even through a period of significant change SRG Global's safety performance has improved.

BOARD AND GOVERNANCE

The new SRG Global Board has been in place for ten months and a key priority during this period has been to ensure SRG Global's Corporate Governance processes are of the highest standards. To this end we introduced a new board charter and complete refresh of all governance, committee and policy frameworks. This has been no small task and I thank each Board member for the experience, expertise and contribution they bring.

OUR FUTURE

Following a year of transformation and integration we are now advancing towards the Growth Phase of our strategic plan. As we look ahead over 2020 we are encouraged by the level of activity and potential investment in sectors where we can apply our expertise to solve complex problems across the entire asset lifecycle.

The strength of the business and our robust opportunity pipeline is in no small part due to the quality, professionalism and commitment of the SRG Global team. On behalf of the Board I would like to thank each and every member of the SRG Global family for their hard work over the past year.

The dedication and resolve of our team is to be commended. They have met each challenge with a professional and relentless approach that will ultimately deliver significant long-term value for our shareholders.

I would also like to thank shareholders for their support and I am pleased that we have laid a solid foundation for what is an exciting future for SRG Global.

Peter Wade
Non-Executive Chairman

Managing Director's Report

MAKING THE COMPLEX SIMPLE

We live for the challenge

The 2019 Financial Year ('FY19') has been a year of change and challenge which has ultimately strategically positioned SRG Global as a business with a balanced portfolio of recurring and project-based revenue streams occurring across the entire asset life cycle of engineer, construct and sustain.

ZERO HARM AND OUR PEOPLE

Ensuring that our workforce of 1,900 highly-skilled, motivated team members return home to their families safely at the end of every day is a primary focus. In a year of change, we intensified the focus on proactively driving a strong safety culture across all parts of our business and I am proud of the way that our people have each other's backs.

We have taken some good steps towards improving our LTIFR during a period of significant internal change. I often refer to safety as the glass ball amongst the many rubber balls that you juggle in business and we will continue to relentlessly pursue Zero Harm each and every day in the SRG Global working community.

A YEAR OF CHANGE

FY19 saw the coming together of SRG Limited ('SRG') and Global Construction Services Limited ('GCS') to create an engineering-led specialist construction, maintenance and mining services group.

The strategic rationale of the merger was to leverage the greater combined offering of both businesses and to target our common and complementary customers in the sectors and geographies that we operate in. The integration has been well executed with:

- positive customer feedback
- clear evidence of work won through cross-selling of complete offering
- systems integration well progressed
- "One Business One Team" structure and culture embedded

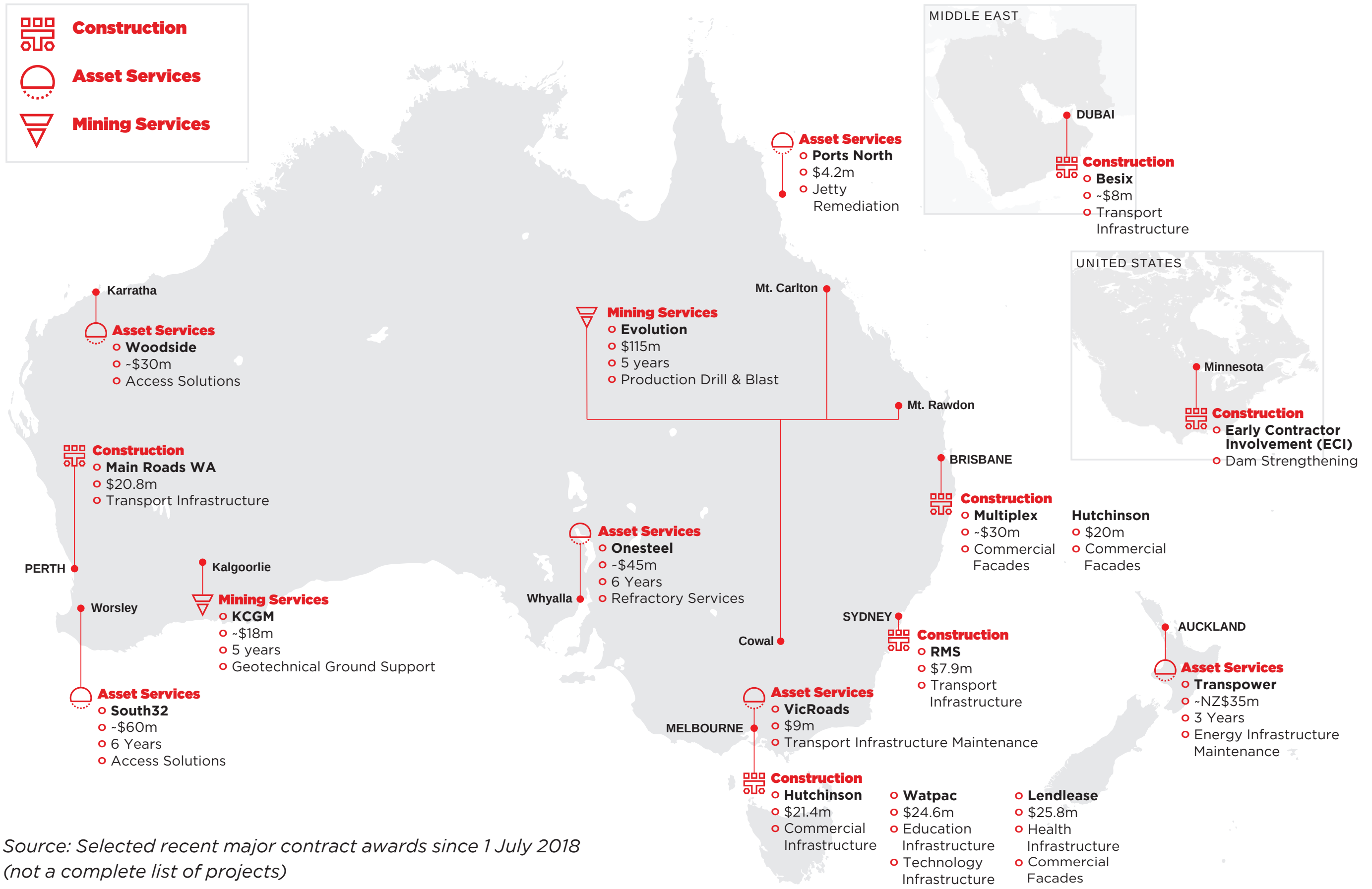
This has positioned the business well in weathering what has been a very challenging year on several fronts including a highly competitive environment combined with economic and political uncertainty. This resulted in a number of delays in the award of major targeted construction projects and the subsequent substantial carrying costs that were required to maintain our engineering and delivery capability.

Faced with challenging market conditions in some sectors, the decision was made to ensure internal engineering and delivery capability was maintained despite delays in the award and commencement of large-scale construction projects. These capability carrying costs have impacted earnings for the current financial year however they ensure SRG Global is well placed to secure these projects upon their commencement.

Whilst it can be difficult to balance short-term market expectations, it was imperative that we maintained a long-term focus to ensure the sustainable success of SRG Global well into 2020 and beyond. Whilst the market will continue to be demanding, we are building clear momentum with a number of significant contract wins and record work in hand. This positions us well in the medium and longer term, underpinned by having the capability to successfully deliver for our shareholders on an ongoing basis.

> **"Record work in hand of $708m with ~70% of recurring revenue"**

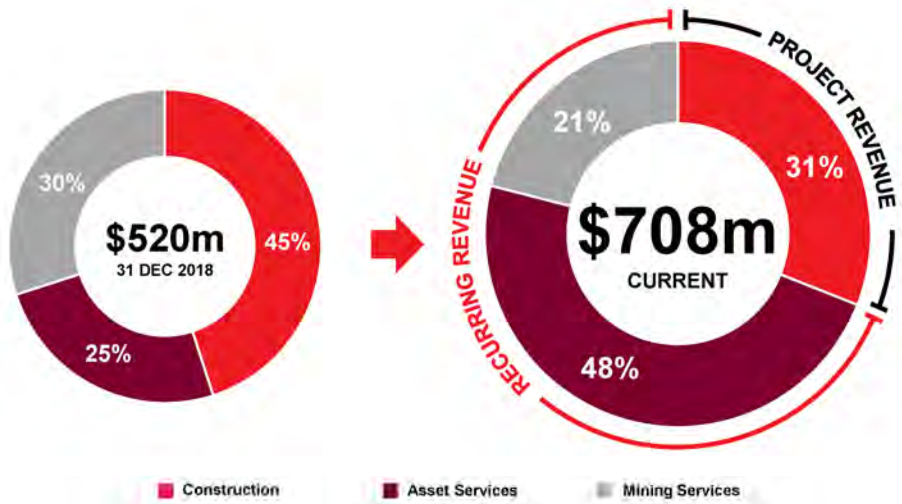
Recent major contract awards



Source: Selected recent major contract awards since 1 July 2018 (not a complete list of projects)

TRANSFORMING TO A MORE BALANCED BUSINESS MIX

One of the primary goals of SRG Global is to continue to strategically build the level of recurring revenue to balance the current weighting towards project-based revenue. We are far more progressed in delivering against this key objective than I expected to be in the first ten months since merging. We now have record work in hand of $708 million and a step-change in the diversity of SRG Global's revenue base such that our current work in hand is comprised of ~70% of recurring and term revenues. This change mitigates revenue and earnings volatility and validates a key element of the merger rationale.



OPERATIONAL REVIEW

Construction

The Construction Segment has two key focus areas of civil and building. In the civil sector our focus is on the specialist markets of dams, bridges, LNG tanks and windfarms. In the building sector our focus is on securing vertically integrated structure and facade projects of scale with repeat, tier-one clients.

For FY19 the Construction Segment delivered revenue of $268.0m (2018: $120.0m) and EBITDA of $8.9m (2018: $5.2m).

One of the key issues we experienced during the year was the on-going delays in the award and commencement of large-scale construction projects. This negatively impacted the financial performance as the business continued to carry the engineering and delivery capability costs without the corresponding revenue.

There were significant transport infrastructure projects secured both domestically and internationally including the balanced-cantilever Infinity Bridge in Dubai, the substantial Ocean Reef Road Interchange project in Western Australia and several projects with various Transport Authorities on the East Coast of Australia.

Of significance was the first Early Contractor Involvement ('ECI') for a dam anchoring and strengthening project in the United States. This ECI work signals that SRG Global's significant expertise and capability in complex civil infrastructure works continues to be transferable globally and in particular to our key target market of North America where 50% of global large concrete dams are located.

In the building sector, we secured several significant integrated structure and facade packages during the year in markets including health, education and commercial infrastructure. We continue to follow key repeat clients and are agnostic as to market sectors, which protects our business against the different industry cycles.

A new business unit was also established to target the emerging flammable cladding market. Whilst this market is in its infancy, SRG Global's expertise in the complete supply chain for engineered facades places the business in a strong position to secure works in this market.

Asset Services

During the financial year the Asset Services Segment has maintained a disciplined focus on securing recurring and term revenue contracts with tier-one clients. This has been possible via the enhanced and combined offering of SRG Global such that the business is able to leverage existing site presence with a 'one stop shop' model.

For FY19 the Asset Services Segment delivered revenue of $135.8m (2018: $41.9m) and EBITDA of $15.5m (2018: $4.7m).

This focus has translated to substantial term contracts being secured, including our first term contract in refractory services in Australia with OneSteel. In addition the North West Shelf Project access contract with Woodside was extended for a further four years.

It was a major achievement when South32 selected SRG Global to deliver access services at its Worlsey Alumina operations for a total of six years (assuming extension options are exercised). Furthermore, growth in the recurring and term revenue work in hand increased when Transpower New Zealand extended SRG Global's energy infrastructure maintenance contract for a further three years.

Mining Services

The Mining Services segment delivered a solid financial performance via strong asset utilisation across it's production drill fleet. Our primary focus is on partnering with targeted clients in specific commodities and driving operational efficiencies and innovation in asset utilisation.

The Mining Services Segment delivered revenue of $82.6m (2018: $76.8m) and EBITDA of $11.2m (2018: $13.7m) in FY19.

During the financial year two long-term strategic partnerships with tier-one customers were renewed. SRG Global's operations with Evolution Mining were extended for five years via an Umbrella Agreement valued at $115.0m. In addition, SRG Global's over 20 year relationship with the 'super-pit' in Kalgoorlie was extended when Kalgoorlie Consolidated Gold Mines (KCGM) extended a specialist geotech contract for a further five years.

WELL POSITIONED FOR LONG TERM SUSTAINABLE GROWTH

With a core focus on securing recurring and term revenues, leveraging site presence to deliver an expanded offering to our client base and a disciplined approach to work winning, 2019 has laid a solid foundation from which the business can transition from the Optimisation Phase to the Growth Phase of our strategic plan (see below).

Our vision is to be the most sought-after specialist construction, maintenance and mining services group. I am proud of how our people have embraced our Way Forward and am more confident than ever that we have great people, great customers and the right business model to continue to build the company that I know we can be.

I would like to thank our people and shareholders for their ongoing support and am excited for the future we have in front of us at SRG Global and what we stand for - **live for the challenge, smarter together, never give up and have each other's backs**.

David Macgeorge
Managing Director

Strategic Horizons

OPTIMISATION

- One Business One Team culture ✓
- Optimise fixed cost base / footprint ✓
- Maximise cross-selling opportunities ✓
- Asset utilisation / capital efficiency ✓
- Integration ✓

GROWTH

- Vertically integrated solutions in Building Construction
- Targeted growth globally in specialist Civil Infrastructure Construction
- Step change growth in recurring Asset Maintenance Services
- Optimisation and cross selling in Mining Services
- Selective acquisitions to complement capability / footprint

LEADERSHIP

- Zero Harm industry leader
- Recognised employer of choice
- Key partner of choice in our specialised fields
- $1bn+ Annual Revenues (50% recurring and 50% project based)
- Consistent, above market shareholder returns (EPS and TSR)

Our Projects

Taking the complexity out of construction

SRG Global's Civil, Building and Products businesses were awarded, or worked on, some significant projects in the Construction sector during the 2019 financial year.

Infinity Bridge, Dubai

In May of this year, SRG Global secured an ~$8m specialist engineering and construction contract with Belhasa Six Construct LLC ('Besix') to deliver the main crossing bridge over Dubai Creek as part of the Al Shindagha Corridor improvement project.

About the Project

The new 12-lane, 295 metre bridge will rise 15.5 metres above Dubai Creek to allow clearance for various types of marine vessels. Motorists will be provided six lanes in each direction in addition to a pedestrian crossing for foot traffic.

The bridge's iconic design features a 42 metre high arch shaped in the form of the mathematical symbol for infinity. Approximately 2,400 tonnes of steel will be used in the construction of the bridge.

The Road and Transport Authority appointed Besix as the Infrastructure Contractor in 2018 and the project is expected to be complete in 2022.

Project Scope

SRG Global's scope of works will include post-tensioning as well as the design, manufacture, supply, delivery and erection of specialist formwork travellers for the construction of the main bridge deck using a balanced cantilever method.

Wanneroo Road and Ocean Reef Road Interchange

In January this year, SRG Global secured a $41.6m infrastructure project in joint venture with WBHO Infrastructure to deliver the Wanneroo Road and Ocean Reef Road Interchange project in Perth. SRG Global's share of the joint venture is $20.8 million.

About the Project

The project is funded by the Commonwealth and State Government as part of a $2.3 billion investment in road and rail infrastructure.

Project Scope

The project scope includes specialist engineering and construction of substantial bridge structures over the intersection, construction of on and off ramps, service relocation, drainage enhancements and upgrades to all related path and pedestrian crossings.

CONSTRUCTION

Margaret River Perimeter Road Stage 2

During FY19, SRG Global completed the construction of the Margaret River Perimeter Road Stage 2 project. SRG Global were contracted by Main Roads Western Australia ('MRWA') for this project in joint venture with WBHO Infrastructure.

About the Project

Margaret River is one of the prime tourist destinations in Western Australia. Whilst this small town is full with visitors for most of the year, it is also positioned on one of the busiest roads in Western Australia's south-west, the Bussell Highway, resulting in heavy traffic along its main street.

To reduce traffic within the Margaret River town site, MRWA designed and commissioned the construction of a perimeter road around the town in two stages. Stage 2 of this project was awarded to the MRPR Joint Venture between WBHO and SRG Global for $22.8m.

Project Scope

SRG Global's scope included the construction of two new bridges – a 100m long road bridge and a smaller pedestrian bridge on the Darch Trail, both over Warperup Creek (Margaret River). Construction of both bridges required complex solutions and planning to achieve the project scope with minimal impact on the local environment and town community.

CONSTRUCTION

Stockyard Hill Wind Farm

SRG Global has played a pivotal role in the construction of the alternative anchored wind turbine foundations, adopted for one of the largest wind farms in the southern hemisphere.

About the Project

The Stockyard Hill Wind Farm project consists of 149 wind turbine generators, each over 100m in height, which will provide substantial environmental, community and economic benefits, and will have the potential to power approximately 390,000 homes annually.

Project Scope

SRG Global's scope on this project includes the installation of 600 ground anchors to 50 of the 149 footings. The works form a critical part of the concrete foundations, ultimately securing the wind turbines to the ground.

SRG Global were successful in securing this complex wind farm project with WBHO / SNC-Lavalin JV through the alternative anchored construction method proposed, which was considered both economical and practical.

Al Zour LNG Import Terminal

SRG Global is now into peak production installing post-tensioned anchors for one of the world's largest LNG tank projects currently underway in Kuwait.

About the Project

The Al-Zour Import Terminal project for Hyundai Engineering and Construction Co., Ltd is now well underway and includes the construction of a large scale liquefied natural gas plant, including eight LNG storage tanks, located 90 kilometres south of Kuwait City.

Project Scope

SRG Global is responsible for post-tensioning the eight LNG storage tanks which are a core part of the project.

Each tank has a capacity of 225,500m^3 with a height of 47.65m, diameter of 97m and 750mm wall thickness. SRG Global are utilising BBR VT CONA CMI internal post-tensioning featuring 27 strands of 15.2mm diameter prestressing steel per tendon. The installation includes 96m long vertical loop tendons and 150m long horizontal loop tendons.

We have some of the best technical minds in the business constructing complex infrastructure.

CONSTRUCTION

Pimlico to Teven, Stage 3

SRG Global, in joint venture with Georgiou Group, recently completed construction of two bridges over Emigrant and Duck Creek on the Pacific Highway in Ballina New South Wales.

About the Project

SRG Global was selected to deliver part of Australia's largest regional infrastructure project, the Pimlico to Teven Stage 3 project, as part of the Pacific Highway upgrade with Georgiou Group for Roads and Maritime Services.

Project Scope

The project is part of the $4.3 billion Woolgoolga to Ballina Pacific Highway upgrade between Pimlico and Teven. It involved construction of the final southbound carriageway, demolition and reconstruction of two decommissioned bridges, earthworks and realignment of a new permanent junction with Pacific Highway just south of Ballina.

Deakin University Law Building

SRG Global's Structures and Post-Tensioning divisions are working together to deliver the new Deakin University Law building in Melbourne for Watpac.

About the Project

The new law school for Deakin University's Burwood Campus will comprise a nine-level building that will provide 20,000m^2 of teaching and learning spaces, student support and wellbeing spaces, staff workspaces and basement car parking.

Project Scope

SRG Global are undertaking the installation of formwork systems, post-tensioning, reinforcement, construction of insitu vertical walls as well as full concrete supply and install.

CONSTRUCTION

Goulburn Valley Health Redevelopment

SRG Global secured an ~$11.5m concrete structure contract with Lendlease for the Goulburn Valley Health redevelopment in Shepparton, Victoria in October last year.

About the Project

The Goulburn Valley Health Redevelopment project includes a new four-storey building with 64 inpatient beds, 10 intensive care unit beds, seven operating theatres and a new kitchen and morgue. A brand new emergency department will double the current capacity, featuring 36 treatment spaces and a nine-bed short stay unit.

Project Scope

SRG Global were contracted to undertake the complete concrete structure works including installation of precast panels, post-tensioning, reinforcement and all other related concrete structure installations.

Lincoln Square

SRG Global secured an $11.9m contract for the University of Melbourne's Lincoln Square project. Utilising both our Structures and Post-Tensioning divisions, this contract highlights the benefits of being able to provide the integrated construction packages our tier-one clients are increasingly looking for.

About the Project

The University of Melbourne's Lincoln Square project consists of a 14-level tower which will provide accommodation for some of the 50,000 students that attend the University's Parkville campus in the heart of Melbourne's CBD.

Project Scope

SRG Global are undertaking the supply, erection and reinforcement of the entire structure under one contract to the principal contractor, J Hutchinson Pty Ltd. Project works include installation of precast panels, post-tensioning, structural reinforcement, and the construction of complex in-situ columns and walls, along with all other related concrete structure works.

Our unique industry offering is to bring together all of our core capabilities and offer a fully integrated structure package on significant projects.

CONSTRUCTION

300 George Street Brisbane

SRG Global were awarded a ~$30m curtain wall facade contract for the development of an 82-level residential tower at the 300 George Street development in Brisbane's CBD in October last year.

About the Project

The 300 George Street project is a mixed-use development being constructed by tier-one construction company, Multiplex Constructions Pty Ltd. The residential tower is the third tower being constructed on the site with the commercial use tower currently under construction and the hotel tower already complete. The residential tower will be the equal tallest building in the Brisbane CBD.

Project Scope

SRG Global are undertaking the design, fabrication and construction of the curtain wall facade over an approximate two year period.

CONSTRUCTION

Wesley Place Redevelopment

SRG Global undertook facade design, supply and installation works on the Wesley Place tower at 130 Lonsdale Street in Melbourne's North East CBD during the 2019 financial year. As well as the facade works, SRG Global also supplied products for the construction of this tower.

About the Project

The Wesley Place tower offers approximately 55,000 square metres of office space and 4,500m^2 of retail. The 34 level commercial tower will sit on the eastern portion of the Wesley Church site with frontages to Lonsdale Street, Little Lonsdale Street and Jones Lane in Melbourne's CBD.

Project Scope

SRG Global's Facades team were responsible for the pre-award budgets and design advice to Lendlease and post-award design and construct contract comprising design, shop drawings, visual mock-up, offshore procurement and fabrication, performance testing, freight and logistics, site installation, certification and 10 year warranty.

SRG Global's Products team also worked on this project, supplying facade cast-in channel products and engineered T-bolts which are used to anchor the facade to the building structure. Over 6,000 cast-in anchor channel products and over 12,000 engineered T-bolts were supplied to this project.

Karrinyup Shopping Centre

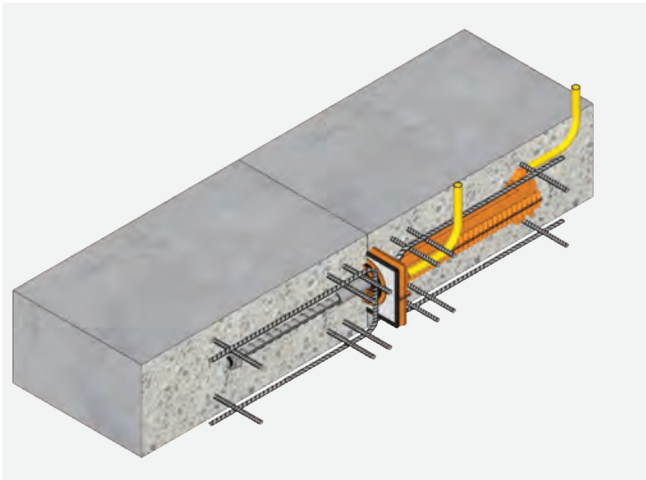
Karrinyup Shopping Centre in Perth is currently undergoing an $800m redevelopment which will see the centre expand from 59,715 square metres to 109,000 square metres. SRG Global's Products team has been engaged to supply our own patented SureLok shear connector and other engineered products as integral components for the construction program of the project.

About the Project

The Karrinyup Shopping Centre, located in Perth's northern suburbs will double in size with 290 retailers, a dining precinct and the first Hoyts cinema north of the river. The first stage of the $800m redevelopment is the east multi-deck carpark, which will open in late 2019, followed by the north mall fashion loop, café court and fresh food precinct.

Project Scope

SRG Global's Products team have progressively supplied over 4,500 SureLok units to date. Design on upper levels is still underway and the team expect the supply of these units to continue throughout the duration of construction.



MINING SERVICES

Bringing our full resources to daily mining challenges

SRG Global secured a number of key term contracts in our Mining Services business during FY19 including a $115m Umbrella Agreement with Evolution Mining.

Evolution Mining Umbrella Agreement

SRG Global announced in April they had secured a $115m Umbrella Agreement with Evolution Mining to extend the terms of its drill and blast operations at the Cowal, Mt Rawdon and Mt Carlton mine sites.

About the Contract

The contract is for an initial three-year term with an option to extend for a further two years. Works under this agreement are expected to generate revenues of approximately $115m over five-years on the basis the two-year option to extend is exercised (approximate value over the three-year term is $78m). The new agreement will utilise assets from SRG Global's existing fleet and will require minimal growth capital over the contract term.

Project Scope

Evolution Mining is Australia's second largest ASX-listed gold producer. The company operates five wholly-owned gold mines located in Queensland, New South Wales and Western Australia.

SRG Global will continue to provide drill and blast services at Mt Rawdon and Mt Carlton mines in Queensland and Cowal mine in New South Wales.

MINING SERVICES

Kalgoorlie Superpit

SRG Global secured a new ~$18m ground support term contract with Kalgoorlie Consolidated Gold Mines ('KCGM') at the Super Pit in Kalgoorlie.

About the Contract

The Super Pit is Australia's largest open pit gold mine, producing around 850,000 ounces of the precious metal annually. SRG Global's Geotech business has a long and proud history spanning over 20 years at the Super Pit, having performed a range of services at the mine since 1997.

Project Scope

Ground support works under this contract includes both in-phase ground support, rock fall mitigation and rock face remediation. Over the two decades working at the mine, SRG Global has developed specialised plant to meet the demands of the unique Super Pit environment.

Drilling works for FMG

During the 2019 financial year, SRG Global has been supporting Fortescue Metals Group ('FMG') on two of their mine sites in the Pilbara region of Western Australia.

About the Contract

SRG Global are undertaking drilling works at Cloudbreak and Christmas Creek mines for FMG on a monthly support contract basis providing drill rigs and drillers.

Project Scope

Works at Cloudbreak mine commenced in 2018 and consist of drilling production blast holes and provision of operators.

Following the successful works at Cloudbreak, SRG Global were awarded an additional support contract at the Christmas Creek mine site where works consisted of drilling blast holes and provision of operators.

SRG Global is the sought after drill and blast contractor when you need to solve problems across the entire lifecycle of your mine, from resource delineation to plant shutdown maintenance.

ASSET SERVICES

Making maintaining, restoring & accessing critical assets easier

SRG Global made significant progress in our long-term strategy of securing a greater proportion of recurring contracts in the asset services sector during FY19.

South32 Worsley Alumina

SRG Global secured a long-term contract with South32 Worsley Alumina valued at ~$60m in May this year.

Project Scope

SRG Global are providing a complete suite of engineered access solutions for the Worsley Alumina operation in Western Australia including scaffold services and highly skilled rope access technicians.

About the Contract

The contract is for an initial three-year term with extension options for a further three years. If Worsley Alumina exercises the extension options the total contract duration will be six years. Works under this contract commenced in June 2019 and are expected to generate revenues of ~$60m over the six-year term or ~$32m over the initial three-year term. The contract requires minimal capital outlay and has increased SRG Global's workforce by approximately 100 full-time positions.


Source: /south32.net

North West Shelf Project

In October last year, SRG Global secured a new four-year contract for the provision of scaffold and access equipment to the North West Shelf project, including Karratha Gas Plant and offshore, operated by Woodside Energy Ltd.

Project Scope

SRG Global's scope includes the supply, maintenance, storage, transport and handling of scaffold and access equipment for all onshore and offshore assets. SRG Global will also provide specialist labour resources for Woodside as required.

About the Contract

The new contract consolidates the existing long-term relationship with Woodside and follows on from the conclusion of an existing five-year contract.

ASSET SERVICES

Refractory Term Contract Secured

In May this year, SRG Global secured a ~$45m six-year term contract with OneSteel in Whyalla.

Project Scope

SRG Global are undertaking refractory services throughout the Whyalla Steelworks site incorporating the pellet plant, ironmaking, steelmaking and steel products assets. SRG Global specialise in refractory works in New Zealand, however this is the first project of its kind awarded to SRG Global in Australia. Our team in New Zealand were pivotal in helping us secure this project which was our first major step in taking our refractory capabilities from New Zealand across to Australia.

About the Contract

The contract is for an initial four-year term with options for a further two years. Works under this contract are expected to generate revenues of ~$45m over the six-year term or ~$30m over the initial four-year term. The contract is clear evidence of the benefits that are being delivered through the creation of SRG Global. The award of this refractory services contract at Whyalla Steelworks complements existing works being undertaken by SRG Global's Mining Services division, which has been operating in the Whyalla region since 2012.

Transpower NZ

SRG Global secured a three-year contract renewal with Transpower New Zealand Limited ('Transpower') in June this year.

Project Scope

SRG Global are providing specialist industrial services including removal of existing coatings through specialist blasting, application of industrial protective coatings and minor steel replacement.

Transpower owns and operates the National Grid, the high voltage transmission network across New Zealand, comprising over 12,000km of transmission lines and more than 170 substations.

SRG Global has a long history working with Transpower, providing Asset Services to its National Grid for more than 20 years.

About the contract

Estimated revenues under the framework contract are ~NZ$35m (estimate based on historic values). This contract requires minimal capital outlay and provides further long-term recurring revenue.

ASSET SERVICES

Spencer Street and St Georges Road Bridges Melbourne

VicRoads (now part of Department of Transport) awarded SRG Global's Asset Services division a ~$9m bridge strengthening contract in Melbourne in May this year.

About the Project

The Public Transport Victoria funded the project for bridge strengthening and rehabilitation to the Spencer Street bridge over the Yarra river in the Melbourne CBD and the St Georges Road bridge over Merri Creek in Northcote to accommodate larger load capacity requirements for E-class trams.

Project Scope

SRG Global's scope on this bridge strengthening and rehabilitation project includes river traffic management, installation of suspended and floating access, strengthening of bridge beams with additional structural steel, bridge abutment strengthening with piling and soil nailing, lead paint removal and the application of protection coatings.

Matagarup Bridge

SRG Global's Asset Services business showcased how we are stronger together undertaking bridge maintenance works on Perth's iconic Matagarup pedestrian bridge utilising their rope access technicians together with their remediation experience.

About the Project

The new iconic pedestrian bridge located next to Optus Stadium in Perth required defect repairs from the original construction. SRG Global proposed a solution for the painting works to be undertaken via rope access technicians to maximise productivity rather than undertaking works via a boom and scissor lifts.

This was the first project undertaken following the Merger of Equals between GCS and SRG where the teams from SRG's Asset Services business and GCS' Rope Access business worked together to make the complex simple for our customer and provide a cost effective and safe solution to complete the works.

Project Scope

SRG Global's scope on this bridge maintenance project included the repair of over 3,000 items which included preparing the steel for painting by sanding or abrasive blasting then applying a primer and top coat.

SRG Global has experienced industry professionals who are multi-disciplined and can offer innovative maintenance solutions.

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2019

The Directors present their report on the consolidated entity consisting of SRG Global Limited (the 'Company' or 'SRG Global') and the entities it controlled (the 'Group') at the end of, or during the year ended 30 June 2019.

COMPARATIVE INFORMATION

Information contained in this Directors' Report that relates to comparative periods reflects information relating to Global Construction Services Ltd, as the acquiring entity.

DIRECTORS

The names and details of the Company's Directors in office during the financial year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Name		
Peter Wade	Non-Executive Chairman	
Peter McMorrow	Non-Executive Deputy Chairman	Appointed 11 September 2018
David Macgeorge	Managing Director	Appointed 11 September 2018
Enzo Gullotti	Executive Director	
Peter Brecht	Non-Executive Director	Appointed 11 September 2018
Michael Atkins	Non-Executive Director	Appointed 11 September 2018
John Derwin	Non-Executive Director	
George Chiari	Executive Director	Resigned 11 September 2018

EXPERIENCE, QUALIFICATIONS AND RESPONSIBILITIES

Peter Wade
Non-Executive Chairman

Peter Wade joined the Board of SRG Global as Chairman in September 2018. Prior to this, Peter served as Chairman of Global Construction Services Limited ('GCS') from November 2011. Peter is also a member of the SRG Global Audit Committee.

Peter holds a Bachelor of Engineering (Hons) and has over forty five years' experience in engineering, construction, project management, mining, and infrastructure services. He started his career with the NSW Public Service managing the construction, building, and operation of significant infrastructure projects such as the Port Kembla coal loader and grain terminals in Newcastle and Wollongong.

Peter was also a Deputy Director for the Darling Harbour Redevelopment construction project. Subsequently, as an executive of the Transfield Group, Peter was responsible for a number of significant construction, building, and operation projects including, the Melbourne City Link, the Airport Link, the Northside Storage Tunnel, and the Collinsville and Smithfield Power Plants.

Mr Wade has been the Managing Director of Crushing Services Pty Ltd and PIHA Pty Ltd since 1999 and Minerals International Pty Ltd since 2002 (now both wholly owned subsidiaries of Mineral Resources Limited). In 2006, with the formation and listing of Mineral Resources Limited, Mr Wade was appointed as Managing Director and has overseen a sustained period of successful development and growth.

In 2008 Mr Wade was appointed as the Executive Chairman, and then in November 2012 the Non-Executive Chairman, of Mineral Resources Limited.

Peter McMorrow
Non-Executive Deputy Chairman

Peter McMorrow joined the Board of SRG Global as Deputy Chairman in September 2018. Prior to this, Peter was a Director of SRG Limited ('SRG') from 2010 and moved into the role of Chairman in July 2014. He is also a member of the SRG Global Audit Committee and Remuneration & Nomination Committee.

Peter has over forty years' project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations.

Prior to joining SRG, Peter was Managing Director of Leighton Contractors from 2004 to 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees.

Peter is an advocate for health and safety and brings a strong zero harm vision to both SRG Global and the industry in which it operates.

David Macgeorge
Managing Director

David Macgeorge was appointed Managing Director of SRG Global in September 2018. Prior to this, David held the role of Managing Director for SRG Limited since May 2014.

David has extensive senior executive experience in contracting, logistics, infrastructure and mining service industries and has a strong record of leading business transformations, driving value creation and growth through a unique understanding of strategy, customer focus and shareholder returns.

Prior to joining SRG, David held senior executive roles with BIS Industries, Cleanaway and CHEP (a subsidiary of Brambles). He also provided consultancy to Leighton Contractors.

David holds a Bachelor of Business and has completed the Senior Executive Management program at INSEAD Business School in France.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Enzo Gullotti
Executive Director

Enzo Gullotti was appointed Executive Director of SRG Global in September 2018. Prior to this, Enzo held the role of Managing Director for Global Construction Services Limited ('GCS'), which he established in 2003.

Enzo is an industry and community leader, with more than thirty years' experience in the scaffolding, construction, and maintenance sectors. Mr Gullotti was a founding member of the PCH Group, where he was an Executive Director for approximately eight years and the Managing Director of the scaffolding subsidiary. Mr Gullotti was instrumental in growing PCH, including the establishment of operations in Karratha, Sydney, Darwin, Bunbury, Singapore, Thailand, Dubai and the Caspian Sea.

During his time as Managing Director of GCS, Mr Gullotti delivered significant growth, including leading the successful integration of several key acquisitions and expanding GCS's footprint across Australia.

Peter Brecht
Non-Executive Director

Peter Brecht joined the Board of SRG Global in September 2018. Prior to this, he had been a Non-Executive Director for SRG Limited since September 2014. Peter is a member of the SRG Global Remuneration & Nomination Committee.

Peter has more than thirty five years' experience in the construction industry, previously serving as the Managing Director - Construction Australia for Lendlease, CEO of Bilfinger Berger Australia and Managing Director of Abigroup.

Peter is a Board member of Fulton Hogan Limited. He has been a Member of the Australian Institute of Company Directors since 2000.

Michael Atkins
Non-Executive Director

Michael joined the SRG Global Board as a Non-Executive Director in September 2018 and is Chairman of the SRG Global Audit Committee. Prior to this, Michael was Non-Executive Director on the Board of SRG Limited from 2014 to 2018.

Michael was a founding partner of a national Australian Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia. Since 1987 he has been both an executive and non-executive director of numerous publicly listed companies with operations in Australia, USA, South East Asia and Africa.

Since February 2009 Michael has been a Director – Corporate Finance at Paterson Securities Limited and is currently Non-Executive Chairman of Australian listed companies Legend Mining Limited, Azumah Resources Limited and Castle Minerals Ltd.

Michael is a Fellow of the Australian Institute of Company Directors.

John Derwin
Non-Executive Director

John Derwin was appointed Non-Executive Director of the SRG Global Board in September 2018. He had previously been a Non-Executive Director on the Board of Global Construction Services Limited ('GCS') since July 2017. John is also Chairman of the Remuneration & Nomination Committee for SRG Global.

John holds a Bachelor of Civil Engineering (Hons) and has over forty years' experience in engineering, construction and project management; predominantly in the infrastructure, mining, petrochemical and oil & gas sectors. Mr Derwin started his career with the NSW Public Works Department and subsequently held senior roles with ABB Engineering, Transfield Technologies and John Holland.

Since 2006, Mr Derwin has been providing independent consultancy services, including bid management and project management services on key infrastructure projects throughout Australia. Mr Derwin brings a wealth of knowledge and practical experience to support SRG Global's broader construction capabilities.

COMPANY SECRETARIES

Name	
Roger Lee	Appointed 11 September 2018
Paul Hegarty	
Nigel Land	Resigned 11 September 2018

Roger Lee
Chief Financial Officer & Company Secretary

Roger was appointed CFO & Company Secretary for SRG Global in September 2018. Prior to this Roger held the role of CFO & Company Secretary for SRG Limited since July 2014 and brings over twenty five years' experience in senior and executive management in Australia. Roger is a qualified CPA and is a graduate of the University of Western Australia in Commerce, majoring in Finance and Accounting.

Paul Hegarty
Group Financial Controller & Company Secretary

Paul was appointed Group Financial Controller & Company Secretary for SRG Global in September 2018. Prior to this, Paul was Company Secretary of Global Construction Services Limited (GCS). Paul is a Chartered Accountant and Chartered Company Secretary. Prior to GCS, Paul was the Financial Controller for Mineral Resources Limited.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

DIRECTORS' SHAREHOLDINGS

The following table sets out each Directors' relevant interest in shares, debentures and rights or options in shares or debentures of the Company as at the date of this report.

Name	Fully Paid Ordinary Shares Number	Performance Rights Number
P Wade	221,361	Nil
P McMorrow	11,765,727	Nil
D Macgeorge	9,171,389	Nil
E Gullotti	5,976,349	Nil
P Brecht	1,900,541	Nil
M Atkins	800,000	Nil
J Derwin	100,000	Nil

MEETINGS OF DIRECTORS

The number of meetings of SRG Global's Board of Directors and each Board Committee held during the year ended 30 June 2019 and the number of meetings attended by each Director was:

	Board of Directors meetings		Meetings of committees			
			Audit Committee		Remuneration and Nomination	
Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
P Wade	10	10	3	2	-	-
P McMorrow (1)	7	7	2	2	6	6
D Macgeorge (1)	7	7	-	-	-	-
E Gullotti	10	9	-	-	-	-
P Brecht (1)	7	7	-	-	6	6
M Atkins (1)	7	7	2	2	-	-
J Derwin	10	10	1	1	6	6
G Chiari (2)	4	3	-	-	-	-

(1) Appointed director on 11 September 2018
(2) Resigned as executive director on 11 September 2018

MERGER OF SRG LIMITED AND GLOBAL CONSTRUCTION SERVICES LIMITED

In September 2018, the Merger of Equals between SRG Limited and Global Construction Services Limited to create a leading global specialist engineering, construction and maintenance group was completed. The Merger of Equals was effective through a scheme of arrangement where Global Construction Services Limited issued 2.479 shares for each SRG Limited share.

Under accounting standard AASB3 *Business Combinations*, SRG is considered the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. The impact of this is:

- the comparative results for the year ended 30 June 2018 reflect SRG only for that period.
- the financial results of SRG Global as reported for the year ended 30 June 2019 are comprised of a 12 month contribution from SRG (1 July 2018 to 30 June 2019) and a 10 month contribution from GCS (1 September 2018 to 30 June 2019).
- the financial results of GCS for the non-reporting period of 1 July 2018 to 31 August 2018 are excluded from the financial results of SRG Global presented herein.

PRINCIPAL ACTIVITIES

During the financial period, the principal continuing activities of the Group consisted of delivering a suite of engineering-led specialist construction, maintenance and mining services across the entire asset lifecycle.

SIGNIFICANT CHANGES IN STATES OF AFFAIRS

Other than the merger of SRG and GCS during the financial year, there have been no other significant changes in the state of affairs of the Group.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

OVERVIEW AND FINANCIAL RESULTS

Information on the operations and financial position of the Group and its business strategies is set out in the Managing Directors Report on page 7 to 9.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

No matter or circumstance has arisen since 30 June 2019, other than the dividend referred to below, that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN OPERATIONS

Information on likely developments in the operations of the Group and the expected results of operations have not been included in this report as the directors believe it would likely result in unreasonable prejudice to the Group.

ENVIRONMENTAL REGULATIONS

The operations of the Group are subject to environmental regulation under Commonwealth, State, and Territory legislation.

The directors are not aware of any breaches of environmental regulations during the year or as at the date of this report. The Company has met all its reporting requirements under the relevant legislation during the year and continually aims to improve its environmental performance.

The Company does not currently meet the thresholds of the National Greenhouse and Energy Reporting Act 2007 and is therefore not currently subject to its reporting requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the Company, nor have any applications been made in respect of the Company under Section 237 of the *Corporations Act 2001.*

CORPORATE GOVERNANCE

The Board is committed to achieving the highest standards of corporate governance. The Board reviews and improves it policies and procedures to ensure they are effective for the Group and fulfill the expectations of stakeholders. The Board's Corporate Governance Statement can be located on the Company's website via the following URL: http://www.srgglobal.com.au/who-we-are/corporate-governance/.

DIVIDENDS

The Board has declared the following dividends in relation to the 2019 financial year:

- A final, fully franked $2.202m dividend (0.5 cent per share) was declared on 27 August 2019. The Record Date for this dividend is 11 September 2019 with payment to be made on 23 October 2019.
- An interim, fully franked $4.407m (1.0 cent per share) dividend was declared on 26 February 2019. This dividend was paid on 23 April 2019.

The total fully franked dividends declared by the Company in relation to the 2019 financial year is $6.609m (1.5 cents per share).

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

REMUNERATION REPORT (AUDITED)

1. OVERVIEW

The directors of SRG Global Limited present the Remuneration Report (the 'Report') for the Company and its controlled entities for the year ended 30 June 2019. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001. The Report details the remuneration arrangements for the Company's key management personnel ('KMP'):

- Non-executive directors
- Executive directors and senior executives (collectively the 'Executives').

KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Group and the Company.

The table below outlines the KMP of the Company and their movements during the year ended 30 June 2019.

Name	Position	Term as KMP
Non-executive directors		
P Wade	Chairman	Full financial year
P McMorrow	Director	Commenced 11 September 2018
P Brecht	Director	Commenced 11 September 2018
M Atkins	Director	Commenced 11 September 2018
J Derwin	Director	Full financial year
Executive directors		
D Macgeorge	Managing Director	Commenced 11 September 2018
E Gullotti	Executive Director	Full financial year
G Chiari	Director	Resigned 11 September 2018
Executives		
R Lee	Chief Financial Officer / Company Secretary	Commenced 11 September 2018
N Combe	Executive General Manager - Construction	Commenced 11 September 2018
J Thomas	Executive General Manager - Building, Mining and Products	Commenced 11 September 2018
D Williamson	Executive General Manager - Asset Services	Commenced 20 March 2019
G Edmonds	Executive General Manager - New Zealand	Commenced 20 March 2019
N Land	Chief Financial Officer / Company Secretary	Resigned 11 September 2018
M Clarke	Executive General Manager - International	Commenced 11 September 2018 and resigned 20 March 2019

2. EXECUTIVE REMUNERATION FRAMEWORK

2.1 Executive remuneration policy

The Company's remuneration policy ensures that executives are rewarded fairly and responsibly in accordance with the market, having regard to the following:

- Remuneration levels are set at a level that ensures the Company can attract and retain qualified, experienced, and high-quality executives
- Fixed remuneration is structured at a level that reflects the executives' duties and responsibilities
- Remuneration packages are structured to encourage improved performance and to align the employee's interests with the short-term and long-term objectives of the Company
- The Company benchmarks remuneration packages at least annually to ensure competitive positioning within the market
- Short-term incentives are designed to incentivise individual contributions to achieving results.

2.2 Executive remuneration framework

The Company rewards executives with a level and mix of remuneration appropriate to their positions, responsibilities and performance, in a manner that aligns with the Company's strategy. Executives receive fixed remuneration and variable remuneration (as applicable), consisting of short and long term incentive opportunities. Executive remuneration levels are reviewed annually by the Nomination and Remuneration Committee with reference to the remuneration framework, guiding principles and market movements.

2.3 Elements of Remuneration

2.3.1. Fixed remuneration

Executive fixed remuneration is competitively structured and comprises the fixed component of the remuneration package. The fixed component may include cash, superannuation, and non-financial benefits to comprise the employee's total employee cost. Non-financial benefits generally consist of items to enable the effective discharge of the executive's duties and may include the provision of motor vehicles, mobile phones and notebooks.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Fixed remuneration is designed to reward the Executive for:

- The scope of the executive's role;
- The executive's skills, experience and qualifications; and
- Individual performance.

2.3.2. Short-term incentives (STI's)

The Company did not have a formal short-term incentive scheme for the 2019 financial year. Subsequent to the end of the financial year, the Company has implemented a short-term incentive plan. Executives had the opportunity to earn a discretionary annual incentive award, delivered in the form of cash.

The objective of a variable STI remuneration is to link the achievement of the Company's operational targets with the remuneration received by the executives charged with meeting those targets. The Company's STI objectives are to:

- Motivate senior executives to achieve the short-term annual objectives linked to Company success and shareholder value creation
- Create a strong link between performance and reward
- Share Company success with the executives that contribute to it
- Create a component of the employment cost that is responsive to short and medium term changes in the circumstances of the Company

Short-term incentives currently take the form of a cash bonus. The key STI measures for the Company in FY19 consist of a number of targets tied to the performance on SRG Global's major contracts - namely safety performance, financial performance, scheduling performance, and customer satisfaction. The STI is currently a discretionary 'bonus' arrangement and its quantum is determined by the Nomination and Remuneration Committee.

The Nomination and Remuneration Committee is responsible for determining the achievement of targets and assessing as to whether a bonus amount is paid. The committee also has the discretion to adjust short-term incentives downwards or make no payments in response to unexpected or unintended circumstances and where market issues dictate such a decision. Any STI payments to KMP during the 2019 financial year were based on achieving strategic and / or business objectives.

2.3.3. Long-term incentives (LTI's)

The LTI offered to the Executives forms a key part of their remuneration and assists to align their interest with the long-term interest of shareholders. The purpose of the LTI is to reward the Executives for attaining results over a long measurable period and for staying with the organisation. The LTI is a share based plan consisting of Performance Rights and / or Options (collectively "Rights and Options") which have pre-determined vesting conditions. The LTI was approved by Shareholders at the Annual General Meeting on 27 November 2018.

Under the LTI, Rights and Options may be offered to eligible persons as determined by the Board and are an entitlement to receive ordinary shares in the Company. Subject to satisfaction by eligible persons of specific criteria set by the Board, the Rights and Options are granted at no cost. Upon vesting of the Rights and Options, shares will be automatically issued or transferred to the participant unless the Company is in a "Blackout Period" (as defined in the Company's Securities Trading Policy) or the Company determines in good faith that the issue or transfer of shares may breach the insider trading provisions of the Corporations Act or the Securities Trading Policy, in which case, the Company will issue or transfer the shares as soon as reasonably practical thereafter.

The LTI scheme is designed to create a strong link between the Company's performance and the KMPs' performance.

3. HOW REMUNERATION IS GOVERNED

3.1 Nomination and Remuneration Committee

The objective of the Nomination and Remuneration Committee is to make recommendations on policies, strategies, and structures on compensation arrangements for directors and Executives. The committee is charged with the development and review of the Company's remuneration framework which:

- Recommends remuneration levels for directors and Executives
- Proposes non-executive director fees
- Establishes incentive plans which apply to executives
- Devises key performance indicators to align remuneration and incentives to performance and achievement
- Formulates identification of talent, development, retention, and succession planning strategies for key executives

Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee and benchmarked against a number of indicators and market data.

Refer to the Corporate Governance Statement on the Company's website for further information on the role of the Nomination and Remuneration Committee.

3.2 Remuneration consultants

During the year ended 30 June 2019, the Company did not engage the services of a remuneration consultant in respect of its remuneration matters. The Company reserves the right to engage with a remuneration consultant to provide market analysis and benchmarking guidelines.

3.3 Voting and comments made at the Company's last Annual General Meeting

The Company received 82.31% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2018. The Company received no specific feedback on its Remuneration Report at the Annual General Meeting.

3.4 Securities trading policy

The Company's Securities Trading Policy applies to all non-executive directors and executives. The Securities Trading Policy prohibits KMP from dealing in the Company's securities while in possession of non-publicly available information relevant to the Company.

The Company's Securities Trading Policy is available on the Corporate Governance section of the Company's website.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

3.5 Executive employment / service agreements

Each KMP has entered into an employment contract with the Company. All KMP are entitled to receive payment in lieu of notice of any accrued statutory entitlement (i.e. annual and long service leave) on cessation of their employment. In addition, all KMP are entitled to participate in the STIP and LTIP that has been disclosed in Note 2.3 of the remuneration report.

The following table outlines the contractual terms of the employment contracts:

Component	Managing Director	Executive Director	Senior Executives
Fixed Remuneration	$850,000	$595,000	Range between $360,000 and $540,000
Contract Term	Ongoing	2 year fixed term from 28 August 2018	Ongoing
Notice Period	6 months	6 months	3-6 months
Annual Leave	20 days per annum	20 days per annum	20 days per annum

4. OVERVIEW OF NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate fees paid to a level which reflects the responsibilities and demands made on non-executive directors and provides the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Nomination and Remuneration Committee reviews non-executive directors' remuneration annually against comparable companies. The Nomination and Remuneration Committee may also consider advice from external advisors if deemed necessary.

Non-executive director fees are determined within an aggregate non-executive director fee pool limit of $900,000 per annum. The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst non-executive directors is evaluated by the Nomination and Remuneration Committee annually.

The remuneration of non-executive directors for the year ended 30 June 2019 is detailed in section 7.2 of this report.

5. SHARE-BASED COMPENSATION

Performance Rights

Performance Rights may be granted under the Company Performance Rights Plan. The plan is designed to align the interests of employees to shareholders in the Company and for staff retention purposes.

At the Annual General Meeting held on 27 November 2018, it was resolved by ordinary resolution that 2,100,000 Performance Rights would be issued to Mr D Macgeorge and 900,000 Performance Rights would be issued to Mr E Gullotti. At the date of this report, these Performance Rights have not been issued as no formal agreement was executed by the Company with either Mr D Macgeorge or Mr E Gullotti. As a result, the Remuneration Report for the year ended 30 June 2019 does not include any benefit attributable to these performance rights. There are no unissued ordinary shares of the Company under option at the date of this report.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

6. OVERVIEW OF COMPANY PERFORMANCE

The table below sets out information about the Group's earnings and movements in shareholder wealth for the past five years up to and including the current financial year. The following information relates to Global Construction Services Limited (GCS) for the comparative periods.

	2015	2016	2017	2018	2019
Profit / (loss) for the year attributable to owners ($'000)	8,741	(76,882)	10,874	13,623	9,839
Share price at end of the year (cents)	0.49	0.38	0.60	0.71	0.50
Basic EPS (cents)	4.7	(38.4)	5.4	6.4	2.3
Total dividends (cents per share)	0.00	1.00	4.00	4.50	0.50

7. DETAILS OF REMUNERATION

7.1 Executive KMP remuneration for the years ended 30 June 2019 and 30 June 2018

The following information includes the historical information of Global Construction Services Limited for the period and does not include the information for SRG Limited prior to the merger in September 2018.

		Short-term benefits			Post-employment		Long-term benefits	Share based payments		
	Financial Year	Cash salary and fees	Short-term incentives[1]	Non-monetary benefits[2]	Super-annuation	Scheme benefits[3]	Long service leave	Performance rights	Total remuneration	Performance related
		$	$	$	$	$	$	$	$	%
Executive Directors										
D Macgeorge[4]	**2019**	**654,434**	**-**	**-**	**61,128**	**-**	**-**	**-**	**715,562**	**-**
	2018	-	-	-	-	-	-	-	-	-
E Gullotti[5]	**2019**	**642,039**	**-**	**129,518**	**27,083**	**1,060,000**	**(43,763)**	**721,727**	**2,536,604**	**28**
	2018	698,432	335,000	61,264	25,000	-	2,321	1,081,927	2,203,943	64
G Chiari[6]	**2019**	**80,662**	**125,000**	**-**	**6,250**	**-**	**-**	**-**	**211,912**	**59**
	2018	430,790	150,000	-	27,083	-	-	-	607,874	25
Senior Executives										
R Lee[4]	**2019**	**399,639**	**-**	**-**	**37,794**	**-**	**-**	**-**	**437,433**	**-**
	2018	-	-	-	-	-	-	-	-	-
N Combe[4]	**2019**	**416,131**	**-**	**-**	**20,833**	**-**	**-**	**-**	**436,965**	**-**
	2018	-	-	-	-	-	-	-	-	-
J Thomas[4]	**2019**	**322,391**	**-**	**-**	**29,533**	**-**	**-**	**-**	**351,924**	**-**
	2018	-	-	-	-	-	-	-	-	-
D Williamson[7]	**2019**	**109,975**	**-**	**-**	**9,943**	**-**	**-**	**-**	**119,918**	**-**
	2018	-	-	-	-	-	-	-	-	-
G Edmonds[7]	**2019**	**118,086**	**-**	**-**	**4,435**	**-**	**-**	**-**	**122,520**	**-**
	2018	-	-	-	-	-	-	-	-	-
N Land[8]	**2019**	**64,167**	**-**	**-**	**4,167**	**72,000**	**-**	**-**	**140,333**	**-**
	2018	127,726	-	-	8,333	-	-	-	136,060	-
M Clarke[9]	**2019**	**286,147**	**-**	**-**	**3,743**	**-**	**-**	**-**	**289,890**	**-**
	2018	-	-	-	-	-	-	-	-	-
C Genovesi[10]	**2019**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2018	290,000	-	5,624	16,667	-	-	-	312,291	-
Total Executive KMP	**2019**	**2,439,235**	**125,000**	**129,518**	**143,781**	**1,132,000**	**(43,763)**	**721,727**	**4,647,498**	**18**
	2018	1,546,949	485,000	66,888	77,083	-	2,321	1,081,927	3,260,168	48

[1] Short-term incentives relate to discretionary cash bonuses.
[2] Non-monetary benefits relate to the provision of motor vehicles and motor vehicle related expenses.
[3] Scheme benefits relate to payments made to the Group Managing Director of GCS (E Gullotti) in relation to his transition from Group Managing Director to Executive Director.
[4] Appointed on 11 September 2018.
[5] Includes annual leave cashed out during the year of $55,657 (FY18: $27,829)
[6] Resigned on 11 September 2018. Short-term incentive paid related to performance for FY18.
[7] Commenced on 20 March 2019.
[8] Appointed as Chief Financial Officer as of 2 March 2018 and resigned 11 September 2018.
[9] Appointed on 11 September 2018 and resigned on 20 March 2019.
[10] Retired as Chief Financial Officer on 1 March 2018.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7.2 Non-executive remuneration for the years ended 30 June 2019 and 30 June 2018

	Financial Year	Short-term benefits Cash salary and fees $	Post-employment Superannuation $	Total Remuneration $
P Wade	**2019**	**158,133**	**-**	**158,133**
	2018	109,500	-	109,500
P McMorrow[1]	**2019**	**121,421**	**-**	**121,421**
	2018	-	-	-
P Brecht[1]	**2019**	**86,509**	**8,218**	**94,727**
	2018	-	-	-
M Atkins[1]	**2019**	**92,500**	**8,788**	**101,288**
	2018	-	-	-
J Derwin	**2019**	**104,269**	**9,906**	**114,175**
	2018	60,000	5,700	65,700
Total Non-Executive KMP	**2019**	**562,832**	**26,912**	**589,744**
	2018	169,500	5,700	175,200

[1] Appointed on 11 September 2018.

7.3 Shareholdings of KMP

The number of shares in the Company held directly or indirectly during the financial year by each director and KMP of the Group, including their related parties, are set out below. There were no shares granted during the reporting period as compensation.

	Balance as at 30 June 2018	Received on exercise of rights	Purchased	Net change other	Balance as at 30 June 2019
Non-Executive Directors					
P Wade	221,361	-	-	-	**221,361**
P McMorrow[1]	-	-	250,000	11,515,727	**11,765,727**
P Brecht [1]	-	-	120,000	1,780,541	**1,900,541**
M Atkins [1]	-	-	56,300	743,700	**800,000**
J Derwin	-	-	100,000	-	**100,000**
Executive Directors					
D Macgeorge [1]	-	-	100,000	9,071,389	**9,171,389**
E Gullotti	4,626,349	1,350,000	-	-	**5,976,349**
G Chiari [2][3]	3,237,124	-	-	(3,237,124)	**-**
Senior Executives					
R Lee [1]	-	-	-	4,703,451	**4,703,451**
N Combe [1]	-	-	-	1,735,300	**1,735,300**
J Thomas [1]	-	-	-	1,316,851	**1,316,851**
D Williamson[4]	-	-	-	10,000	**10,000**
G Edmonds[4]	-	-	-	-	**-**
N Land[3]	14,000	-	-	(14,000)	**-**
M Clarke[5]	-	-	-	-	**-**
C Genovesi[6]	-	-	-	-	**-**

[1] Appointed on 11 September 2018.
[2] CASC Services Pty Ltd held 6,297,612 (2018: 6,297,612) shares which are held in the Chiari Used Unit Trust in which G Chiari has an interest.
[3] Resigned on 11 September 2018.
[4] Commenced on 20 March 2019.
[5] Appointed on 11 September 2018 and resigned on 20 March 2019. During M Clarke's tenure, he held 1,887,609 shares.
[6] Retired as Chief Financial Officer on 1 March 2018.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

7.4 Other transactions and balances with KMP and their related parties

The following transactions occurred and were outstanding at reporting date in relation to transactions with related parties:

	Transactions		Receivables		Payables	
	2019 $	2018 $	2019 $	2018 $	2019 $	2018 $
• Services provided to Mineral Resources Limited, a company related to P Wade	4,463,358	1,481,594	519,643	84,788	-	-
• Consultancy services provided by Wandarra (WA) Pty Ltd, a company related to P McMorrow	(21,000)	-	-	-	-	-
• Recruitment services provided by The GO2 People, a company related to P McMorrow	(142,937)	-	-	-	-	-
• Services provided to Fulton Hogan Limited, a company related to P Brecht[1]	746,491	-	32,895	-	-	-
• Services provided by AV Truck Services Pty Ltd, a company related to G Chiari[2]	(1,095)	(5,077)	-	-	-	-
• Properties from which the Group's operations are performed are rented from Mar Pty Ltd, a company related to G Chiari[2]	(273,711)	(968,871)	-	-	-	-
• Properties from which the Group's operations are performed are rented from Miromiro Pty Ltd, a company related to G Chiari[2]	(84,803)	(268,681)	-	-	-	-
• Services provided to Rangitoto Trust, a trust related to G Edmonds	3,269	-	-	-	-	-

[1] The Group also has a 50% share in a joint operation with two other partners, including Fulton Hogan Limited. This has been disclosed within Note 24(b).
[2] Transactions with G Chiari relate to the period 1 July 2018 to 11 September 2018.

End of Audited Remuneration Report

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Company paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITORS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

During the financial year, the Company has not paid a premium in respect of a contract to insure the auditor of the Company or any related entity.

NON AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 7 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The directors are of the opinion that the services as disclosed in Note 7 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

During the year ended 30 June 2019 fees amounting to $46,685 were paid to BDO for non-audit services including tax compliance and services in connection with the Merger of Equals.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Corporations (Rounding in Financials / Directors' Reports) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise stated.

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 37.

This directors'report is made in accordance with a resolution of directors, pursuant to Section 298(2)(a) of the *Corporations Act 2001.*

Peter Wade
Non-Executive Chairman
27 August 2019

Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2019

Tel: +61 8 6382 4600
Fax: +61 8 6382 4601
www.bdo.com.au

38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF SRG GLOBAL LIMITED

As lead auditor of SRG Global Limited for the year ended 30 June 2019, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of SRG Global Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 27 August 2019

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2019

SRG GLOBAL LIMITED ABN 81 104 662 259
AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
   (a) comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
   (b) give a true and fair view of the Group's financial position as at 30 June 2019 and of the performance for the year ended on that date of the Group.

2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

3. At the date of this declaration there are reasonable grounds to believe that the members of the extended closed group identified in note 24 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the Deed of Cross Guarantee described in note 24.

4. Note 1 to the financial statements confirms that the financial statements also comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board.

5. The directors have been given the declarations required by Section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the directors by:

Peter Wade
Non-Executive Chairman
27 August 2019

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2019

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INDEPENDENT AUDITOR'S REPORT

To the members of SRG Global Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SRG Global Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the Group in accordance with 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* (the Code) that are relevant to our audit of the 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 report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Merger of GCS Limited and SRG Limited

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 1(a) of the financial report, GCS Limited announced on 12 June 2018 that they would be merging with SRG via a recommended scheme of arrangement in which GCS will acquire 100% of the shares in SRG. The acquisition was completed on 1 September 2018. This is a key audit matter due to the size of the transaction, the complexities inherent in accounting for business combinations and the significant judgements made by management, including the identification and measurement of the fair value of assets and liabilities acquired.	Our procedures included, but were not limited to the following: • Reviewing the merger agreements to understand the terms and conditions of the transaction and evaluating management's application of the relevant Australian Accounting Standards; • Obtaining an understanding of the transaction, including an assessment of whether the transaction constituted a reverse takeover; • Comparing the assets and liabilities recognised as part of the business combination and the historical financial information of the acquired business; • Assessing management's fair value estimation of the assets and liabilities identified, including an assessment of independent expert valuation reports; • Assessing the competency and objectivity of the experts engaged by management; and • Assessing the appropriateness of the related disclosures in Note 25 of the financial report.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

BDO

Impairment testing of intangible assets and property, plant and equipment

Key audit matter	*How the matter was addressed in our audit*

At 30 June 2019, the Group has recognised intangible assets and property, plant and equipment as disclosed in Notes 13 and 12 of the financial report. Note 1(m) and 1(k) of the financial report discloses the accounting policies for impairment testing of intangible assets and property, plant and equipment.
 	
As detailed in Note 1, management's assessment of the recoverability of intangible assets and property, plant and equipment requires significant judgement, in particular estimation of future cash flows, future growth rates of the business (cash generating ("CGUs"), discount rates applied to future cash flows and sensitivities of inputs and assumptions used in the cash flow models.
	Our procedures included, but were not limited to the following:
	• Assessing the appropriateness of the Group's identification of CGUs and management's allocation of assets to the carrying value of CGUs based on our understanding of the Group's business and internal reporting;
	• Evaluating the methodology applied by the Group in allocating corporate assets and costs across the CGUs;
	• Evaluating management's ability to accurately forecast cash flows by assessing the accuracy of the historic forecasts against actual results;
	• Challenging the key inputs used in the value in use model including the following:
	  • Comparing the discount rate utilised by management to those calculated by our internal valuation experts;
	  • Comparing growth rates with economic and industry forecasts;
	  • Comparing the Group's forecast cash flows to the board approved budgets;
	  • Performing sensitivity analyses on the key assumptions used, including future growth rates and discount rates; and,
	• Assessing the adequacy of the related disclosures in Notes 12 and 13.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Revenue recognition and the adoption of AASB 15

Key audit matter	***How the matter was addressed in our audit***
The Group has several material revenue streams in the form of construction revenue, services revenue, products revenue and rental revenue - all of which have different revenue recognition timings and are subject to different legal and contractual frameworks given the geographical dispersion. In the current year, as disclosed in Note 1(u) the group has also adopted AASB 15, where the core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled for those goods or services. As disclosed in Note 1, the principles under AASB 15 involve significant judgment and estimates and thus, there is a risk that revenue has not been recognised in accordance with the standard.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of management's revenue recognition policy, ensuring that the policy is in accordance with the five step model adopted by the relevant Australian Accounting Standard, AASB 15; • Understanding and documenting the processes and controls used by the Group in recognising construction contract costs and for estimating the costs to complete construction projects; • Evaluating management's ability to accurately forecast construction costs and estimate costs to complete projects by assessing the accuracy of historic forecast against actual results; • Enquiring with management on the progress of the Group's major projects to gain an understanding of the projects' stage of completion, any material contract variations and the remaining forecast financial performance of the project against management's initial assessment; • Performing analytical procedures on contracting revenue recorded during the year by setting expectations based upon each project's stage of completion and the respective contract price; • Agreeing a sample of costs incurred to supporting documentation, including testing the appropriate allocation to the correct project. We also evaluated payments made subsequent to reporting date to assess whether costs were accrued in the correct period; and • Assessing the adequacy of the related disclosures in Note 2.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at:

http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 30 to 35 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of SRG Global Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit (WA) Pty Ltd

BDO

Glyn O'Brien

Glyn O'Brien

Director

Perth, 27 August 2019

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Revenue	2	486,391	239,220
Other income	3	6,720	876
Construction, servicing and contract costs		(245,578)	(92,953)
Employee benefits expense		(191,388)	(119,886)
Other expenses		(32,459)	(19,018)
Equity accounted investment results		522	1,011
Depreciation expense	4	(9,498)	(6,928)
Amortisation expense	4	(6,621)	(92)
Finance costs		(1,345)	(628)
Profit before tax		**6,744**	**1,602**
Income tax benefit / (expense)	5	2,675	(409)
Profit after tax for the year		**9,419**	**1,193**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		420	(446)
Total comprehensive income for the year, net of tax		**9,839**	**747**

		2019	2018
Earnings per share attributable to members of the parent entity			
Basic earnings per share (cents per share)	9	2.3	0.7
Diluted earnings per share (cents per share)	9	2.3	0.7

Under accounting standard AASB 3 *Business Combinations*, SRG has been determined as the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. The impact of this is the comparative results for the year end 30 June 2018 reflect SRG only for that period, the financial results of SRG Global as reported for the year end 30 June 2019 are comprised of a twelve-month contribution from SRG (1 July 2018 to 30 June 2019) and a ten-month contribution from GCS (1 September 2018 to 30 June 2019). The financial results of GCS for the non-reporting period of 1 July 2018 to 31 August 2018 are excluded from the financial results of SRG Global presented herein.

The above statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Position

AS AT YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents	22	58,280	29,713
Trade and other receivables	10	70,583	47,780
Contract assets	10	47,462	25,234
Inventories	11	13,041	11,752
Prepayments		3,987	839
Derivative financial instrument asset		-	529
Equity accounted investments	24(c)	1,099	811
Current tax assets		-	222
Total current assets		**194,452**	**116,880**
Non-current assets			
Property, plant and equipment	12	71,453	38,323
Intangible assets	13	137,556	40,751
Deferred tax assets	16	27,177	4,824
Total non-current assets		**236,186**	**83,898**
Total assets		**430,638**	**200,778**
Current liabilities			
Trade and other payables	14	84,113	40,330
Contract liabilities	10	15,592	4,435
Current borrowings	15	21,222	19,903
Current tax liabilities		1,746	-
Current provisions	17	20,828	11,861
Derivative financial instrument liability		54	-
Total current liabilities		**143,555**	**76,529**
Non-current liabilities			
Non-current borrowings	15	24,880	9,748
Non-current provisions	17	9,475	813
Total non-current liabilities		**34,355**	**10,561**
Total liabilities		**177,910**	**87,090**
Net assets		**252,728**	**113,688**
Equity			
Issued capital	18	215,896	66,269
Reserves	19	8,204	7,004
Retained earnings		28,628	40,415
Total Equity		**252,728**	**113,688**

Under accounting standard AASB 3 *Business Combinations*, SRG has been determined as the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. The impact of this is the comparative results for the year end 30 June 2018 reflect SRG only for that period, the financial results of SRG Global as reported for the year end 30 June 2019 are comprised of a twelve-month contribution from SRG (1 July 2018 to 30 June 2019) and a ten-month contribution from GCS (1 September 2018 to 30 June 2019). The financial results of GCS for the non-reporting period of 1 July 2018 to 31 August 2018 are excluded from the financial results of SRG Global presented herein.

The above statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Financial Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

	Share capital $'000	Reverse acquisition reserve $'000	Total issued capital $'000	Retained earnings $'000	Share based payments reserve $'000	Asset revaluation reserve $'000	Foreign currency translation reserve $'000	Total equity $'000
Balance at 1 July 2017	**147,728**	**(106,417)**	**41,311**	**42,923**	**2,119**	**682**	**(687)**	**86,348**
Profit for the year	-	-	-	1,193	-	-	-	1,193
Other comprehensive income	-	-	-	-	-	-	(446)	(446)
Total comprehensive income	**-**	**-**	**-**	**1,193**	**-**	**-**	**(446)**	**747**
Transactions with owners in their capacities as owners								
Issue of ordinary shares, net of transaction costs	8,083	16,875	24,958	243	(750)	-	-	24,451
Share based payments	-	-	-	-	6,086	-	-	6,086
Dividends paid	-	-	-	(3,944)	-	-	-	(3,944)
Balance at 30 June 2018	**155,811**	**(89,542)**	**66,269**	**40,415**	**7,455**	**682**	**(1,133)**	**113,688**
Balance at 1 July 2018	**155,811**	**(89,542)**	**66,269**	**40,415**	**7,455**	**682**	**(1,133)**	**113,688**
Opening balance adjustment on application of AASB 15*	-	-	-	(10,817)	-	-	-	(10,817)
Opening balance adjustment of AASB 9*	-	-	-	(2,283)	-	-	-	(2,283)
Adjusted balance at 1 July 2018	**155,811**	**(89,542)**	**66,269**	**27,315**	**7,455**	**682**	**(1,133)**	**100,588**
Profit for the year	-	-	-	9,419	-	-	-	9,419
Other comprehensive income	-	-	-	-	-	-	420	420
Total comprehensive income	**-**	**-**	**-**	**9,419**	**-**	**-**	**420**	**9,839**
Transactions with owners in their capacities as owners								
Issue of ordinary shares, net of transaction costs	-	847	847	-	-	-	-	847
Share based payments	-	-	-	-	780	-	-	780
Dividends paid	-	-	-	(8,106)	-	-	-	(8,106)
Fair value of consideration on acquisition of GCS Ltd	148,565	215	148,780	-	-	-	-	148,780
Balance at 30 June 2019	**304,376**	**(88,480)**	**215,896**	**28,628**	**8,235**	**682**	**(713)**	**252,728**

* Refer to adjustments in Note 1(u).

Under accounting standard AASB 3 *Business Combinations*, SRG has been determined as the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. The impact of this is the comparative results for the year end 30 June 2018 reflect SRG only for that period, the financial results of SRG Global as reported for the year end 30 June 2019 are comprised of a twelve-month contribution from SRG (1 July 2018 to 30 June 2019) and a ten-month contribution from GCS (1 September 2018 to 30 June 2019). The financial results of GCS for the non-reporting period of 1 July 2018 to 31 August 2018 are excluded from the financial results of SRG Global presented herein.

The above statement should be read in conjunction with the notes to the financial statements.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

	Note	2019 $'000	2018 $'000
Receipts from customers		522,558	249,793
Interest received		450	114
Payments to suppliers and employees		(516,511)	(241,837)
Interest paid		(1,795)	(628)
Income tax paid		(1,042)	(2,820)
Cash inflow from operating activities	22(a)	**3,660**	**4,622**
Payments for business combinations		(1,975)	(32,825)
Proceeds from business combination	25	39,215	-
Payments for property, plant and equipment		(19,396)	(2,616)
Proceeds from sale of property, plant and equipment		3,744	136
Payments of contingent consideration		(2,530)	-
Dividends from joint ventures		235	200
Cash inflow / (outflow) from investing activities		**19,293**	**(35,105)**
Proceeds from issuance of shares		847	24,452
Proceeds from borrowings		21,591	18,950
Repayment of borrowings		(9,027)	(3,778)
Payment of dividends		(8,105)	(3,944)
Cash inflow from financing activities		**5,306**	**35,680**
Net cash increase in cash and cash equivalents		**28,259**	**5,197**
Effect of exchange rates on cash and cash equivalent holdings		308	67
Cash and cash equivalents at beginning of financial year		29,713	24,449
Cash and cash equivalents at end of financial year	22	**58,280**	**29,713**

Under accounting standard AASB 3 *Business Combinations*, SRG has been determined as the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. The impact of this is the comparative results for the year end 30 June 2018 reflect SRG only for that period, the financial results of SRG Global as reported for the year end 30 June 2019 are comprised of a twelve-month contribution from SRG (1 July 2018 to 30 June 2019) and a ten-month contribution from GCS (1 September 2018 to 30 June 2019). The financial results of GCS for the non-reporting period of 1 July 2018 to 31 August 2018 are excluded from the financial results of SRG Global presented herein.

The above statement should be read in conjunction with the notes to the financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

General information

SRG Global Limited ('the Company') is a for-profit public company listed on the Australian Securities Exchange ('ASX') and is incorporated in Australia. The Company is primarily involved in engineering, mining, maintenance and construction contracting.

The consolidated financial statements of the Company comprise the Company and its controlled entities ('Consolidated Group' or 'Group') and the Group's interest in associates and joint arrangements. The separate financial statements of the parent entity, SRG Global Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*.

The consolidated financial statements were authorised for issue by the Board of Directors on the date of signing the accompanying Directors' Declaration.

Basis of preparation

These financial statements are general purpose financial statements and have been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board ('AASB'), and the Corporations Act. The consolidated financial statements also comply with the International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').

The Group has adopted two new accounting standards in the current financial year, being AASB 15 *Revenue from Contracts with Customers* and AASB 9 *Financial Instruments*. Details of the application of these new accounting standards are set out in Note 1(u).

Any new, revised or amended Accounting Standards and Interpretations that have been issued but not yet mandatory have not been early adopted. Details of these new, revised or amended Accounting Standards and Interpretations that have been issued but not yet mandatory are set out in Note 1(v).

Historical Cost Convention

The financial statements have been prepared on an accruals basis with the exception of cash flow information, and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Presentation

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. All values presented in the financial statements have been rounded to the nearest thousand dollars ('$000) unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Foreign currency

The functional currency of each of the Group's entities is measured using the currency of the primary economic environment in which that entity operates. As at the reporting date, the assets and liabilities of overseas subsidiaries are translated into Australian dollars using the exchange rates at reporting date and the income statements are translated at the average exchange rates for the year. Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when the fair values were determined.

Exchange differences arising on the translation of foreign operations are transferred directly to the Group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss and other comprehensive income, in the period in which the operation is disposed.

Key accounting estimates and judgements

In applying Australian Accounting Standards, management is required to make judgements, estimates and form assumptions that affect the application of accounting policies and reported amounts presented herein. On an ongoing basis, management evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated group.

The following key estimates and judgements were relevant to the Group for the financial year:

- Determination of variable consideration on revenue (Note 1(b))
- Estimation of allowance for expected credit losses on financial assets and liabilities (Note 1(u))
- Assessment and impairment of intangible assets (Note 13)
- Recovery of deferred tax assets and provision for income tax (Note 16)
- Employee long-term entitlements (Note 17)
- Determination of the fair value and deferred consideration arising from business combinations (Note 25)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting policies

This note provides all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Principles of consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) controlled by the Company. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

The consolidated financial statements are prepared by consolidating the financial statements of all entities within the Group as defined in AASB 10 *Consolidated Financial Statements*. The consolidated financial statements include the information and results of each subsidiary from the date on which the Company obtains control and until such time as the Company ceases to control such entity. The acquisition method of accounting is used to account for business combinations by the Group.

In preparing the consolidated financial statements, all inter-company balances and transactions, income and expenses and profits and losses resulting from intra-Group transactions have been eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Reverse Acquisition Accounting

The merger of Global Construction Services Limited ('GCS') and SRG Limited ('SRG') in September 2018 has been accounted for as a reverse acquisition business combination. In applying the requirements of AASB 3 *Business Combinations* to the Group:

- GCS is the legal parent entity to the Group; and
- SRG, which is neither the legal parent nor the legal acquirer, is deemed to be the accounting parent of the Group.

The consolidated financial information incorporates the assets and liabilities of all entities deemed to be acquired by SRG including GCS and the results of these entities for the period from which those entities are accounted for as being acquired by SRG.

The assets and liabilities of GCS acquired by SRG were recorded at fair value while the assets and liabilities of SRG were maintained at their book value. The excess of the consideration transferred over the fair value of SRG's share of the net identifiable assets acquired is recorded as goodwill.

Acquisition related costs are expensed as incurred. The impact of all transactions between entities in the Group are eliminated in full. A reverse acquisition reserve is created as part of the formation of the Group and is discussed in Note 25.

Associates

Associates are entities over which the Group has significant influence but not control or joint control. Significant influence is presumed to exist when the Group owns between 20% and 50% of the voting power of another entity. Investments in associates are accounted for using the equity method, after initially being recognised at cost.

Joint arrangements

Under AASB 11 *Joint Arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined to have both joint operations and joint ventures.

- Joint operations - The Group recognises its direct right, and its share of, jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate headings. Details of joint operations are set out in Note 24(b).
- Joint ventures - Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost. Details of joint ventures are set out in Note 24(c).

Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity with adjustments made to the 'Equity accounted investments' and 'Equity accounted investment results' accounts. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Accounting policies of the equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group. The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 1(q).

Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) Revenue

The Group operates three main revenue streams throughout various geographical locations – Construction, Services and Products.

Construction Revenue

The Group derives revenue from construction of buildings and civil projects globally. The construction of each project is generally taken as one performance obligation. Where contracts are entered with several performance obligations, the total transaction price is allocated to each performance obligation based on stand-alone selling prices.

As per normal practice, the transaction price of a project is fixed at the start containing bonus and penalty elements based on performance construction criteria known as variable consideration.

The performance obligation is fulfilled over time and as such revenue is recognised over time. As work is performed on the assets being constructed, they are controlled by the customer and have no alternative use for the Group.

Revenue earned is recognised on the measured input of each process based on resources consumed per appraisals that are agreed with the customer on a regular basis.

Services Revenue

Maintenance and other services are performed by the Group for a variety of industries. Contracts entered into can cover services which may involve various different processes or servicing of related assets. Where these processes and activities are highly interrelated, and the Group provides a significant service of integration for these activities, they are taken as one performance obligation.

The transaction price is allocated across each performance obligation based on contracted prices. Variable consideration may be included in the transaction price.

The performance obligation is fulfilled over time as the Group enhances the assets which the customer controls, for which the Group has no alternative use and has a right to payment for performance to date.

Revenue is recognised in the accounting period in which services are rendered. Customers are in general invoiced for an amount that is calculated based on agreed contract terms in accordance with stand-alone selling prices for each performance obligation.

Products revenue

The Group manufactures and supplies advanced construction and ground support products across various industries and geographical locations. Revenue is recognised when control of the good has transferred, being when the products are received by the customer.

Variable Consideration

Contracts may include performance bonuses or penalties assessed against the timeliness or cost effectiveness of work completed or other performance related KPIs. Revenue recognition of variable consideration is only satisfied when there are no uncertainties to its entitlement, this is known as the "constraint" requirements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group assess the constraint requirements on a periodic basis when estimating the variable consideration to be included in the transaction price. The estimate is based on all available information including historic performance.

Where modifications to contracts are made, the transaction price is updated to reflect these. Where the modification price is not confirmed, an estimate is made of the amount of revenue to recognise whilst also considering the constraint requirement.

(c) Finance costs

Finance costs are recognised as expenses in the period in which they are incurred, except where they are directly attributable to the acquisition, construction or production of an asset. The capitalisation rate used to determine the amount of finance costs to be capitalized is the weighted average interest rate on the Group's borrowings outstanding during the period.

(d) Income tax

The Group is subject to income taxes in Australia and other jurisdictions around the world in which the entities within the Group operates.

Income tax expense (income)

The income tax expense (income) on the profit or loss for the year comprises current and deferred tax expense (income). Current income tax expense (income) is the tax payable (receivable) on the taxable income for the period, using tax rates enacted at the reporting date, and any adjustments to tax payable in respect of previous years. Deferred income tax expense (income) reflects movements in deferred tax assets and liabilities attributable to temporary differences between the tax base of assets and liabilities and their carrying amounts in the financial statements, as well as unused tax losses.

Current and deferred tax expense (income) are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax expense (income) are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax expense (income) arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets (liabilities)

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where the amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Where temporary differences exist in relation to investments, subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax Consolidation

In September 2018, the SRG tax consolidated group joined the GCS tax consolidated group, with GCS being the head entity. The SRG tax consolidated group members obtained a deed of release from SRG and settled the tax liabilities on exit. The tax attributes of the SRG consolidated group, including transferrable tax losses and franking credits were transferred to GCS. SRG's assets were taken to have been acquired by GCS and the tax cost base of these assets was reset under the Allocable Cost Amount ('ACA') tax consolidation rules. The tax benefit arising from the SRG and GCS tax consolidation was $5.5 million and is disclosed in Note 5.

The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. In addition to its own current and deferred tax amounts, the head entity also recognised current tax liabilities (assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Members of the Group have entered into a tax funding agreement. Under the funding agreement, the allocation of tax within the Group is based on a group allocation. The tax funding agreement requires payments to/from the head entity to be recognised via an inter-company receivable (payable) which is at call.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Goods and services tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST, except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of the asset, or as an expense; or
- for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST receivable from, or payable to, the taxation authority.

(f) Earnings per share

Basic earnings per share

Basic earnings per share is determined by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for bonus elements in ordinary shares issued during the period.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares outstanding plus the weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

(g) Fair value of assets and liabilities

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly (i.e. unforced) transaction between market participants at the measurement date. It assumes that the transaction will take place either in the principle market or in the absence of a principle market, in the most advantageous market.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market date (unobservable inputs).

(h) Cash and cash equivalents

Cash and cash equivalents are measured and carried at amortised cost. Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts with original maturities of three months or less.

(i) Trade and other receivables

Trade and other receivables are initially recognised at transaction price and subsequently measured and carried at amortised cost. Collectability of trade receivables is made on an ongoing basis and when there is objective evidence that the Group will not be able to collect the receivable, allowances for credit losses is recognised. These losses are recognised in profit or loss.

(j) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost

Cost includes direct materials, direct labour, other direct variable costs and allocation production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities. The cost of manufacturing inventories and work-in-progress are assigned to inventories using the weighted average cost method. Costs arising from exceptional wastage are expensed as incurred.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net realisable value

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Allowances are recorded for inventory considered to be excess or obsolete.

(k) Property, plant and equipment

Land is measured at cost. Buildings and all other property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Costs include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

Depreciation

Land is not depreciated. Depreciation of major mining equipment is calculated on machine hours worked over their estimated useful life. Leasehold improvements and leased assets are depreciated over the shorter of the lease terms or their useful lives. Items in the course of construction or not yet in service are not depreciated. Depreciation on the other assets are recognised in profit or loss on a straight-line basis over the estimated useful life of the asset.

The following useful lives are used in the calculation of depreciation:

-	Buildings and leasehold improvements	3 – 50	years
-	Office and computer equipment	3 – 10	years
-	Motor vehicles	3 – 8	years
-	Plant and rental equipment	3-40	years

The depreciation methods, assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of profit or loss and other comprehensive income in the year that the item is derecognised. Any revaluation reserve relating to sold assets is transferred to retained earnings.

(l) Leased assets

Leases under which the Group assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance leases

Finance leases are capitalised at inception of the lease by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased asset or the present value of the minimum lease payments, including any guaranteed residual values. Finance lease payments are apportioned between finance charges and reductions of the lease obligations so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating leases

Payments made under operating leases (net of incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Intangibles

Goodwill

Goodwill is initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets.

Goodwill is not amortised but is assessed annually for impairment or more frequently if the facts or circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of impairment assessment. Information about impairment assessment of intangibles is set out in Note 13. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Customer Relationships

Customer relationships are acquired as part of business combinations. They are recognised at their fair value at the date of acquisition and are subsequently amortised on a straight-line based on the timing of projected cash flows of the contracts over their estimated useful lives.

(n) Trade and other payables

Trade creditors and other payables are non-interest bearing and are initially recognised at fair value and subsequently carried at amortised cost. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that remained unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. Settlement of these liabilities are in line with normal commercial terms.

(o) Interest bearing liabilities

All loans and borrowings are initially recognised at fair value less directly attributable transaction costs. Subsequently, interest bearing liabilities are then stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit and loss over the period of the borrowings on an effective interest basis.

All interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation that can be estimated reliably as a result of past event, for which it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost.

Employee Benefits

The provision for employee entitlements to wages, salaries and annual and long service leave represents the amount which the Group has a present obligation to pay resulting from employees' services provided up to the reporting date.

- Short-term Employee Benefits - Employee benefits expected to be settled within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.
- Long-term Employee Benefits - Employee benefits which are not expected to settle within 12 months are measured at the present value of the estimated future cash flows to be made of those benefits. Information about long-term employee benefits measurement is set out in Note 17(b).

Onerous Contracts

A provision for onerous contracts is recognised when the expected benefits to be derived from a contract are less than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract.

(q) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions to the instrument. Financial instruments for the Group include cash and cash equivalents, trade and other receivables, trade and other payables, interest-bearing financial liabilities, contingent considerations and equity investments not held for trading. The initial recognition and classification of subsequent measurement are set out within the relevant accounting policy.

Impairment

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired.

The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(r) Share capital

Ordinary share capital

Issued and paid up capital is recognised at the fair value of the consideration received by the Group. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

A provision for dividends is not recognised as a liability unless the dividends are declared on or before the reporting date.

(s) Employee share trust

The Group has formed a trust to administer its employee share schemes. The trust is consolidated as the substance of the relationship is that the trust is controlled by the Group. Shares held by the share trust are disclosed as treasury shares and deducted from contributed equity.

(t) Equity-settled compensation

Share-based compensation benefits are provided to employees in the form of options and performance rights in exchange for the rendering of services under an employee share plan. The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period.

(u) New accounting standards and interpretations adopted

The Group has adopted all of the new and amended Accounting Standards and Interpretations issued by the AASB that are relevant to the Group and effective for the current annual reporting period as follows:

Standard / interpretation	Effective for annual reporting periods beginning on or after	Initially applied in the financial year ending
AASB 15 '*Revenue from Contracts with Customers*'	1 January 2018	30 June 2019
AASB 9 '*Financial Instruments*'	1 January 2018	30 June 2019

<u>AASB 15 Revenue from Contracts with Customers</u>

In the current year, the Group has applied AASB 15 *Revenue from Contracts with Customers* (as amended in April 2016) which came into effect for annual period that begins on or after 1 January 2018. The Group has applied AASB 15 via the modified retrospective transition approach, which requires a restatement of the opening balance of retained earnings to adjust for any retrospective impact of the new revenue standard instead of restating the comparative information.

AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 *Revenue* and AASB 111 *Construction Contracts*. The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled for those goods or services.

The Group has operations across different industry sectors and geographical locations which are subject to different legal and contractual frameworks. Significant judgements and estimates are used in determining the impact of AASB 15 such as but not limited to:

- Probability of customer approval of variations
- Acceptance of performance
- Estimation of project completion date
- Where applicable the individual status of legal proceedings, including arbitration and litigation for each contract

Construction of each project represents one performance obligation. Revenue is recognised over time as the works are performed on assets controlled by the customer. AASB 15 requires variable consideration within the transaction price such as incentives, penalties and modifications not be recognised as revenue until there is a high probability of entitlement. Revenue was previously recognised when probable that work performed will result in revenue whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

During the current financial year, there was no material revenue recognised that was previously recognised as contract assets or liabilities as at 30 June 2018.

Details of the Group's main revenue streams and revenue recognition are set out in Note 1(b).

Statement of Financial Position Implications

AASB 15 is based on the premise that a contract asset or contract liability is generated when either party to a contract performs, depending on the relationship between the Group's performance and the customer's payment at the reporting date. Where appropriate the Group has recognised such contract assets and contract liabilities as when required.

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Likewise, contract liabilities are recognised when a customer pays consideration, or when the Group recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the Group has transferred the goods or services to the customer.

Incremental costs are those costs incurred to obtain or fulfil a contract. Under AASB 15, these costs are recognised as an asset and are required to be amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Judgements are involved in determining the amount of contract costs to be capitalised and they are subject to impairment assessment annually.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

Impact on application of AASB 15

	As reported 30 June 2018 $'000	AASB 15 Transition Adjustments $'000	Opening Balance 1 July 2018 $'000
Statement of Financial Position			
Current trade and other receivables	73,014	(12,456)	60,558
Deferred tax assets*	4,824	1,639	6,463
Total asset impact	**77,838**	**(10,817)**	**67,021**
Retained earnings	40,415	(10,817)	29,598
Total equity impact	**40,415**	**(10,817)**	**29,598**

* Adoption of AASB 15 requires retrospective adjustments resulting in tax effect accounting and deferred tax impacts.

There has been no revenue recognised in the current financial year that arise from performance obligations satisfied in the previous periods.

AASB 9 Financial Instruments

In the current year, the Group has applied AASB 9 *Financial Instruments* (as amended) and the related consequential amendments to other Accounting Standards that are effective for an annual period that begins on or after 1 January 2018.

AASB 9 replaces AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 9 introduces new requirements which the Group has adopted for:

- The classification and measurement of financial assets and financial liabilities
- Impairment of financial assets
- General hedge accounting

The Group's accounting policies for financial instruments are disclosed throughout Note 1 and as follows:

Classification and Measurement of Financial Assets and Financial Liabilities

In accordance with the requirements of AASB 9, the Group classifies its financial assets under the following classification:

- Measured at fair value (either through comprehensive income, or through profit or loss) or
- Amortised cost

Classification is dependent on the Group's business model for managing its financial assets and their contractual cash flow characteristics of those financial assets.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) *Cash and Cash Equivalents and Trade and other Receivables*

Measurement of cash and cash equivalents and trade and other receivables are at amortised cost consistent with previous periods. This is in-line with the Group's business model to hold these assets under contractual terms to collect contractual cashflows at a specified date.

(ii) *Equity Investments not held for trading*

The Group has measured all equity investments at fair value through profit or loss. Where an election to recognise fair value through other comprehensive income is chosen, there is no option to subsequently reclassify to fair value through profit and loss following the derecognition of the investment.

Impairment losses and impairment reversals on equity investments measured at fair value through other comprehensive income are not reported separately from other changes in fair value. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other expenses in the statement of profit or loss as applicable.

(iii) *Trade and other payables*

Trade payables are the amounts outstanding for goods and services received. Settlement of these liabilities are in line with normal commercial terms Measurement of trade and other payables are at amortised cost.

(iv) *Interest bearing liabilities*

In accordance with AASB 9 all loans and borrowings are initially recognised at fair value less transaction costs. Subsequently, interest bearing liabilities are then stated at amortised cost with any difference between cost and redemption value being recognised in the statement of profit or loss over the period of the borrowings on an effective interest basis.

Impairment of financial assets

In relation to impairment of financial assets, AASB 9 requires an expected credit loss model as opposed to an incurred credit loss model under the former standard AASB 139.

For trade receivables and contract assets the Group has elected to apply the simplified approach permitted by AASB 9. This requires that the Group provides for a loss allowance equivalent to the lifetime expected credit losses from initial recognition of those receivables.

The Group applies the appropriate impairment methodologies available under AASB 9 to determine the expected credit losses associated with other financial assets.

Impact on application of AASB 9

	As reported 30 June 2018 $'000	AASB 9 Transition Adjustments $'000	Opening Balance 1 July 2018 $'000
Statement of Financial Position			
Trade and other receivables and contract assets	73,014	(2,283)	70,731
Deferred tax assets	4,824	-	4,824
Total asset impact	**77,838**	**(2,283)**	**75,555**
Retained earnings	40,415	(2,283)	38,132
Total equity impact	**40,415**	**(2,283)**	**38,132**

(v) New accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ended 30 June 2019. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

AASB 16 Leases: effective for annual reporting periods beginning on or after 1 January 2019

AASB 16 replaces AASB 117 *Leases* and the related interpretations. It introduces a new lease accounting model for lessees that requires lessees to recognise all leases on the statement of financial position (except for short-term leases and low value assets) and recognise the amortisation of lease assets and interest on lease liabilities in profit or loss. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events (such as change in the lease term or lease payments). The accounting for lessors will not significantly change.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group is in the process of assessing the impact of the application of AASB 16.

The following new or amended Accounting Standards and Interpretations are not expected to have a significant impact on the Group's consolidated financial statements:

- AASB 2017-7 *Amendments to Australian Accounting Standards – Long term interests in joint ventures and associates*; and
- AASB *Interpretation 23 Uncertainty Over Income Tax Treatments*, AASB 2017-4 *Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments*; and
- *Annual Improvements to IFRS Standards 2015-2017 Cycle - Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs*.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 2. REVENUE

The effect of initially applying AASB 15 on the Group's revenue from contracts with customers is described in Note 1(u). Due to the transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Revenue from contracts with customers is disaggregated by major service lines and is in line with the Group's reportable segments (see Note 28).

	2019 $'000	2018 $'000
Construction revenue	268,003	120,090
Services revenue	218,388	119,130
	486,391	**239,220**

NOTE 3. OTHER INCOME

	2019 $'000	2018 $'000
Gain on disposal of property, plant and equipment	444	55
Gain on contingent consideration	-	292
Gain on derivatives	-	529
Property rental income	180	-
Research and development income	300	-
Freight income	380	-
Other	5,416	-
	6,720	**876**

NOTE 4. DEPRECIATION AND AMORTISATION

	2019 $'000	2018 $'000
Depreciation		
Buildings and leasehold improvements	215	120
Office and computer equipment	659	472
Motor vehicles	1,388	829
Plant and rental equipment	7,236	5,507
	9,498	**6,928**
Amortisation		
Customer relationships	6,621	92

Depreciation and amortisation rates are set out in Note 1(k) and 1(m).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5. INCOME TAX EXPENSE

This note provides all analysis of the Group's income tax expense:

		2019 $'000	2018 $'000
(a)	**Income tax expense**		
	Current tax expense	2,140	2,056
	Deferred tax expense (see Note 16)	(4,710)	(1,036)
	(Over) / under provision in respect to prior year	(105)	(611)
	Income tax expense	**(2,675)**	**409**
(b)	**Reconciliation of income tax expense to prima facie tax payable**		
	Profit for the year	6,744	1,602
	Tax at the Australian rate of 30% (2018 - 30%)	2,023	481
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	- Non-tax deductible items	(48)	91
	- Non-deductible losses on overseas entities	976	1,149
	- Difference in overseas tax rate	(50)	(504)
	- Tax benefit arising from tax consolidation of SRG Group	(5,471)	-
	- Sundry items	-	(88)
	- Share-based payments	-	(20)
	- Research and development	-	(89)
	Amount (over) / under provided in prior year	(105)	(611)
	Income tax expense attributable to entity	**(2,675)**	**409**

(c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the financial year and not recognised in the net profit or loss but directly credited (debited) to equity is as follows:

	2019 $'000	2018 $'000
Share based payments	**-**	**929**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 6. KEY MANAGEMENT PERSONNEL COMPENSATION

The remuneration disclosures of directors and other members of KMP during the year are provided in Section 7 of the Remuneration Report designated as audited and forming part of the Directors' Report.

The below remuneration disclosures for 2019 are for SRG Global's KMP as presented in the Remuneration Report while the 2018 disclosures are for SRG's KMP only.

	2019 $	2018 $
Short-term employee benefits	2,693,753	3,474,434
Long service leave	(43,763)	10,499
Post-employment benefits	1,275,781	126,919
Share-based payments	721,727	4,500,963
	4,647,498	**8,112,815**

NOTE 7. AUDITORS' REMUNERATION

During the year, the following fees were paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms:

	2019 $	2018 $
Remuneration of the auditor of the parent entity[1]		
Audit or review of the financial statements	329,204	185,725
Non-assurance related services		
- tax compliance	3,341	-
- services in connection with reverse acquisition	43,344	-
	375,889	**185,725**
Remuneration of parent entity auditor's network firms[1]		
Audit or review of the financial statements	80,446	-
	80,446	**-**
Remuneration of other auditors of subsidiaries		
Audit or review of the financial statements	36,881	36,294
Non-assurance related services		
- tax compliance	3,883	-
- services in connection with reverse acquisition	1,663	-
- other advisory services	6,084	-
	48,511	**36,294**

[1] The auditor of the parent entity is BDO Audit (WA) Pty Ltd (2018: William Buck).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 8. CAPITAL MANAGEMENT

(a) Risk Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements, except for Corporations Act 2001 Chapter 6 in relation to take over provisions and ASX listing rules Chapter 7 on 15% placement cap on new equity raising.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

	2019 $'000	2018 $'000
Net debt	(12,178)	(62)

Net debt is calculated as the total borrowings less cash and cash equivalents.

(b) Dividends

	2019 $'000	2018 $'000
Distributions paid		
The amounts paid, provided or recommended by way of dividend by the parent entity are:		
- Final fully franked ordinary dividend for the year ended 30/06/2018 of 4.5 cents (2017: 4.0 cents) per share paid on 27/08/2018 franked at the tax rate of 30%	3,698	2,615
- Interim fully franked ordinary dividend for the year ended 30/06/2019 of 1.0 cent (2018: 2.0 cents) per share paid on 23/04/2019 franked at the tax rate of 30%	4,407	1,329
	8,105	**3,944**
Dividends declared after 30 June 2019		
(i) The Directors have resolved to declare a final fully franked ordinary dividend of 0.5 cent (2018: 4.5 cents) per share payable on 23/10/2019, franked at the tax rate of 30% (2018: 30%)	2,202	3,670
	2,202	**3,670**
Franking account balance		
(ii) Balance of franking account at year end adjusted for franking credits arriving from payment of provision for income tax, dividends recognised as receivables and franking debits arising from payment of dividends and franking credits that may be prevented from distribution in subsequent financial years.	19,787	7,738
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	(944)	(1,573)
	18,843	**6,165**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 9. EARNINGS PER SHARE

	2019	2018
Profit attributable to members of the parent entity ($'000)	9,419	1,193
Weighted average number of shares used in the calculation of basic EPS (shares)	402,445,380	169,023,570
Weighted average number of shares used in the calculation of diluted EPS (shares)	402,445,380	181,846,064
Earnings per share		
Basic (cents per share)	2.3	0.7
Diluted (cents per share)	2.3	0.7

AASB 3 *Business Combinations* provides specific guidance on the calculation of the weighted average number of shares as follows:

The number of ordinary shares issued by:

- SRG outstanding shares from 1 July 2018 to 31 August 2018

  The number of SRG shares on issue of 81,573,611 multiplied by the exchange ratio established in the Scheme of Arrangement of 2.479 multiplied by ratio of days (62/365); plus

- SRG Global from 1 September 2018 to 30 June 2019

  The number of the Group shares on issue (440,415,099) multiplied by the ratio of days outstanding (303/365)

NOTE 10. TRADE AND OTHER RECEIVABLES

The effect of initial applying AASB 9 and AASB 15 is described in Note 1(u).

	2019 $'000	2018 $'000
Trade receivables[(a)]	73,196	47,603
Other receivables[(b)]	911	924
Allowance for expected credit losses (contracts with customers) (see Note 30(e))	(3,524)	(747)
	70,583	**47,780**
Net balance sheet position for ongoing construction contracts:		
Contract assets[(c)]	47,462	25,234
Contract liabilities[(c)]	(15,592)	(4,435)
	31,870	**20,799**

(a) Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Collection of the amounts is expected within one year or less and therefore have been classified as current assets.

(b) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group. Collateral is not normally obtained.

(c) Contract assets and contract liabilities

Contract assets are balances due from customers as work is performed and therefore a contract asset is recognised over the period in which the performance obligation is fulfilled. This represents the Group's right to consideration for the goods and services transferred to date. Amounts are generally reclassified to trade receivables when these have been certified or invoiced to a customer. Contract liabilities arise when payment is received prior to work being performed.

(d) Risk exposure

Information about the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 30.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11. INVENTORIES

	2019 $'000	2018 $'000
Raw materials and stores at cost	5,963	5,783
Finished goods	3,378	2,429
Work in progress and materials on site	3,700	3,540
	13,041	**11,752**

Provision for obsolete stock was included in this amount of $209,265 (2018: Nil).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Building & Leasehold Improvements $'000	Office & Computer Equipment $'000	Motor Vehicles $'000	Plant & Rental Equipment $'000	Capital Work in Progress $'000	Total $'000
Year Ended 30 June 2019							
Opening net book amount	501	273	1,069	5,446	31,034	-	38,323
Additions	-	617	406	2,001	16,360	1,427	20,811
Disposals	(784)	(90)	(34)	(46)	(2,734)	-	(3,688)
Depreciation charge	-	(215)	(659)	(1,388)	(7,236)	-	(9,498)
Foreign exchange differences	-	5	21	90	280	-	396
Additional amounts recognised from business combinations occurring in the current period (see Note 25)	3,071	1,275	326	1,536	17,889	1,012	25,109
Closing net book amount	**2,788**	**1,865**	**1,129**	**7,639**	**55,593**	**2,439**	**71,453**
As at 30 June 2019							
Cost	2,788	3,403	9,365	19,315	117,957	2,439	155,267
Accumulated depreciation	-	(1,538)	(8,236)	(11,676)	(62,364)	-	(83,814)
Accumulated impairment	-	-	-	-	-	-	-
Net book amount	**2,788**	**1,865**	**1,129**	**7,639**	**55,593**	**2,439**	**71,453**

	Land $'000	Building & Leasehold Improvements $'000	Office & Computer Equipment $'000	Motor Vehicles $'000	Plant & Rental Equipment $'000	Capital Work in Progress $'000	Total $'000
Year Ended 30 June 2018							
Opening net book amount	501	214	814	2,204	25,231	-	28,964
Additions	-	113	297	1,776	6,098	-	8,284
Disposals	-	-	(47)	(1)	(62)	-	(110)
Depreciation charge	-	(120)	(472)	(829)	(5,507)	-	(6,928)
Foreign exchange differences	-	(2)	(15)	(98)	(177)	-	(292)
Additional amounts recognised from business combinations occurring in the current period	-	68	492	2,394	5,451	-	8,405
Closing net book amount	**501**	**273**	**1,069**	**5,446**	**31,034**	**-**	**38,323**
As at 30 June 2018							
Cost	501	867	7,680	15,964	88,140	-	113,152
Accumulated depreciation	-	(594)	(6,611)	(10,518)	(57,106)	-	(74,829)
Accumulated impairment	-	-	-	-	-	-	-
Net book amount	**501**	**273**	**1,069**	**5,446**	**31,034**	**-**	**38,323**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. INTANGIBLES

	Goodwill $'000	Customer Relationships $'000	Total $'000
As at 1 July 2017			
Cost	22,974	-	22,974
Accumulated amortisation and impairment	(8)	-	(8)
Net book amount	**22,966**	**-**	**22,966**
Year ended 30 June 2018			
Opening net book amount	22,966	-	22,966
Amortisation change	-	(92)	(92)
Foreign exchange differences	(591)	(110)	(701)
Additional amounts recognised from business combinations occurring in the current period	15,670	2,908	18,578
Closing net book amount	**38,045**	**2,706**	**40,751**
As at 30 June 2018			
Cost	38,053	2,798	40,851
Accumulated amortisation and impairment	(8)	(92)	(100)
Net book amount	**38,045**	**2,706**	**40,751**
Year ended 30 June 2019			
Opening net book amount	38,045	2,706	40,751
Additions	2,441	-	2,441
Amortisation charge	-	(6,621)	(6,621)
Foreign exchange differences	453	206	659
Additional amounts recognised from business combinations occurring in the current period (see Note 25)	74,051	26,275	100,326
Closing net book amount	**114,990**	**22,566**	**137,556**
As at 30 June 2019			
Cost	114,998	29,279	144,277
Accumulated amortisation and impairment	(8)	(6,713)	(6,721)
Net book amount	**114,990**	**22,566**	**137,556**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13. INTANGIBLES (CONTINUED)

Impairment disclosures of non-financial assets

At the end of each reporting period, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill is allocated to cash-generating units which are based on the Group's reporting segments:

Allocation of Intangible Assets to Cash-Generating Unit (CGU) groups

	Construction $'000	Asset Services $'000	Mining Services $'000	Total $'000
30 June 2019	86,437	49,941	1,178	137,556
30 June 2018	18,261	21,312	1,178	40,751

The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions. These calculations use discounted cash flow projections based on financial budgets approved by management covering a three year period.

The discount rate used is the Group's weighted average cost of capital.

The same growth rate is applied across all CGU's and reflect the long-term average growth rate and management's outlook on growth.

Significant estimate: Key assumptions used for value-in-use calculations

	Long-term growth rate		Pre-tax discount rate	
	2019 %	2018 %	2019 %	2018 %
Construction	2.50%	2.50%	12.00%	11.75%
Asset Services	2.50%	2.50%	12.00%	11.75%
Mining Services	2.50%	2.50%	12.00%	9.53%

Sensitivity

Management believe that any reasonably possible change in the key assumptions on which the recoverable amount based in all the CGU's would not cause the carrying amount to exceed its recoverable amount.

Impairment expense

The Group performs its impairment test on an annual basis. The Group considers the relationship between its market capitalisation and its book value, among other factors when reviewing indicators of impairment. As a result of the impairment testing process, no impairment charge has been brought to account for the year ended 30 June 2019 (2018: Nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 14. TRADE AND OTHER PAYABLES

	2019 $'000	2018 $'000
Current		
Trade payables	45,334	18,620
Other payables and accrued expenses	38,779	21,710
	84,113	**40,330**

Information about the Group's exposure to currency and liquidity risks is included in Note 30.

NOTE 15. BORROWINGS

	2019 $'000	2018 $'000
Current		
Secured borrowings - Term facility	13,489	15,000
Secured borrowings - Hire purchase finance	7,733	4,903
	21,222	**19,903**
Non-current		
Secured borrowings - Term facility	11,250	-
Secured borrowings - Hire purchase finance	13,630	9,748
	24,880	**9,748**
The carrying amount of non-current assets pledged as first security are:		
Plant, motor vehicles and equipment over which hire purchase contracts apply	22,730	16,891
	22,730	**16,891**

(a) Hire purchase finance

Hire purchase liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(b) Fair value

The fair value of borrowings is not materially different from the carrying value since interest payable on these borrowings are either close to current market rates or the borrowings are of a short term nature.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16. DEFERRED TAX BALANCES

		2019 $'000	2018 $'000
(a)	**Deferred tax assets**		
	The balance comprises temporary differences attributed to:		
	Property, plant and equipment	8,006	-
	Provisions	5,796	3,655
	Share based payments	-	2,746
	Payables	804	-
	Tax losses	19,461	1,045
	Other	1,842	708
	Total deferred tax assets	**35,909**	**8,154**
(b)	**Deferred tax liabilities**		
	The balance comprises temporary differences attributed to:		
	Debtors retention	1,108	434
	Intangible assets	6,786	786
	Accrued revenue	799	799
	Prepayments	39	-
	Other	-	159
	Property, plant and equipment	-	1,152
	Total deferred tax liabilities	**8,732**	**3,330**
	Net deferred tax assets / liabilities	**27,177**	**4,824**

(c) Reconciliations

	Opening Balance $'000	Recognised in Profit or Loss $'000	Recognised Directly in Equity $'000	Acquisitions / Disposals $'000	(Over) / Under Previous Years $'000	Closing Balance $'000
2019						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment	**(1,152)**	188	-	8,970	-	**8,006**
Provisions	**3,655**	(4,611)	-	6,752	-	**5,796**
Share based payments	**2,746**	(2,746)	-	-	-	**-**
Intangibles	**(786)**	980	-	(6,980)	-	**(6,786)**
Debt retention	**(434)**	(93)	-	(581)	-	**(1,108)**
Prepayments	**-**	493	-	(532)	-	**(39)**
Payables	**-**	(26)	-	830	-	**804**
Tax losses	**1,045**	9,429	-	8,987	-	**19,461**
Accrued Revenue	**(799)**	-	-	-	-	**(799)**
Other	**549**	1,096	-	197	-	**1,842**
	4,824	**4,710**	**-**	**17,643**	**-**	**27,177**
2018						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment	**277**	(1,114)	-	-	(315)	**(1,152)**
Provisions	**2,339**	612	-	704	-	**3,655**
Share based payments	**976**	841	929	-	-	**2,746**
Intangibles	**-**	-	-	(786)	-	**(786)**
Debtors retention	**(520)**	86	-	-	-	**(434)**
Tax losses	**-**	1,045	-	-	-	**1,045**
Accrued revenue	**-**	(799)	-	-	-	**(799)**
Other	**184**	365	-	-	-	**549**
	3,256	**1,036**	**929**	**(82)**	**(315)**	**4,824**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17. PROVISIONS

	2019 $'000	2018 $'000
Current		
Employee benefit provisions[a]	13,599	10,954
Lease provisions[c]	2,074	-
Other	5,155	907
	20,828	**11,861**
Non-current		
Employee benefit provisions[b]	2,371	813
Lease provisions[c]	5,191	-
Other	1,913	-
	9,475	**813**

(a) Employee benefit provisions

The employee benefit provisions cover the group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the current provision of $13,599,000 (2018: $10,954,000) is presented as current, since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(b) Significant estimate: Provision for non-current employee benefits

In determining the employee entitlements relating to long service leave, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(c) Lease provisions

$6,760,000 of the liability is assumed as part of the business combination in Note 25 for the fair valuation of GCS' lease agreements due to the leases' terms being unfavourable relative to market terms. The market value of rentals for these properties are lower than the rental terms agreed by GCS to lease the properties and therefore a liability is recognised.

$504,000 of onerous lease provisions assumed as part of the business combination in Note 25 for discount provided for a sub-lease, as the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it.

NOTE 18. ISSUED CAPITAL

Share capital	2019 Shares	2019 $'000	2018 Shares	2018 $'000
Ordinary shares fully paid	440,415,099	215,896	222,181,412	66,269

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18. ISSUED CAPITAL (CONTINUED)

	Number of shares	Total $'000
Balance as at 1 July 2018	**210,525,072**	**147,727**
Share based payments	500,000	-
Shares issued as partial consideration for acquisition of the 49% remaining interest in Gallery Facades	11,156,340	8,085
Share issue cost	-	(3)
Tax effect on share issue costs	-	2
Reverse acquisition reserve (see Note 19(d))	-	(89,542)
Balance as at 30 June 2018	**222,181,412**	**66,269**
Share based payments	1,350,000	-
Shares issued in accordance with Scheme of Arrangement on acquisition of SRG Global Limited	216,883,687	148,565
Reverse acquisition reserve (see Note 19(d))	-	1,062
Balance as at 30 June 2019	**440,415,099**	**215,896**

In accordance with AASB 3 *Business Combinations*, SRG has been determined as the parent for accounting purposes. The consolidated financial statements therefore reflect a continuation of the financial statements of SRG. However, the equity structure must reflect the equity structure of GCS (the legal parent), including the equity interest issued by GCS to effect the business combination. As such the value of the shares issued in accordance with the Scheme of Arrangement on acquisition reflects the shares issued by GCS to acquire SRG at a legal consideration price of $0.69 per share.

(a) Ordinary shares

Fully paid ordinary shares carry one vote per share and entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of shares held. Ordinary shares have no par value and the Company does not have a limit on the amount of authorised capital.

(b) Options

No new options were issued in the current financial year. Following the approval of the Scheme of Arrangement during the financial year, all previously issued SRG Options were vested and converted into SRG shares prior to the Merger of Equals being completed in September 2018.

(c) Performance rights

No new options were issued in the current financial year. Following the approval of the Scheme of Arrangement during the financial year, all previously issued SRG Performance Rights were vested and converted into SRG shares prior to the Merger of Equals being completed in September 2018. In addition, 1,350,000 performance rights were converted into GCS shares as part of the Scheme Benefits paid to KMP during the non-reporting period of 1 July 2018 to 31 August 2018.

NOTE 19. RESERVES

Nature and purpose of reserves

(a) Share-based payment reserve

The share-based payment reserve is used to recognise the value of the vesting of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Following the approval of the Scheme of Arrangement during the financial year, all previously issued SRG Options and Performance Rights vested and were exercised before the scheme record date. No other new options or performance rights have been issued.

(b) Asset revaluation surplus

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with Australian Accounting Standards.

(c) Foreign currency translation reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign operations with functional currencies other than those of the presentation currency of these financial statements. Refer to accounting policy Note 1.

(d) Reverse acquisition reserve

As a result of reverse acquisition accounting, a new equity account is created as a component of equity. This account called 'Reverse acquisition reserve' is similar in nature to share capital. The Reverse acquisition reserve is not available for distribution. This equity account represents a net adjustment for the replacement of the legal parent's (GCS) equity with that of the deemed acquirer (SRG).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 20. COMMITMENTS

		2019 $'000	2018 $'000
(a)	**Capital commitments**		
	Committed at the reporting date but not recognised as liabilities, payable:		
	Plant and equipment	**801**	**-**
(b)	**Lease commitments - operating**		
	Committed at the reporting date but not recognised as liabilities, payable:		
	Within one year	8,714	2,402
	One year but not later than five years	24,659	3,948
	Greater than five years	434	18
	Total lease commitments	**33,807**	**6,368**
	Consists of:		
	Cancellable operating lease	-	-
	Non-cancellable operating lease	33,807	6,368
	Total lease commitments	33,807	6,368
(c)	**Lease commitments - finance**		
	Committed at the reporting date but not recognised as liabilities, payable:		
	Within one year	8,482	5,443
	One year but not later than five years	14,349	10,287
	Greater than five years	-	-
	Total commitment	22,831	15,730
	Less: Future finance charges	(1,468)	(1,079)
	Net commitment recognised as liabilities	**21,363**	**14,651**
	Representing		
	Current	7,733	4,903
	Non-current	13,630	9,748
	Total lease liability	21,363	14,651

Operating Leases

The group leases various offices, warehouses and yards under non-cancellable operating leases expiring within one to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The group also leases various plant and vehicles under cancellable operating leases. Varying periods of notice are required to terminate these leases.

NOTE 21. CONTINGENT ASSETS AND LIABILITIES

Certain claims arising out of construction and services contracts have been made by controlled entities in the ordinary course of business. These claims are confidential in nature and may involve adjudication, arbitration or litigation. In accordance with Australian Accounting Standards, due to the uncertainty in relation to the quantum and timing of the resolution of these claims, no amounts have been recognised in the financial statements in relation to these matters.

The Group's bank guarantees and bond facilities' limits and drawdowns are disclosed in Note 29.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 22. CASH AND CASH EQUIVALENTS

	2019 $'000	2018 $'000
Cash at bank and in hand	58,280	29,713
	58,280	**29,713**

	2019 $'000	2018 $'000
(a) Reconciliation of profit for the year to net cash flows from operating activities		
Profit for the year	9,419	1,193
Depreciation and amortisation	16,119	7,020
Share-based payments	780	5,163
Earnings from equity accounted investment	(522)	(1,011)
Gain on disposal of property, plant and equipment	(444)	(55)
Movement in doubtful debts provision	-	228
Fair value adjustments to derivatives	-	(529)
Unrealised foreign exchange	308	565
Gain on contingent consideration	-	(292)
Changes in assets		
- (Increase) / decrease in trade and other receivables	(25,086)	(9,325)
- (Increase) / decrease in contract assets	(33,044)	-
- (Increase) in inventories	(1,287)	(1,399)
- (Increase) / decrease in other assets	(3,150)	870
- Decrease in current tax assets	1,968	-
- (Increase) in deferred tax assets	(29,685)	(797)
Changes in liabilities		
- Increase in trade and other payables	42,028	3,133
- Increase in contract liabilities	11,157	-
- Increase in provisions	15,099	1,472
- (Decrease) / increase in tax liability	-	(1,686)
- (Increase) / decrease in deferred tax liability	-	72
Cash inflow from operating activities	**3,660**	**4,622**
(b) Non-cash financing and investing activities		
Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	6,204	5,650

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 23. PARENT ENTITY FINANCIAL INFORMATION

The table represents the legal parent entity, which is GCS and not the accounting parent, which is SRG. The information presented in respect of the parent entity is prepared using consistent accounting policies per Note 1.

	2019 $'000	2018 $'000
Financial Position		
Assets		
Current assets	15,208	28,758
Non-current assets	117,821	79,325
Total assets	**133,029**	**108,083**
Liabilities		
Current liabilities	17,820	5,257
Non-current liabilities	17,204	2,265
Total liabilities	**35,024**	**7,522**
Net assets	**98,005**	**100,561**
Equity		
Issued capital	155,811	155,811
Reserves	17,293	758
Accumulated losses	(75,099)	(56,008)
Total equity	**98,005**	**100,561**
Financial Performance		
Loss for the year	13,566	15,689
Other comprehensive income	-	-
Total comprehensive loss for the year	**13,566**	**15,689**

With the exception of matters noted in Notes 20 and 21, there were no contingent liabilities, guarantees or capital commitments of the parent entity not otherwise disclosed in these financial statements.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24. PARTICULARS RELATING TO CONTROLLED ENTITIES

(a) Group accounts include a consolidation of the following:

Entity	Country of Incorporation	Principal Activity	Ownership Interest Held by the Group 2019	2018
SRG Global Limited[1]	Australia	Corporate Services	100%	100%
Controlled companies				
CASC Contracting Pty Ltd	Australia	Dormant	100%	100%
Gallery Facades (SA) Pty Ltd	Australia	Dormant	100%	100%
GCS Hire Pty Ltd	Australia	Dormant	100%	100%
GCS Personnel Services Pty Ltd	Australia	Dormant	100%	100%
GCS Secured Pty Ltd	Australia	Dormant	100%	100%
GCS Summit Pty Ltd	Australia	Dormant	100%	100%
Paragon Glass (VIC) Pty Ltd	Australia	Dormant	100%	100%
Paragon Glass Pty Ltd	Australia	Dormant	100%	100%
SRG Global Assets Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global CASC Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Contracting Pty Ltd[1]	Australia	Asset Services	100%	100%
SRG Global Facades (NSW) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Facades (QLD) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Facades (VIC) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Facades (WA) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Facades (Western) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Facades Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Industrial Services Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Integrated Services Pty Ltd[1]	Australia	Asset Services	100%	100%
SRG Global Investments Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Structures (VIC) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Structures (WA) Pty Ltd[1]	Australia	Construction	100%	100%
Acquired as part of reverse acquisition on 28/08/2018				
Crow Refractory Limited	New Zealand	Asset Services	100%	100%
Meridian Concrete Australia Pty Ltd	Australia	Dormant	100%	100%
Red Ore Drill and Blast Pty Ltd	Australia	Dormant	50%	50%
Rock Engineering (Aust) Pty Ltd	Australia	Dormant	100%	100%
Rock International Mining & Civil Pty Ltd	Australia	Dormant	100%	100%
SRG Contractors Abu Dhabi LLC[2]	United Arab Emirates	Construction	100%	100%
SRG Contractors DB LLC[2]	United Arab Emirates	Construction	100%	100%
SRG Contractors Doha LLC[2]	Qatar	Construction	100%	100%
SRG Contractors Muscat LLC[2]	Oman	Construction	100%	100%
SRG Contractors NZ Limited	New Zealand	Construction	100%	100%
SRG Contractors US, Inc.	United States	Construction	100%	100%
SRG Employee Share Trust	Australia	Trust	100%	100%
SRG Global (Australia) Limited[1]	Australia	Corporate Services	100%	100%
SRG Global Building (Northern) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Building (Southern) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Building (Western) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Civil Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Corporate (Australia) Pty Ltd[1]	Australia	Corporate Services	100%	100%
SRG Global International Holdings Pty Ltd[1]	Australia	Dormant	100%	100%
SRG Global IP Pty Ltd[1]	Australia	Corporate Services	100%	100%
SRG Global Mining (Australia) Pty Ltd[1]	Australia	Mining Services	100%	100%
SRG Global Products Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Services (Australia) Pty Ltd[1]	Australia	Asset Services	100%	100%
SRG Global Services (Western) Pty Ltd[1]	Australia	Asset Services	100%	100%
SRG Hong Kong Limited	Hong Kong	Construction	100%	100%
SRG International Holdings Pte. Ltd.	Singapore	Construction	100%	100%
SRG South Africa (Pty) Ltd	South Africa	Construction	100%	100%
Structural Rock Group Canada	Canada	Construction	100%	100%
Structural Systems (Bridge Maintenance) Pty Ltd	Australia	Dormant	100%	100%
Structural Systems (Construction) Pty Ltd	Australia	Construction	100%	100%
T.B.S. Coatings Limited	New Zealand	Asset Services	100%	100%
TBS Farnsworth Limited	New Zealand	Asset Services	100%	100%
TBS Group Limited	New Zealand	Asset Services	100%	100%
TBS Remcon Limited	New Zealand	Asset Services	100%	100%
Total Bridge Services Limited	New Zealand	Asset Services	50%	50%
Total Fire Protection Pty Ltd	Australia	Dormant	100%	100%

[1] Controlled entities subject to ASIC Corporation (Wholly-owned Companies) Instrument 2016/785

[2] In accordance with current foreign ownership restrictions in the United Arab Emirates (UAE), these entities have a 51% participation by UAE Nationals. This participation incurs a fixed fee and has no right to the profits or liability for the debts of the entity.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

Pursuant to ASIC Corporation (Wholly-owned Companies) Instrument 2016/785, relief has been granted to these controlled entities of SRG Global Limited from the Corporations Act 2001 requirements for preparation, audit and publication of accounts. As a condition of the ASIC Corporation (Wholly-owned Companies) Instrument 2016/785, SRG Global Limited and the controlled entities should become parties to a Deed of Cross Guarantee, also known as "The Closed Group". The effect of the deed is that SRG Global Limited has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given a similar guarantee in the event that SRG Global Limited is wound up. The deed was made on 21 June 2019. A revocation deed was also made on 21 June 2019 for parties that were in the previous Deed of Cross Guarantee prior to the GCS and SRG merger.

The following are the consolidated totals for the Closed Group relieved under the deed:

	2019 $'000	2018 $'000
Financial information in relation to:		
Statement of profit or loss and other comprehensive income:		
Profit before income tax	4,228	-
Income tax benefit / (expense)	(2,020)	-
Profit for the year	**2,208**	**-**
Other comprehensive income	-	-
Total comprehensive income for the year	**2,208**	**-**
Statement of financial position:		
Current assets		
Cash and cash equivalents	50,532	-
Trade and other receivables	55,941	-
Inventories	11,942	-
Contract assets	36,801	-
Prepayments	3,023	-
Equity accounted investments	957	-
Total current assets	**159,196**	**-**
Non-current assets		-
Property, plant and equipment	62,414	-
Intangible assets	110,266	-
Related party loan receivables	92,453	-
Investments	26,912	
Deferred tax assets	27,572	-
Total non-current assets	**319,617**	**-**
Total assets	**478,813**	**-**
Current liabilities		-
Trade and other payables	74,778	-
Current borrowings	21,222	-
Current provisions	18,274	-
Contract liabilities	12,534	
Derivative financial instrument liability	54	-
Current tax liabilities	598	
Total current liabilities	**127,460**	**-**
Non-current liabilities		-
Non-current borrowings	24,880	-
Non-current provisions	9,475	-
Related party loan payables	25,692	
Total non-current liabilities	**60,047**	**-**
Total liabilities	**187,507**	**-**
Net assets	**291,306**	**-**
Equity		
Issued capital	209,395	-
Reserves	8,914	-
Retained earnings	72,997	-
Total equity	**291,306**	**-**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 24. PARTICULARS RELATING TO CONTROLLED ENTITIES (CONTINUED)

(b) Joint operations

The Company's subsidiary, TBS Farnsworth, has a 50% share of Total Bridge Services, a joint operation with Opus International Consultants Ltd and Fulton Hogan Ltd. The principal activity of which is maintaining the Auckland Harbour Bridge.

(c) Joint ventures

Set out below are the joint ventures of the Group as at 30 June 2019 which, in the opinion of the Directors, are material to the Group.

	Place of business	% of ownership interest	Measurement method	Carrying amount $'000
Margaret River Perimeter Road Project [a]	Australia	50%	Equity Method	-
Bolivia Hill Project [a]	Australia	50%	Equity Method	957
Traylor SRG, LLC [b]	United States	50%	Equity Method	142

[a] Unincorporated Joint Ventures in Australia
[b] Incorporated Joint Venture in United States.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25. BUSINESS COMBINATION

(a) Merger of GCS and SRG

On 28 August 2018, GCS completed the legal acquisition of SRG and its controlled subsidiaries by acquiring 100% of the share capital of SRG through a scrip for scrip arrangement, 2.479 GCS shares for each SRG share. The proportional shareholdings between GCS and SRG on completion of the transaction was GCS 50.8% and SRG 49.2% of the combined entity. Control was deemed to have been obtained on 1 September 2018:

- The Scheme of Arrangement (Scheme) was approved by all relevant parties;
- All conditions precedent detailed in the Scheme were satisfied or waived;
- Even though the merged group Board was not appointed until 11 September 2018, SRG had the right to appoint four of the seven board members as of 28 August 2018; and
- Administration time required to implement the Scheme was finalised 1 September 2018.

Accordingly, under the terms of the merger:

- GCS became the legal parent of SRG;
- The assets and liabilities of the legal subsidiary, SRG, are recognised and measured at their pre-combination carrying amounts;
- The retained earnings and other equity balances recognised in the consolidated financial statements are the retained earnings and other equity balances of the legal subsidiary (SRG) immediately before the business combination;
- The amount recognised as issued equity is determined by adding the issued equity of the legal subsidiary immediately before the business combination at the fair value of the legal parent. However, the equity structure reflects the equity structure of the legal parent including the equity instruments issued by the legal parent to effect the combination; and
- SRG became the legal subsidiary of GCS.

(b) Accounting and disclosure implications of the merger

Under accounting standard AASB 3 *Business Combinations,* the merger of GCS and SRG has been accounted for as a reverse acquisition.

Where two or more entities combine through an exchange of equity interest for the purposes of business combination, AASB 3 requires one of the entities to be deemed as the acquirer. SRG is deemed as the acquirer for accounting purposes given relative voting rights, equity exchange terms, composition of Board and Management.

The implications of the reverse acquisition of GCS by SRG are:

- SRG for accounting purposes is deemed to be the parent company;
- The 30 June 2019 full year information reflects the newly combined group of SRG and GCS;
- Comparative financial information reflects the financial performance and financial position of SRG only; and
- In accordance with accounting guidance, the consideration that SRG is deemed to have paid for GCS is the market value of GCS equity at the date of merger, which was $148,780,000. This consideration has been allocated to the fair values of GCS intangible and tangible assets, liabilities and contingent liabilities.

A new equity account is created as a component of equity. This account is called “Reverse acquisition reserve” and is similar to the nature of the share capital and is not available for distribution. The equity account represents a net adjustment of the legal parent’s equity (GCS) with that of the deemed acquirer (SRG). Comparative information presented in those financial statements also is retroactively adjusted to reflect the legal capital of the legal parent.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25. BUSINESS COMBINATION (CONTINUED)

(c) Summary of acquisition

The assets and liabilities provisionally recognised as a result of the acquisition are as follows:

	Fair Value $'000
Assets	
Cash and cash equivalents	39,215
Inventories	735
Trade and other receivables	37,222
Contract assets	1,753
Other current assets	3,344
Current tax assets	442
Property, plant & equipment	25,109
Intangible assets	26,275
Deferred tax assets	16,226
Total assets	**150,321**
Liabilities	
Trade and other payables	30,734
Borrowings	3,634
Provisions	36,677
Contract liabilities	4,547
Total liabilities	**75,592**
Net assets acquired	**74,729**
Goodwill arising on acquisition(1)	74,051
Total purchase consideration(2)	**148,780**

From the date of acquisition, GCS has contributed $190,888,149 of revenue and $1,031,144 of net profit before tax of the Group.

(1) Goodwill arising on acquisition

The goodwill is not deductible for tax purposes and is attributable to the established workforce and future profitability of GCS. Subsequent to the business combination accounting, goodwill becomes subject to impairment testing at least annually, or if and when there are indicators that goodwill may be impaired. Goodwill has been subject to impairment test for the period ended 30 June 2019. The accounting standards allows for a restatement window of up to 12 months following the acquisition date. This allows time to gain access to and consolidate information for both entities to make certain valuations as at the acquisition date.

(2) Purchase consideration

No contingent consideration arrangements or indemnification assets have been recognised as a result of the transaction.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 26. RELATED PARTY INFORMATION

(a) Subsidiaries

Interest in subsidiaries are set out in Note 24.

(b) Key Management Personnel compensation

Key Management Personnel compensation is disclosed in Note 6.

In addition during the financial year, the following type of transactions have also been entered into with key management personnel of the Group.

(c) Transactions with related parties

	2019 $	2018 $
Sales of goods and services to entities controlled by key management personnel	5,213,118	-
Purchase of goods and services from entities controlled by key management personnel	523,546	126,000

(d) Outstanding balances arising from sales / purchases of goods and services with related parties as at reporting date

	2019 $	2018 $
Current receivables (sales of goods and services)	552,538	-
Current payables (purchases of goods and services)	-	-

No provisions have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

NOTE 27. EVENTS SUBSEQUENT TO REPORTING DATE

No other matters or circumstances have arisen since the end of this financial year other than the final fully franked dividend declared on 27 August 2019, which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the consolidated group in future financial years.

NOTE 28. SEGMENT RESULTS

Description of segments

Management has determined that strategic decision making is facilitated and enhanced by evaluation of operations on the customer segments of Construction, Asset Services and Mining Services. For each of the strategic operating segments, the Managing Director reviews internal management reports on a regular basis.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations have inherently different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

The following summary describes the operation in each of the Group's reportable segments:

Construction segment

Our operations in the Construction segment consist of supplying integrated products and services to customers involved in the construction of complex infrastructure. These typically include bridges, dams, office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals. Contracts are typically medium to long term.

Asset Services segment

Our operations in the Asset Services segment consist of supplying integrated services to customers across the entire asset life cycle. Services provided span multiple sectors including oil and gas, energy, major infrastructure, offshore, mining, power generation, water treatment plants, commissioning, decommissioning, shutdowns, and civil works. Contracts vary in length from short to long term.

Mining segment

The mining segment services mining clients and provides comprehensive ground solutions including production drilling, ground and slope stabilisation, design engineering and monitoring services. Contracts vary in length from short to long term.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 28. SEGMENT RESULTS (CONTINUED)

The Managing Director assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes certain non-recurring expenditures which are of an isolated nature such as equity settled share based payments and corporate activities pertaining to the overall Group including the treasury function which manages the cash and funding arrangements of the Group. During the financial year, no customer has contributed more than 10% of the total revenue for the Group.

Segment information provided to the Managing Director for the year ended 30 June 2019 is as follows:

Segment revenues and results

	Construction	Asset Services	Mining Services	Corporate	Total
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
30 June 2019					
Construction revenue	268,003	-	-	-	268,003
Services revenue	-	135,820	82,568	-	218,388
Revenue from external customers	268,003	135,820	82,568	-	486,391
EBITDA	8,905	15,514	11,179	(11,912)	23,686
Depreciation	(1,846)	(2,208)	(4,341)	(1,103)	(9,498)
Amortisation	(3,573)	(3,048)	-	-	(6,621)
Finance costs	(51)	109	(554)	(849)	(1,345)
Equity accounted investment results	522	-	-	-	522
Profit before income tax	**3,957**	**10,367**	**6,284**	**(13,864)**	**6,744**
Income tax benefit / (expense)					2,675
Profit after income tax					**9,419**
30 June 2018					
Construction revenue	120,090	-	-	-	120,090
Services revenue	-	41,899	76,801	430	119,130
Revenue from external customers	120,090	41,899	76,801	430	239,220
EBITDA	5,225	4,735	13,676	(15,397)	8,239
Depreciation	(2,034)	(552)	(4,151)	(191)	(6,928)
Amortisation	-	(92)	-	-	(92)
Finance costs	-	-	-	(628)	(628)
Equity accounted investment results	1,011	-	-	-	1,011
Profit before income tax	**4,202**	**4,091**	**9,525**	**(16,216)**	**1,602**
Income tax benefit / (expense)					**(409)**
Profit after income tax					**1,193**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 28. SEGMENT RESULTS (CONTINUED)

Segment assets and liabilities

	Construction $'000	Asset Services $'000	Mining Services $'000	Corporate $'000	Total $'000
30 June 2019					
Segment assets	214,032	119,917	44,711	51,978	430,638
Segment liabilities	89,173	38,436	24,738	25,563	177,910
30 June 2018					
Segment assets	73,490	54,394	42,245	30,649	200,778
Segment liabilities	37,660	15,583	24,804	9,043	87,090

	Australia		International		Group	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue from external customers	401,233	184,880	85,158	54,340	486,391	239,220

NOTE 29. FINANCING ARRANGEMENTS

The consolidated Group has access to the following lines of credit:

	2019 $'000	2018 $'000
Total facilities available		
Bank overdraft [1]	1,500	1,500
Hire purchase facility [1]	69,852	20,860
Other facilities [1]	29,900	5,900
Bank guarantee facility [1]	20,550	9,240
Surety bond facility [2]	176,415	119,710
	298,217	**157,210**
Facilities used at the end of the reporting period:		
Bank overdrafts [1]	-	-
Hire purchase facility [1]	22,226	15,809
Other facilities [1]	28,743	4,066
Bank guarantee facility [1]	16,630	7,770
Surety bond facility [2]	55,696	16,745
	123,295	**44,390**
Facilities not used at the end of the reporting period:		
Bank overdrafts [1]	1,500	1,500
Hire purchase facility [1]	47,626	5,051
Other facilities [1]	1,157	1,834
Bank guarantee facilities [1]	3,920	1,470
Surety bond facility [2]	120,719	102,965
	174,922	**112,820**

[1] **Multi-option facility**
The multi-option facility is a comprehensive borrowing facility which includes bank overdraft, hire purchase, letter of credit, corporate credit card and bank guarantees.

[2] **Surety bonds**
The Group has an insurance bond facility with various parties. This facility has been utilised to provide security in connection with certain projects.

The carrying amount of assets pledged as first security against these facilities are disclosed in Note 15.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. FINANCIAL INSTRUMENTS

Significant accounting and risk management policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

Treasury risk management

The Group's activities expose it to a variety of financial risk, market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. Management, consisting of senior executives of the Group meet on a regular basis to analyse risk exposure, and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management policies and objectives.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and aging analysis for credit risk.

(a) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Group's financial arrangements are disclosed in Note 29. Maturity of the Group's financial liabilities are as follows:

	1 year or less $'000	1 - 2 years $'000	2 - 5 years $'000	More than 5 years $'000	Total cash flow $'000	Carrying amount $'000
2019						
Borrowings	14,014	3,117	8,571	-	25,702	24,739
Hire purchase liabilities	8,063	7,329	6,883	-	22,275	21,363
Trade and other payables	84,113	-	-	-	84,113	84,113
	106,190	**10,446**	**15,454**	**-**	**132,090**	**130,215**
2018						
Borrowings	15,629	-	-	-	15,629	15,000
Hire purchase liabilities	5,114	4,687	5,481	-	15,282	14,611
Trade and other payables	40,330	-	-	-	40,330	40,330
	61,073	**4,687**	**5,481**	**-**	**71,241**	**69,941**

(b) Price risk

The Group is exposed to commodity price risk through its consumption of steel its operations use for post-tensioning, and to a lesser degree in the mining services business. The Group monitors forward steel prices and endeavors to lock in agreed prices on a project by project basis prior to formalising bid prices wherever possible. As at 30 June 2019, the Group held no financial instruments that could vary according to changes in the price of steel (2018: Nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign exchange risk in abroad projects executed by local subsidiaries. The Group does not hedge this risk however continues to monitor exchange rates so that currency exposure is maintained at an acceptable level. There is a natural hedge in place to the extent project costs are materially of the same foreign currency.

The major exchange rates relevant to the Group are as follows:

	Average year ended 30/06/2019	As at 30/06/2019	Average year ended 30/06/2018	As at 30/06/2018
AUD$ / USD$	0.72	0.70	0.77	0.74
AUD$ / ZAR$	10.14	9.85	9.96	10.14
AUD$ / AED$	2.63	2.58	2.85	2.71
AUD$ / HKD$	5.61	5.48	6.06	5.80
AUD$ / NZD$	1.07	1.05	1.08	1.09

The Group's exposure to foreign exchange risk at reporting date was as follows, based on carrying amounts in AUD$'000:

2019	**AUD$ $'000**	**USD$ $'000**	**ZAR$ $'000**	**AED$ $'000**	**HKD$ $'000**	**NZD$ $'000**	**Total $'000**
Cash and cash equivalents	50,529	7	3	2,344	-	5,397	58,280
Trade and other receivables	54,576	1,666	1,365	5,488	12	7,476	70,583
Trade and other payables	(74,783)	(1,752)	-	(2,531)	(317)	(4,730)	(84,113)
	30,322	**(79)**	**1,368**	**5,301**	**(305)**	**8,143**	**44,750**

2018	**AUD$ $'000**	**USD$ $'000**	**ZAR$ $'000**	**AED$ $'000**	**HKD$ $'000**	**NZD$ $'000**	**Total $'000**
Cash and cash equivalents	21,964	18	1,213	307	349	5,862	29,713
Trade and other receivables	27,354	693	3,833	6,056	10	9,834	47,780
Trade and other payables	(26,940)	(2,478)	-	(2,839)	-	(8,073)	(40,330)
	22,378	**(1,767)**	**5,046**	**3,524**	**359**	**7,623**	**37,163**

Based on the carrying amounts exposed to foreign currencies, had the Australian dollar weakened by 5% / strengthened by 5% (2018: weakened by 5% / strengthened by 5%) against these foreign currencies with all other variables held constant, the Group's profit or loss would have been $759,350 lower / $687,031 higher (2018: $1,241,579 lower / $1,123,333 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last financial year and the spot rate at each reporting date.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations that have floating interest rates. The Group has a mixture of variable and fixed interest rate financial instruments to manage its interest cost.

The Group's exposure to interest rate risk, effective weighted average interest rate, contractual settlement terms of a fixed period of maturity as well as management's expectation of settlement period for financial instruments are set out below.

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within				
			1 year or less	Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2019							
Financial assets							
Cash and cash equivalents	1.15	58,280	-	-	-	-	58,280
Trade and other receivables	-	-	-	-	-	70,583	70,583
		58,280	**-**	**-**	**-**	**70,583**	**128,863**
Financial liabilities							
Trade and other payables	-	-	-	-	-	(84,113)	(84,113)
Borrowings	3.89	(24,250)	(8,193)	(13,659)	-	-	(46,102)
Derivative	-	-	-	-	-	(54)	(54)
		(24,250)	**(8,193)**	**(13,659)**	**-**	**(84,167)**	**(130,269)**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within				
			1 year or less	Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2018							
Financial assets							
Cash and cash equivalents	1.16	26,214	-	-	-	3,499	29,713
Trade and other receivables	-	-	-	-	-	47,780	47,780
Derivative	-	-	-	-	-	529	529
		26,214	**-**	**-**	**-**	**51,808**	**78,022**
Financial liabilities							
Trade and other payables	-	-	-	-	-	(40,330)	(40,330)
Borrowings	4.19	(15,000)	(4,903)	(9,748)	-	-	(29,651)
		(15,000)	**(4,903)**	**(9,748)**	**-**	**(40,330)**	**(69,981)**

As at 30 June 2019, a sensitivity analysis has not been disclosed in relation to the floating interest deposits for the Group as the net results of a reasonable possible change in interest rates have been determined to be immaterial to the statement of profit or loss and other comprehensive income.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The maximum credit risk exposed by the Group is in relation to cash, trade receivables and contract assets amounting to $176,325,000 as at the end of the reporting period (2018: $102,727,000).

As a result of the diverse range of services and geographical spread covered by the Group, the Group does not have a concentration of credit risk to any one customer. Whilst the Group does have a broad risk to lead contractors in the construction industry generally, this is managed on a 'customer by customer' basis, taking into account ratings from credit agencies, trade references and payment history where there is a pre-existing relationship with that entity. The compliance with credit limits by customers is regularly monitored by management. The credit risk on liquid funds and derivative financial instruments is limited because majority of the counterparties are banks with high credit ratings (A+ or higher) assigned by international credit-rating agencies.

The Group has established a loss allowance of trade receivables at an amount equal to lifetime expected credit losses (ECL). The ECLs on trade receivables are estimated using a provision matrix based on historical credit loss experience and any available forward-looking estimates available as at reporting date.

Set out below is the information about the credit risk exposure at 30 June 2019 on the Group's trade receivables for which lifetime expected credit losses are recognised:

		Days Past Due		
30 June 2019	**Current**	**<31 Days**	**31-60 Days**	**61-90 Days**
Expected credit loss rate	0.02%	0.23%	1.00%	2.43%

Based on the above credit loss rates and applying the rates against the total gross carrying amount of the trade receivables, the total estimated gross carrying amount at default does not have a material impact to the profit or loss of the Group. Other balances within trade and other receivables at 30 June 2019 did not contain impaired assets and were not past due. It is expected that these other balances would be received when due.

The aging of trade receivables past due but not considered impaired and a reconciliation in ECL allowance is as follows:

	2019 $'000	**2018 $'000**
Ageing of past due but no ECL allowance provided for		
60-90 days	4,429	1,183
90+ days	3,184	2,761
	7,613	**3,944**
An ECL allowance has not been provided for as the Group expects these trade receivables to be collectible.		
Movement in ECL allowance provided for receivables		
At 1 July 2018 - calculated under AASB 139	(747)	(287)
Amounts restated through opening retained earnings	(2,283)	-
Opening loss allowance as at 1 July 2018 - calculated under AASB 9	(3,030)	(287)
Increase in loss allowance recognised in profit or loss during the period	(114)	(368)
Receivables written off during the period as uncollectable	329	24
Unused amount reversed	228	116
Acquisition of subsidiary	(937)	(232)
Closing balance as at 30 June 2019	**(3,524)**	**(747)**

The ECLs on other short-term receivables are recognised in two stages. For those with credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those with credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of exposure, irrespective of the timing of the default (a lifetime ECL).

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. In making this assessment, the Group considers the best available current information, including historical knowledge and forward-looking information.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 30. FINANCIAL INSTRUMENTS (CONTINUED)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(f) Fair value

Net fair values of financial assets and liabilities are determined by the consolidated group on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows or amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of cash flows. With the exception of the fair value differences arising on the Group's fixed interest rate, as discussed in the analysis of interest rate risk above, the carrying amounts of all financial instruments disclosed above are at their approximate net fair values.

AASB 13 *Fair Value Measurements*: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1)

(ii) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (Level 2)

(iii) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3)

The following table presents the Group's financial assets and liabilities measured and recognised at fair value.

2019	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivative	-	-	-	**-**
Financial liabilities				
Derivative	-	(54)	-	**(54)**
Provisions	-	-	(5,620)	**(5,620)**
	-	**(54)**	**(5,620)**	**(5,674)**

2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivative	-	529	-	**529**
Financial liabilities				
Other payables	-	-	-	**-**
	-	**529**	**-**	**529**

There were no transfers between levels during the period. The Group's policy is to recognise transfers into and out of fair value hierarchy levels as at the end of the reporting period.

Shareholder Information

Additional ASX Information

This additional ASX information is required to be included in this Annual Report by ASX under Listing Rule 4.10. This information is not provided elsewhere in this report and is applicable as at 20 August 2019.

Ordinary share capital

SRG Global Limited's issued share capital is comprised of 440,415,099 fully paid ordinary shares, held by 4,081 individual shareholders. At any meeting of shareholders fully paid ordinary shares carry one vote per share and the rights to dividends.

Distribution of shareholders and their holdings

	Size of holding					
	1 to 1,000	**1,000, to 5,000**	**5,001 to 10,000**	**10,001 to 100,000**	**100,001 to (MAX)**	**Total**
Number of holders	340	956	633	1,809	343	**4,081**
Ordinary shares	121,186	2,727,484	5,004,788	62,158,137	370,403,504	**440,415,099**

There were 340 holders with less than a marketable parcel of fully paid ordinary shares.

Substantial holders

The number of shares held by substantial holders, as disclosed in substantial shareholding notices provided to the Company are set out below:

Shareholder	**Number of ordinary shares**
Perennial Value Management Limited	65,426,019
Mitsubishi UFG Financial Group, Inc[1]	38,352,278
	103,778,297

[1] On 6 August 2019 Carol Australia Holdings Pty Ltd provided a Notice of Initial Substantial Shareholder (Form 603) to the Company. The ordinary shares held by Carol Australia Holdings Pty Ltd are included within the holding of Mitsubishi UFG Financial Group, Inc as set out above.

Twenty largest shareholders	**Percentage of issued capital**	**Number of ordinary shares**
CITICORP NOMINEES PTY LIMITED	11.7%	51,652,549
NATIONAL NOMINEES LIMITED	7.0%	30,826,170
J P MORGAN NOMINEES (AUSTRALIA) LIMITED	5.9%	26,128,091
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4.2%	18,504,249
ZERO NOMINEES PTY LTD	3.5%	15,289,816
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	2.7%	11,951,826
BNP PARIBAS NOMS PTY LTD <DRP>	2.4%	10,564,518
PRIMETOWN PTY LTD <MCMORROW SUPER FUND A/C>	2.3%	10,042,086
MR DAVID MACGEORGE	1.9%	8,164,075
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1.5%	6,585,489
CASC SERVICES PTY LTD <THE CHIARI USED UNIT A/C>	1.4%	6,297,612
BNP PARIBAS NOMS (NZ) LTD <SRP>	1.2%	5,130,626
CUTTERS 1 PTY LTD <CUTTERS 1 A/C>	1.1%	5,020,353
DEAKIN PLACE PTY LTD <DEAKIN PLACE A/C>	1.1%	5,020,353
GULRIDJE PTY LTD <VINCENZO GULLOTTI FAMILY A/C>	1.1%	4,898,633
EQUITAS NOMINEES PTY LIMITED <PB - 601484 A/C>	0.9%	4,017,518
MR ROGER LEE	0.9%	3,959,751
EQUITAS NOMINEES PTY LIMITED <PB - 601485 A/C>	0.9%	3,543,874
LUFORM PTY LTD <USED FAMILY NO 2 A/C>	0.9%	3,486,444
AUST EXECUTOR TRUSTEES LTD <CHARITABLE FOUNDATION>	0.9%	3,469,195

Unlisted Equity Securites

There are no unlisted equity securities on issue.

Voting rights

Shareholders are encouraged to attend the Annual General Meeting. However, when this is not possible, they are encouraged to use the form of Proxy by which they can express their views on matters being brought forward at the meeting. Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to one vote for each fully paid share.

Dividend reinvestment plan

The company does not have a dividend reinvestment plan.

Corporate Directory

Directors

Peter Wade	Non-Executive Chairman
Peter McMorrow	Non-Executive Deputy Chairman
David Macgeorge	Managing Director
Enzo Gullotti	Executive Director
Peter Brecht	Non-Executive Director
Michael Atkins	Non-Executive Director
John Derwin	Non-Executive Director

Company secretary

The company secretaries are Roger Lee and Paul Hegarty.

Registered office

The registered office of the Company is:
Level 1, 338 Barker Road, Subiaco, Western Australia 6008
Telephone: +61 8 9267 5400
Facsimile: +61 8 9267 5499
Website: www.srgglobal.com.au

Stock exchange listing

SRG Global shares are listed on the Australian Securities Exchange. Home exchange is Perth.

Share register

If you have any questions in relation to your shareholding, please contact our share registry:
Computershare Investor Services Pty Ltd
Level 2, 45 St Georges Terrace, Perth, Western Australia 6000
Telephone: +61 3 9415 4631
Facsimile: +61 3 9473 2500
Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Incorporation

SRG Global is incorporated in the state of Western Australia

Auditors

BDO Audit (WA) Pty Ltd

Bankers

National Australia Bank
Commonwealth Bank of Australia

srgglobal.com.au

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MAKING THE COMPLEX SIMPLE