2020 ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2020
ABN: 81 104 662 259

MAKING THE COMPLEX SIMPLE

Engineer Construct Sustain

Contents

Making the complex simple

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

SRG Global Model

WHO WE ARE

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

OPERATING MODEL

End-to-end solutions across the entire asset lifecycle

- Engineer
- Construct
- Sustain

OUR VISION

Building the **most sought-after** specialist asset services, mining services and construction business

MAKING THE COMPLEX SIMPLE

Operating Segments

ASSET SERVICES

Sustaining complex infrastructure

Annuity Earnings

MINING SERVICES

Comprehensive ground solutions

Annuity Earnings

CONSTRUCTION

Constructing complex infrastructure

Project Based Earnings

ASSET SERVICES

Sustaining complex infrastructure

SPECIALIST MAINTENANCE

Highly skilled specialist maintenance services focusing on refractory, oil and gas, industrial assets and transport and marine infrastructure

ACCESS SOLUTIONS

Comprehensive structural and technical access solutions targeting the mining and resources, oil and gas, offshore marine and industrial locations

Making the maintenance, restoration & access of critical assets easier

SRG Global's Asset Services division had the highest growth and was the highest earning segment within the Group during FY20, underpinned by a significant and growing number of term contracts.

What we do

We bring engineering know-how, the skilled workforce and the access solutions to make sustaining buildings, structures and industrial plant easier.

We not only come up with smart solutions to your asset maintenance and repair challenges, we also do the work – diagnosing, protecting, cleaning, repairing, strengthening and monitoring buildings, structures and industrial plant.

This means asset owners only have to deal with just one contractor, which significantly reduces the time and complexity of the task. SRG Global is a contractor with the diverse technical know-how, the workforce and all the access equipment needed to sustain or extend the life of any critical asset.

SPECIALIST MAINTENANCE

Fixed Plant Maintenance
- Mechanical, Electrical, Plumbing, Shutdowns

Industrial Services
- Industrial cleaning, Paint & Blast, Non-Destructive Testing, Insulation and Lagging

Refractory
- Installation of refractory, gunning and casting of refractory products, installation of refractory anchors

Remediation
- Protective coatings, waterproofing, concrete repair and strengthening

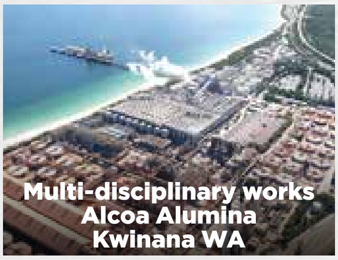
ACCESS SOLUTIONS

Access Solutions
- Scaffold hire, scaffold installation, rope access, material hoists

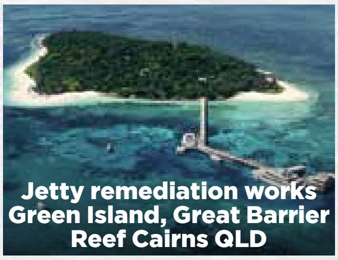
Key clients

methanex the power of agility, NZ TRANSPORT AGENCY WAKA KOTAHI, NEW ZEALAND STEEL, Alcoa, FMG Fortescue, PILBARA PORTS AUTHORITY, O-I, Meridian., YARA, Ports North, REFINING NZ Your Energy Hive, TRANSPOWER, Fonterra Dairy for life, woodside, RioTinto, SOUTH32, LIBERTY

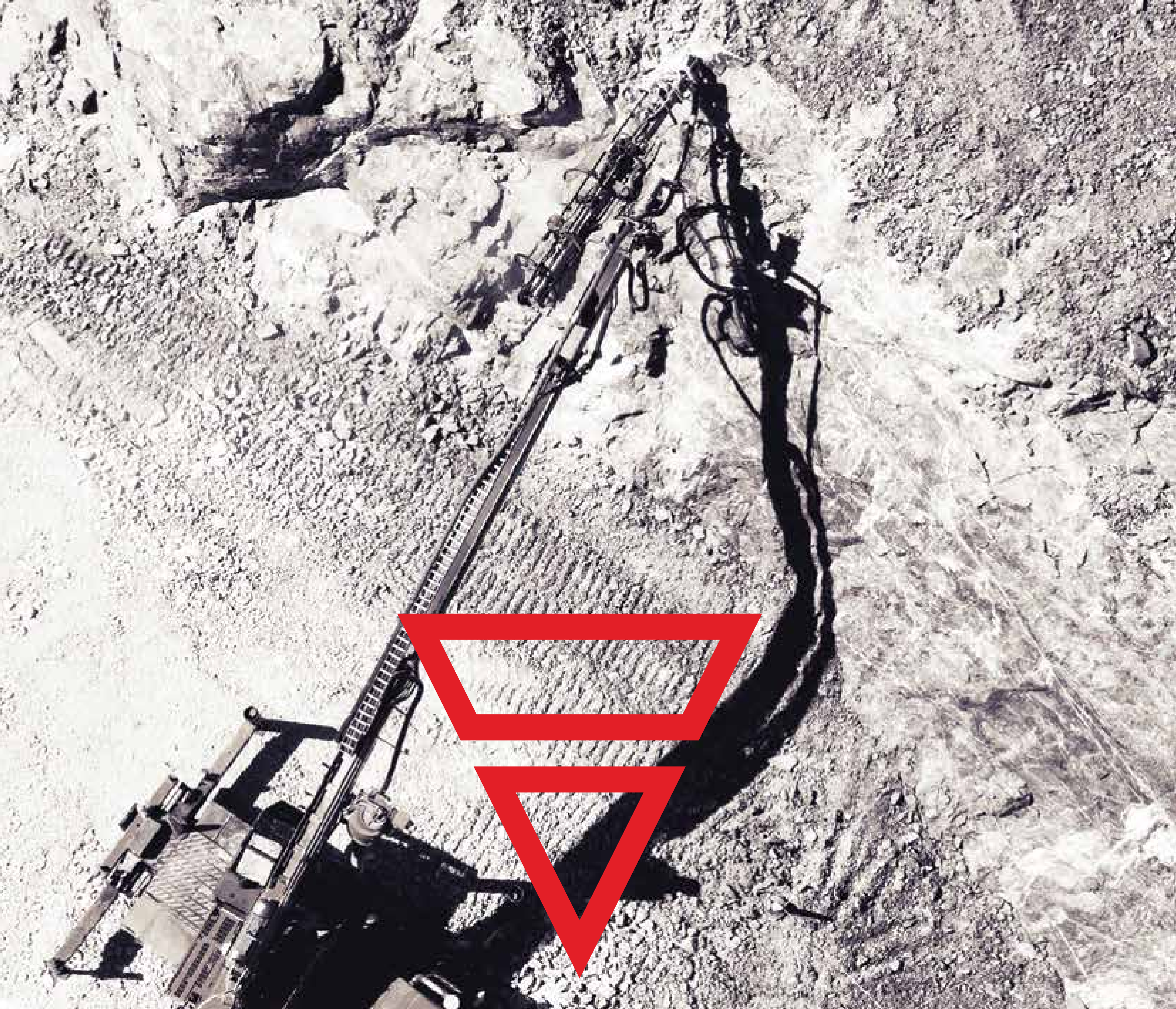
Key projects


Multi-disciplinary works Alcoa Alumina Kwinana WA


Refractory works Whyalla Steelworks Whyalla SA


Jetty remediation works Green Island, Great Barrier Reef Cairns QLD


Specialist Infrastructure Maintenance Transpower New Zealand



MINING SERVICES

Comprehensive ground solutions

PRODUCTION DRILL & BLAST

Integrated range of complementary production drill & blast services working across multiple commodities including gold, precious metals and iron ore

SPECIALIST GEOTECH

Highly technical specialist ground and slope stabilisation services for all mining services applications

Bringing our full resources to daily mining challenges

SRG Global's Mining Services division focused on innovation and technology during FY20, offering added value to our tier one client base. Significant new work was also secured with Saracen at two of its Western Australian operations.

What we do

SRG Global is the only drill and blast contractor that can also offer an integrated range of complementary technical services to significantly improve safety and productivity on a mine site.

Working in the iron ore, gold and precious metals mining sectors across Australia, SRG Global brings a uniquely adaptive approach to drilling and blasting, driven by our engineering heritage.

We are flexible in how we work, execute drilling programs with precision and respond confidently to challenges that arise in the open pit each day. It is part of who we are to continually investigate safer and more innovative ways of working, and to re-engineer our machines to optimise performance for each customer's mine site and minimise handling and risks to personnel.

PRODUCTION DRILL & BLAST

Drill & Blast

- Production drilling, pre-split drilling, blasting services, explosives supply & management, drill and equipment hire

Specialist Drilling

- Reverse circulation grade control, high reach drilling, geotech specialist drilling, horizontal depressurisation (dewatering) drilling

SPECIALIST GEOTECH

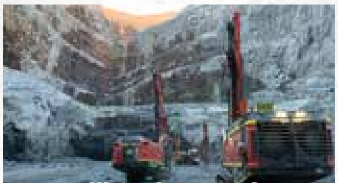
Geotech Services & Applications

- Rope access services, geotech investigation, geotech instrument installation, rock scaling and geotech remediation, rockfall protection systems, rockfall mesh installation, shotcreting, rock bolt drilling and installation, crest pins and soil nails, crusher pocket wall support, depressurisation, ground support product manufacture and supply

Key clients

Evolution Mining
FMG Fortescue
Norton Gold Fields Pty Ltd
KCGM
Liberty
silverlake resources
Rio Tinto
Northern Star Resources Limited
First Quantum Minerals Ltd
Saracen

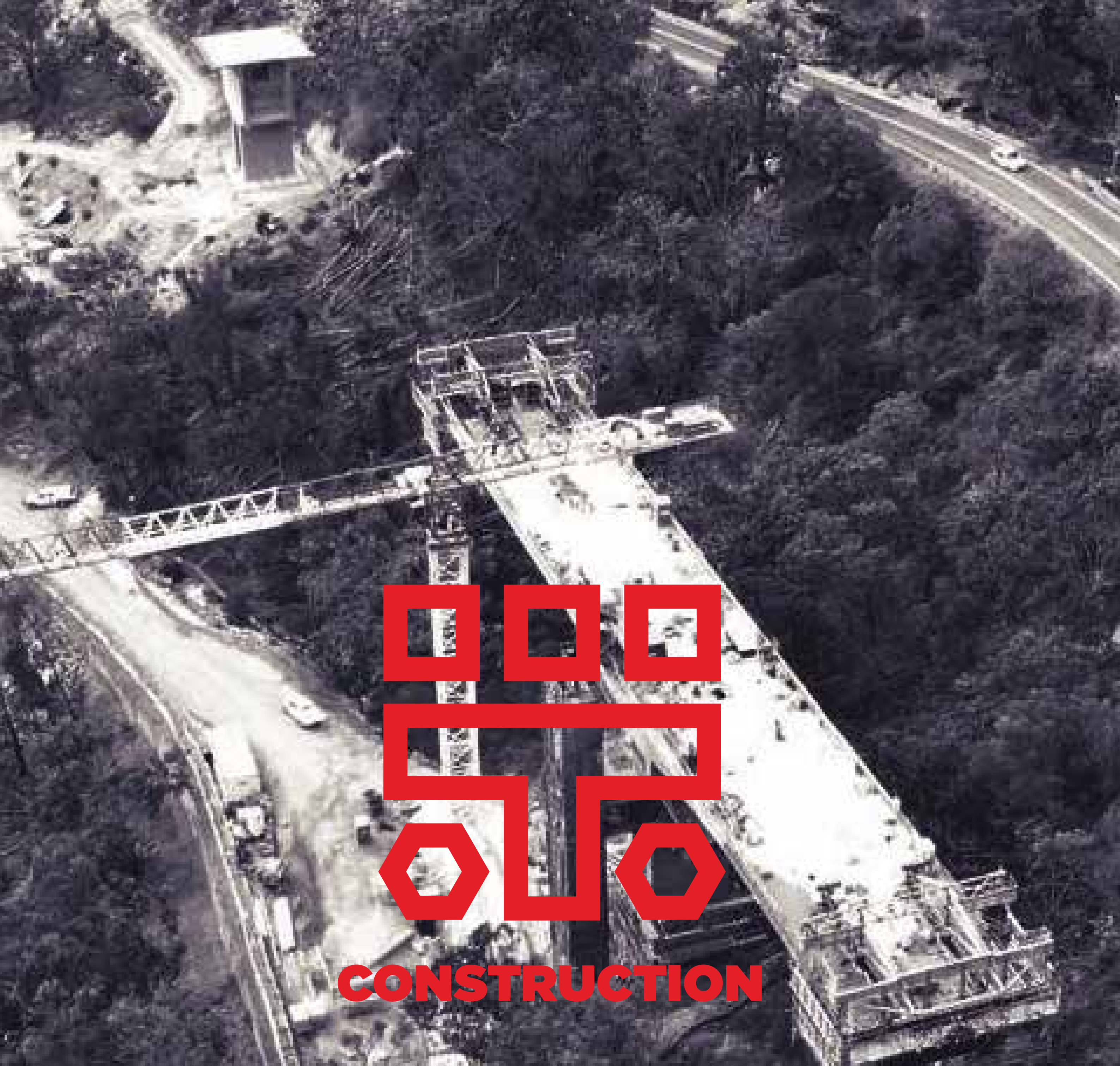
Key projects


Drill & Blast works Saracen Mining Goldfields WA


Provision of Geotech services for over 20 Years at KCGM Superpit WA


Drill & Blast and Geotech Evolution Mining Mount Rawdon QLD

Technology & Innovation Remote Operations Unit QLD



CONSTRUCTION

Constructing complex infrastructure

CIVIL & ENGINEERING

Specialist engineering, post-tensioning and construction services for complex structures in key markets including dams, bridges, windfarms and tanks

SPECIALIST BUILDING

Specialist facade and structural construction and remediation services with repeat, tier one clients

Taking the complexity out of construction

SRG Global's Specialist Construction division delivered world-leading projects globally during FY20, including a number of Government-backed infrastructure projects.

What we do

SRG Global's construction team solve problems around how to construct more efficiently and cost effectively, providing specialist technical expertise, innovative technology and equipment and a highly skilled workforce.

SRG Global's construction team provide specialist engineering, post-tensioning and construction services for complex structures in key markets including dams, bridges, windfarms and tanks as well as specialist facade and structural construction and remediation services with repeat, tier-one clients.

Decades of experience across all kinds of iconic infrastructures have allowed us to develop the innovative techniques and specialised tools needed to make any infrastructure project less complex.

CIVIL & ENGINEERING

Dam Construction & Strengthening
- Ground anchors, anchor monitoring, temporary access solutions, slipform construction

Bridge Construction
- Incremental launching, cable stays, segmental, balanced cantilever, cast insitu post-tensioning

Silo & Tank Construction
- Slipform construction, post-tensioning services

Wind Farm Construction
- Foundation construction, foundation anchors

SPECIALIST BUILDING

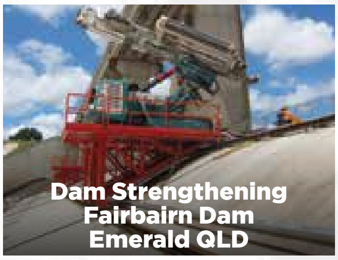
Facade Design & Construction
- Curtain wall facade design & certification, facade installation, cladding replacement

Building Structure Packages
- Post-tensioning engineering, structural construction

Key clients

Key projects


Bridge Construction
Bolivia Hill
Bolivia NSW


Dam Strengthening
Fairbairn Dam
Emerald QLD


Structure Package
One The Esplanade
Elizabeth Quay, WA


LNG Tank Construction
Al Zour Import Terminal
Kuwait

Chairman's Report

Delivering on our strategic priorities

It is my pleasure to present the 2020 SRG Global Limited Annual Report. During the 2020 financial year we continued to deliver against our strategic priorities despite these unprecedented times. We remained focused on building the most sought-after specialist asset services, mining services and construction business. The year was not without its challenges, but I am proud of the way our team responded and the foundation they have established for business growth well into the future.

UNPRECEDENTED BUSINESS CONDITIONS

The world has changed significantly in the last year, with increased operational uncertainty and greater market volatility.

Despite these challenges, the SRG Global business has remained steadfast in its commitment to deliver on its strategic priorities.

Continuing to do so, despite the challenges presented by this unprecedented global pandemic, is a testament to the strength and professionalism of our people.

The Board and I would like to sincerely thank all our people for their disciplined approach in navigating our way through this dynamic environment and doing so whilst being true to our core beliefs – live for the challenge, smarter together, never give up and have each other's backs.

ESTABLISHED A SOLID FOUNDATION FOR GROWTH

The uncertainty caused by COVID-19 led the Board and Executive team to reflect on what we needed to focus on in the future.

Through a number of restructuring initiatives we have now simplified the business, changed the way that we operate and reduced the fixed cost base. David will speak to these in more detail in his Managing Director's Report.

Importantly, it has renewed our focus on our core business, who we will partner with and where and how we will operate. This has ultimately fast tracked our withdrawal from non-core businesses.

Pleasingly, the whole SRG Global team has continued to embrace our core values throughout these changes.

STRATEGICALLY POSITIONED

During the year SRG Global has taken significant steps forward in executing our strategy to transition the business towards recurring / annuity earning streams.

This provides a strong foundation and further growth avenues to leverage our capability and operational footprint, enabling us to continue to maximise our diverse offering with our core and growing blue-chip client base.

Ultimately this translates to greater stability and certainty for shareholders throughout changing economic conditions. This also provides a balanced portfolio of recurring / annuity earnings versus project-based earnings.

The successful execution of this strategy ensures that SRG Global will be disciplined and selective in selecting the right project-based opportunities that match our specialist skills and commercial framework.

The step change growth in recurring / annuity earnings during FY20 has provided an excellent foundation to successfully target the significant and imminent infrastructure investment opportunities, backed by significant Government stimulus programs.

In the words of our Prime Minster Scott Morrison, these stimulus programs are Australia's way out of the current economic challenges.

Importantly, through the organisational changes implemented in FY20, we are extremely well positioned to secure our share of these programs.

By the end of FY20 the Federal Government will have invested more than $24 billion for infrastructure across key government portfolios and looks to invest even more over FY21.

Given our market-leading position in several areas that will benefit from Government stimulus programs, SRG Global is incredibly well positioned for the years ahead.

We will continue to target these local stimulus opportunities whilst also strategically targeting global projects that match our engineering-led skillset and capability.

SRG Global is in the strongest position it has been in my tenure with the Company. This is due to the successful transition of the earnings profile of the business to two thirds recurring / annuity earnings and one third project-based.

This is on the back of our key points of difference in our core markets and our long-term history and relationships with our key clients, or as we like to refer to it – "being the most sought-after" in what we do.

BOARD AND GOVERNANCE

Consistent with our broader efforts to simplify the business, we also streamlined the composition of the Board during the year, with directorships being reduced from seven to four.

We consider the current mix of experience and skills of the Board to be appropriate but will continue to review this on a regular basis moving forward.

OUR FUTURE

The SRG Global business is incredibly resilient. The changes made during the year have resulted in a leaner and more streamlined business that is focused on capability and operational delivery for our clients.

Our client portfolio is perhaps stronger than ever before, with a significant number of tier-one global businesses that we continue to act in partnership with to drive value for their businesses.

In closing, I would like to thank all our shareholders for their ongoing support and am confident we will continue to deliver value for our shareholders well into the future.

Peter McMorrow
Non-Executive Chairman

WHAT WE STAND FOR

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.

Managing Director's Report

Building the most sought-after specialist asset services, mining services and construction business

The 2020 financial year has been a year like no other. It has tested us as a Company, the way we operate and what we truly stand for. I could not be more proud of how our people have responded in a way that is core to SRG Global – we live for the challenge, are smarter together, never give up and have each other's backs. This now has us well positioned for the future.

OUR PEOPLE

Navigating through these recent challenging times has highlighted more than ever how important our people are to the success of SRG Global.

I would like to thank each and every one of the SRG Global team for their resilience as we have continued to push forward as a business to become the most sought-after specialist asset services, mining services and construction business.

ZERO HARM

Zero Harm is a journey that never ends. During the year we continued to invest in initiatives to drive safety within our business.

These initiatives include a combination of leadership programs, training and education as well as innovative technology, equipment and process enhancements.

Pleasingly, our TRIFR improved by 22% during the year. I will never be satisfied until it is zero and we will relentlessly pursue zero harm in everything we do.

DELIVERY OF OUR STRATEGY

SRG Global's strategy has been to shift the business towards a greater proportion of annuity / recurring earnings versus project-based earnings. This strategic priority will ensure that business earnings are built upon a stronger foundation underpinned by a high level of stable and predictable annuity earnings into the future.

FY20 represented a significant step change in the execution of our strategy as we now have more than 20 term contracts in the group, leveraging our diverse capability with blue chip clients.

The unfolding COVID-19 pandemic presented a unique set of challenges for our business as we were starting to build real strategic momentum. The uncertainty it caused made us reflect on what we needed to focus on in the future.

To manage these issues SRG Global implemented a number of actions to ensure the safety and wellbeing of its people, continued delivery of services to customers and cost mitigation initiatives.

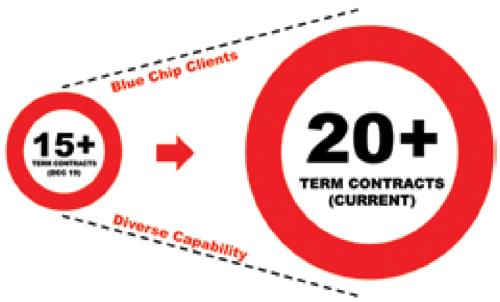
The outcome of these early and decisive actions is that the Company remains in a robust financial position despite softening macro-economic conditions.

As part of executing on this strategy a number of restructuring initiatives were implemented during the year, including:

- Reduced Board positions from seven to four
- Reduced Executive positions from eight to six
- Reduced the fixed cost base within both the corporate and business unit overhead bases
- Exited the fixed cost base in the US
- Scaled back the Building division, specifically Structures Victoria and Building Post Tensioning in both Australia and the Middle East

These actions have also resulted in a more simplified business with a reduced fixed cost base and a focus on core business, core clients and core geographies. Ultimately, this is intended to translate to long-term sustainable growth for shareholders.

Importantly, the Company has withstood the short-term challenging market conditions and is now well positioned for long-term sustainable growth, with high levels of annuity earnings, strong exposure to growth industry sectors and the fast tracking of Government stimulus in Infrastructure Construction.



Kwinana Alumina Refinery, WA

OPERATIONAL REVIEW

Asset Services

For FY20 the Asset Services Segment delivered revenue of $151.9m (2019: $135.8m) and EBITDA of $18.6m (2019: $15.5m).

The Asset Service Segment experienced significant growth in FY20, underpinned by an expanded service offering and significant contract awards.

In January 2020 SRG Global executed a contract with Alcoa for the provision of multi-disciplinary maintenance services over five years at Alcoa's Kwinana refinery. Works under the contract are expected to deliver $90m of revenue over the contract term.

The delivery of access solutions for South32 Worsley Alumina continued during the year. Pleasingly, customer feedback has been positive which is critical to our ability to optimise our site presence through the provision of additional services.

Operational service delivery at the North West Shelf Project for Woodside Petroleum remained strong during the year, with strong access equipment utilisation.

During the 2H of FY20 operational activity levels were impacted by COVID-19, with clients deferring non-essential maintenance and major shut-down work across Australia and New Zealand. The New Zealand Asset Services business was further impacted following a 6-week Government imposed shut-down for the majority of industrial operations across the North and South Islands.

The Asset Services business has now returned to normal levels of operation in the first quarter of FY21 which is earlier than anticipated and pleasingly since the start of this new financial year we have secured multiple new term contracts with NZ Transport Authority (Auckland Harbour Bridge), Methanex, Meridian Energy and Yara.

We continue to focus on innovation, technology and data analytics as a market differentiator across our service offerings. This is an important aspect of how we continue to win new work and as such we will continue to embrace new technology and insight to drive improvement and efficiency in our customers operations.

Mining Services

For FY20 the Mining Services Segment delivered revenue of $71.7m (2019: $82.6m) and EBITDA of $13.9m (2019: $11.2m).

The Mining Services Segment has experienced a very strong year in FY20. This improvement in EBITDA reflects the additional value proposition SRG Global offers to its customer base through innovation and technology solutions including remote operated drill rigs.

The Specialist Geotech business ceased operating in the civil infrastructure sector due to the risk profile for this type of service in this sector. SRG will solely focus on our core expertise and current work in the mining sector in which SRG Global has operated for over 30 years. This accounted for the reduction in revenue for this Segment during the year.

The Segment delivered a consistent operational performance with strong utilisation across the equipment fleet (>90%).

In the initial stages of COVID-19, SRG Global implemented a number of early and proactive operational measures to ensure continuity of service delivery across all operations. These early actions minimised the impact of COVID-19 on the Production Drill and Blast business. There was some impact experienced by our Specialist Geotech business due to site restrictions, but this is expected to normalise in early FY21.

During FY20 the business secured and commenced a major new contract with Saracen. The new works are valued at $70m and includes the provision of specialist drill and blast services, explosives management and grade control drilling at the Thunderbox and Carosue Dam operations, both located in Western Australia.

Innovation and technology continued to be a core focus for our business to deliver value to our clients. We continue to investigate safer and more innovative ways of working to optimise performance for each customer's mine site and minimise handling and risks to our personnel.

There is a strong pipeline of new opportunities in high quality commodities such as gold and iron ore, along with targeted continued growth with key clients / sites.

Thunderbox Mine Site, WA

Fairbairn Dam, QLD

Construction

For FY20 the Construction Segment delivered revenue of $296.4m (2019: $268.0m) and EBITDA of -$29.9m (2019: $8.9m).

The Construction Segment delivered a mixed result for FY20.

The Civil business in Australia had a very strong year and was largely unaffected by COVID-19. However, COVID-19 impacted our International operations and access to the US, Middle East and South Africa.

During the year, we restructured the fixed cost base to manage future international opportunities from Australia and scaled back operations in the Middle East and US. The business will continue to target specialist projects in dams, bridges and tanks globally from Australia

Our specialist capability, particularly in bridges, tanks and dams means we are a partner of choice for many of the projects we secure and we will continue to be disciplined and selective utilising our Collaborative Contracting Model and approach.

Importantly, this particular business has a positive exposure to an ever-growing pipeline of opportunities being fast tracked through Government stimulus programs.

Structures Victoria and Building Post-Tensioning were significantly impacted by COVID-19 due to productivity issues, along with a challenging operating environment. Moving forward these businesses will be scaled back and focused on key tier-one clients only.

Structures West commenced the $75m Multiplex project at the end of FY20, addressing the known carrying cost issue. There is a strong pipeline of WA opportunities with Structures West well positioned as the market leader in structural construction in the west.

The Specialist Facades business performed strongly nationally in FY20 and was largely unaffected by COVID-19. This is due to its differentiated business / operating model which balances operational delivery risk with our subcontractor partners. The division has a high level of secured work, positive pipeline of opportunities.

The company continues to position itself to target the flammable cladding market. However, this is not expected to have a meaningful impact in the near term due to uncertainty on the key issue of who is liable to pay for the rectification works. This is not a SRG Global issue or exposure.

FINANCIAL STRENGTH

SRG Global is in a strong liquidity position with available funds of $73m, banking facilities not due for renewal until early FY22 and access to additional equipment finance facilities.

Operating cashflow in the 2H of FY20 was positive $17.7m. In 1H FY20 a number of new annuity contracts and projects commenced (South32, Liberty OneSteel Whyalla, Facades and Specialist Civil projects) which required a significant amount of working capital investment.

This investment translated to delivering strong operational cash flows in the 2H of FY20. In parallel the Company continued its disciplined focus on capital management which contributed to the strong 2H performance despite continued working capital investment in new contracts commencing such as Saracen, Alcoa and Multiplex in WA.

In 2H, SRG Global invested $11m in both sustaining capital and growth capital investment for the new contracts with Saracen and Alcoa mentioned above.

Total capital expenditure for the year is $20m, comprised of approximately $12m of sustaining capital and $8m of growth capital. This demonstrates our continued investment in the business and growth trajectory.

During the 2H of FY20, SRG Global made debt repayments of $8.1m, reflecting our prudent capital management with a continued focus on minimising Group gearing levels.

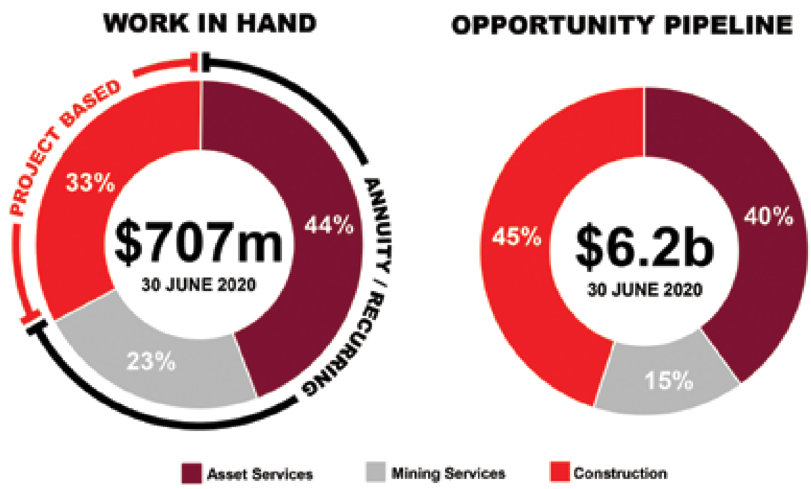
Despite the significant capital investment mentioned above, the Company's net debt position improved in the 2H to $8.4m, inclusive of $26m of equipment finance debt (net debt of $11.4m at 31 December 2019).

SRG Global has undertaken a review of its intangible asset base in the Construction Segment in relation to a scaled back approach in the Building division. This review resulted in a one-off non-cash impairment of goodwill of $24.8m.

Protecting our strong financial position was a priority during FY20. In March we made the prudent decision to defer the 1H FY20 interim dividend of 0.5 cents per share to 29 October 2020.

Pleasingly, due to a positive outlook and a strong liquidity position, the Board resolved to bring forward the payment of the interim dividend to 30 July 2020.

In addition, the Company has also resolved to pay a final dividend of 0.5 cents per share fully franked, bringing the full year dividend to 1.0 cents per share.



Kalgoorlie Superpit, WA

WELL POSITIONED FOR LONG TERM SUSTAINABLE GROWTH

SRG Global is very well positioned for sustainable growth in FY21 and beyond.

The Company has work in hand of $707m as at 30 June 2020 and has secured a further $200m of new work since 1 July.

SRG Global has a strong pipeline of further opportunities in excess of $6b, with positive exposure to Government backed Infrastructure investment, high quality commodities, diverse industries and a tier-one client base.

Importantly, delivery against our strategic priorities is continuing with a future earnings profile of two thirds annuity / recurring in nature and one third project-based.

Our strong growth plans are not only supported by the above, but they are also possible due to our people. As a result, I would again like to thank our entire team for the way they have contributed to our success over the last year. I am sure this will continue in FY21 as we **live for the challenge, are smarter together, never give up and have each other’s backs.**

Finally, I would like to thank our shareholders for their continued support.

David Macgeorge
Managing Director

Strategic Horizons

GROWTH (1 - 2 YEARS)

- ✓ Step change growth in recurring Asset Services
- ✓ Innovation and selective growth in Mining Services
- ✓ Targeted growth in specialist Civil Infrastructure Construction
- ✓ Specialist services and products in Building Construction with key repeat clients
- ✓ **Continue transition of business mix towards annuity / recurring earnings**

LEADERSHIP (3 YEARS +)

- Zero Harm industry leader and recognised employer of choice
- Key partner of choice in our specialised core markets with core clients
- Consistent, above market shareholder returns (EPS and TSR)
- Selective strategic acquisitions to complement capability / footprint
- **Two thirds annuity / recurring and one third project-based earnings**

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2020

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 2020.

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	Resigned 26 November 2019
Peter McMorrow	Non-Executive Chairman	Full Financial Year
David Macgeorge	Managing Director	Full Financial Year
Enzo Gullotti	Executive Director	Resigned 2 October 2019
Peter Brecht	Non-Executive Director	Full Financial Year
Michael Atkins	Non-Executive Director	Full Financial Year
John Derwin	Non-Executive Director	Resigned 3 April 2020

EXPERIENCE, QUALIFICATIONS AND RESPONSIBILITIES

Peter McMorrow
Non-Executive Chairman

Peter McMorrow joined the Board of SRG Global as Deputy Chairman in September 2018 and was appointed Chairman on 26 November 2019. 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 currently a Board Member for Valmec Limited.

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.

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 the Chairman 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.

Michael is a Senior Advisor - Corporate Finance at Canaccord Genuity (Australia) Limited and is currently Non-Executive Chairman of Australian listed companies Legend Mining Limited and Castle Minerals Ltd. Michael was non-executive Chairman of Azumah Resources Limited until his resignation in December 2019.

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

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

COMPANY SECRETARIES

Name	
Roger Lee	Full Financial Year
Paul Hegarty	Resigned 21 August 2020

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' 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 McMorrow	11,835,727	Nil
D Macgeorge	6,071,389	1,400,000
P Brecht	1,900,541	Nil
M Atkins	1,000,000	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 2020 and the number of meetings attended by each Director was:

	Board of Directors meetings		Meetings of committees			
			Audit Committee		Remuneration & Nomination	
Name	Eligible	Attended	Eligible	Attended	Eligible	Attended
P Wade[1]	4	2	1	1	-	-
P McMorrow	12	12	3	3	4	4
D Macgeorge	12	12	-	-	-	-
E Gullotti[2]	3	3	-	-	-	-
P Brecht	12	12	-	-	4	4
M Atkins	12	11	3	3	-	-
J Derwin[3]	10	8	-	-	3	3

[1] Resigned as Non-Executive Chairman 26 November 2019
[2] Resigned as Executive Director on 2 October 2019
[3] Resigned as Non-Executive Director on 3 April 2020

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN STATES OF AFFAIRS

There have been no significant changes in the state of affairs of the Group.

OVERVIEW AND FINANCIAL RESULTS

Information on the operations and financial position of the Group and its business strategies is set out in the Managing Director's Report on pages 12 to 17.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 7 July 2020, the Company secured a NZ$25m Transport Infrastructure Contract with the New Zealand Transport Authority. The contract is for an eight-year period and will conclude in 2028.

On 15 July 2020, the Company secured a $25m contract with John Holland at the new Government backed Victorian Heart Hospital. SRG Global will design, supply and install specialist engineered curtain wall facade for the $564m development. SRG Global's scope of works are expected to commence in January 2021 with a duration of nine months.

On 21 July 2020, SRG Global secured a long-term five-year $25m contract with Yara. SRG Global will provide access and maintenance services with additional scope opportunities for various fixed plant maintenance solutions. Works under the contract have commenced and will continue until mid-2025.

On 23 July 2020, SRG Global secured two contracts totalling $40m. Both contracts are for the design, supply and installation of specialist engineered curtain wall facade. The first contract is for works at 6 Hassall St in Sydney with Richard Crookes on behalf of Charter Hall and will commence in September 2020 with a project duration of approximately nine months. The second contract is with Lendlease, also on behalf of Charter Hall, at 140 Lonsdale St and will commence in early 2021 and run for approximately 12 months.

On 28 July 2020, the Company secured two contracts valued at $30m with Water Corporation. SRG Global will design and construct two water tanks in Western Australia - a 42ML tank at Merredin in the Central Wheatbelt and a 32ML tank at Dedari in the Goldfields. Contract works commenced in July 2020 with a duration of approximately 18 months.

On 5 August 2020, SRG Global announced a number of new contracts valued at NZ$50m had been secured in New Zealand, including:

- A five-year term contract for the provision of access and industrial coating services for Methanex, the world's largest producer and supplier of methanol
- A two-year contract for the maintenance of wind turbines for Meridian, a significant renewable energy generator in NZ
- Additional contract works for building remediation services for Metlifecare, one of NZ's largest aged care facility operators
- Specialist refractory services for OI Glass at Auckland's largest glass manufacturing facility

An interim, fully franked $2.230m dividend (0.5 cents per share) was declared on 25 February 2020. This dividend was paid on 27 July 2020.

Finally, on 25 August 2020, the Company declared a final fully franked dividend of 0.5 cents per share. The record date of the dividend is 9 September 2020 and the payment is scheduled for 21 October 2020.

Other than the matters described above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group'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 its 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 Company has declared the following dividends in relation to the 2020 financial year:

- A final, fully franked $2.230m dividend (0.5 cents per share) was declared on 25 August 2020. The Record Date for this dividend is 9 September 2020 with payment to be made on 21 October 2020.
- An interim, fully franked $2.230m dividend (0.5 cents per share) was declared on 25 February 2020. This dividend was paid on 27 July 2020.

The total fully franked dividends declared by the Company in relation to the 2020 financial year is $4.460m (1.0 cents per share).

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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 2020. 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 2020.

Name	Position	Term as KMP
Non-executive directors		
P Wade	Non-Executive Chairman	Resigned 26 November 2019
P McMorrow	Non-Executive Chairman	Full financial year
P Brecht	Non-Executive Director	Full financial year
M Atkins	Non-Executive Director	Full financial year
J Derwin	Non-Executive Director	Resigned 3 April 2020
Executive directors		
D Macgeorge	Managing Director	Full financial year
E Gullotti	Executive Director	Resigned 2 October 2019
Executives		
R Lee	Chief Financial Officer / Company Secretary	Full financial year
N Combe	Executive General Manager - Construction & Engineering	Full financial year
J Thomas	Executive General Manager - Mining & Chair of Zero Harm	Full financial year
D Williamson	Executive General Manager - Asset Services	Full financial year
G Edmonds	Executive General Manager - New Zealand	Resigned 15 April 2020
P Dawson	Executive General Manager - Building	Commenced 11 October 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 Remuneration and Nomination 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 2020

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 implemented a short-term incentive plan during the 2020 financial year. 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 the 2020 financial year 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 Remuneration and Nomination Committee.

The Remuneration and Nomination 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 2020 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 Remuneration and Nomination Committee

The objective of the Remuneration and Nomination 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 Remuneration and Nomination 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 2020, 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 95.10% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2019. 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 2020

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	Senior Executives
Fixed Remuneration	$850,000	Range between $360,000 and $540,000
Contract Term	Ongoing	Ongoing
Notice Period	6 months	1-6 months
Annual Leave	20 days per annum	20-30 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 Remuneration and Nomination Committee reviews non-executive directors' remuneration annually against comparable companies. The Remuneration and Nomination 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 Remuneration and Nomination Committee annually.

The remuneration of non-executive directors for the year ended 30 June 2020 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 interest of employees to shareholders in the Company and for staff retention purposes.

At the Company's Annual General Meeting held on 27 November 2018, shareholders approved the issue of up to 2,100,000 Performance Rights to David Macgeorge. On 26 November 2019, 1,400,000 Performance Rights were issued to David Macgeorge. The Board determined that it would not issue the balance of 700,000 Performance Rights. The Performance Rights issued to Mr D Macgeorge have performance conditions attached relating to EPS, ASR and continued service. The share based payment value associated with these Performance Rights is included at section 7.1 of this Remuneration Report. There are no unissued ordinary shares of the Company under option at the date of this report.

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 SRG Global Limited (SRG Global) for the comparative periods.

	2016	2017	2018	2019	2020
Profit / (loss) for the year attributable to owners ($'000)	(76,882)	10,874	13,623	9,839	(29,403)
Share price at end of the year (cents)	0.38	0.60	0.71	0.50	0.21
Basic EPS (cents)	(38.4)	5.4	6.4	2.3	(6.7)
Total dividends (cents per share)	1.00	4.00	4.50	1.5	1.0

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7. DETAILS OF REMUNERATION

7.1 Executive KMP remuneration for the years ended 30 June 2020 and 30 June 2019

		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	Long service leave	Performance rights	Total remuneration	Performance related
		$	$	$	$	$	$	$	$	%
Executive Directors										
D Macgeorge[3]	**2020**	**812,401**	**-**	**-**	**21,003**	**-**	**-**	**14,463**	**847,867**	**2**
	2019	654,434	-	-	61,128	-	-	-	715,562	-
E Gullotti[4]	**2020**	**700,110**	**-**	**-**	**6,250**	**-**	**6,768**	**-**	**713,128**	**-**
	2019	642,039	-	129,518	27,083	1,060,000	(43,763)	721,727	2,536,604	28
Senior Executives										
R Lee[3]	**2020**	**493,539**	**-**	**-**	**25,000**	**-**	**-**	**6,198**	**524,737**	**1**
	2019	399,639	-	-	37,794	-	-	-	437,433	-
N Combe[3]	**2020**	**537,401**	**-**	**-**	**25,000**	**-**	**-**	**-**	**562,401**	**-**
	2019	416,131	-	-	20,833	-	-	-	436,964	-
J Thomas[3]	**2020**	**385,623**	**-**	**-**	**35,720**	**-**	**-**	**-**	**421,343**	**-**
	2019	322,391	-	-	29,533	-	-	-	351,924	-
D Williamson[5]	**2020**	**392,946**	**150,000**	**-**	**25,000**	**-**	**-**	**5,165**	**573,111**	**27**
	2019	109,975	-	-	9,943	-	-	-	119,918	-
P Dawson[6]	**2020**	**379,851**	**-**	**-**	**17,708**	**-**	**-**	**38,496**	**436,055**	**9**
	2019	-	-	-	-	-	-	-	-	-
G Edmonds[7]	**2020**	**341,382**	**-**	**-**	**12,917**	**-**	**-**	**-**	**354,299**	**-**
	2019	118,086	-	-	4,435	-	-	-	122,521	-
Total	**2020**	**4,043,253**	**150,000**	**-**	**168,598**	**-**	**6,768**	**64,322**	**4,432,941**	**5**
Executive KMP	2019	2,662,695	-	129,518	190,750	1,060,000	(43,763)	721,727	4,720,927	15

[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] Appointed on 11 September 2018.
[4] Resigned on 2 October 2019. Cash salary and fees includes annual leave cashed out during the year of $49,529 (2019: $55,657)
[5] Appointed on 20 March 2019.
[6] Appointed on 11 October 2019.
[7] Appointed on 20 March 2019 and ceased on 15 April 2020.

7.1.1. Executive KMP that resigned in the 2019 financial year

G Chiari was an executive director for the period 1 July 2018 to 11 September 2018. During this period, he was paid a cash salary of $80,662, a discretionary cash bonus in relation to performance for FY18 of $125,000 and superannuation of $6,250. 59% of his total remuneration of $211,912 was performance related.

N Land was appointed as the Chief Financial Officer on 2 March 2018 and resigned from his position on 11 September 2018. During the period 1 July 2018 to 11 September 2018, he was paid a cash salary of $64,167, superannuation of $4,167 and scheme benefits of $72,000. No part of his total remuneration of $140,333 was performance related.

M Clarke was a senior executive of the Group for the period 11 September 2018 to 20 March 2019. During this period, he was paid a cash salary of $286,147 and superannuation of $3,743. No part of his total remuneration of $289,890 was performance related.

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7.2 Non-executive remuneration for the years ended 30 June 2020 and 30 June 2019

	Financial Year	Short-term benefits Cash salary and fees	Post-employment Superannuation	Total Remuneration
		$	$	$
P McMorrow[(1)]	**2020**	**157,458**	**-**	**157,458**
	2019	121,421	-	121,421
P Brecht[(1)]	**2020**	**110,089**	**10,335**	**120,424**
	2019	86,509	8,218	94,727
M Atkins[(1)]	**2020**	**113,630**	**10,795**	**124,425**
	2019	92,500	8,788	101,288
P Wade[(2)]	**2020**	**68,218**	**-**	**68,218**
	2019	158,133	-	158,133
J Derwin[(3)]	**2020**	**101,308**	**8,323**	**109,631**
	2019	104,269	9,906	114,715
Total Non-Executive KMP	**2020**	**550,703**	**29,453**	**580,156**
	2019	562,832	26,912	589,744

(1) Appointed on 11 September 2018
(2) Resigned 26 November 2019
(3) Resigned 3 April 2020

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 2019	Received on exercise of rights	Purchased	Net change other	Balance as at 30 June 2020
Non-Executive Directors					
P Wade (1)	221,361	-	-	(221,361)	**-**
P McMorrow	11,765,727	-	70,000	-	**11,835,727**
P Brecht	1,900,541	-	-	-	**1,900,541**
M Atkins	800,000	-	200,000	-	**1,000,000**
J Derwin (2)	100,000	-	-	(100,000)	**-**
Executive Directors					
D Macgeorge	9,171,389	-	-	(3,100,000)	**6,071,389**
E Gullotti (3)	5,976,349	-	-	(5,976,349)	**-**
Senior Executives					
R Lee	4,703,451	-	-	(1,200,000)	**3,503,451**
N Combe	1,735,300	-	-	(635,367)	**1,099,933**
J Thomas	1,316,851	-	-	(577,728)	**739,123**
D Williamson	10,000	-	-	-	**10,000**
P Dawson (4)	-	-	-	5,691,945	**5,691,945**
G Edmonds (5)	-	-	-	-	**-**

(1) Resigned on 26 November 2019
(2) Resigned on 3 April 2020
(3) Resigned on 2 October 2019
(4) Commenced on 11 October 2019
(5) Ceased on 15 April 2020

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

7.3 Shareholdings of KMP (CONTINUED)

The number of performance rights held directly or indirectly during the financial year by each director and KMP of the Group are set out below.

	Balance as at 30 June 2019	Granted in the year	Lapsed in the year	Net change other	Balance as at 30 June 2020
Executive Directors					
D Macgeorge	-	1,400,000	-	-	**1,400,000**
Senior Executives					
R Lee	-	600,000	-	-	**600,000**
D Williamson	-	500,000	-	-	**500,000**
P Dawson [(1)]	-	1,400,000	-	-	**1,400,000**

[(1)] Commenced on 11 October 2019

No other KMP's have been granted performance rights in the current financial year except as disclosed above.

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	
	2020 $	2019 $	2020 $	2019 $	2020 $	2019 $
• 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 Rangitoto Trust, a trust related to G Edmonds	-	3,269	-	-	-	-
• Services provided to Fulton Hogan Limited, a company related to P Brecht[(1)]	19,533	746,491	-	32,895	-	-
• Services provided to Mineral Resources Limited, a company related to P Wade	267,587	4,463,358	6,180	519,643	-	-
• Properties from which the Group's operations are performed are rented from Portovenere Investments Pty Ltd, a company related to Paul Dawson	(28,682)	-	-	-	-	-

[(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 25(b).

End of Audited Remuneration Report

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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.

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 28.

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

Peter McMorrow
Non-Executive Chairman
25 August 2020

Auditor’s Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2020

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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 2020, 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, 25 August 2020

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 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 25 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 25.

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 McMorrow
Non-Executive Chairman
25 August 2020

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2020

BDO

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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 2020, 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 2020 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 (including Independence Standards)* (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 period. 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 2020

Impairment of intangible assets and property, plant and equipment

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

At 30 June 2020, the Group has recognised intangible assets and property, plant and equipment as disclosed in Notes 12 and 13 of the financial report. Note 1(k) and 1(l) 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.

Revenue Recognition

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.	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;

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

Key audit matter	*How the matter was addressed in our audit*
The core principle of AASB 15: *Revenue from contracts with customers*, 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(b), 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.	• 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; • Testing the operating effectiveness of internal controls designed by the Group in recognising revenue over time; • 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 Notes 3 and 28.

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 2020, 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.

Independent Auditor's Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2020

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:

https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 21 to 26 of the directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of SRG Global Limited, for the year ended 30 June 2020, 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, 25 August 2020

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 $'000	2019 $'000
Revenue	2	519,957	486,391
Other income	3	2,414	6,720
Construction, servicing and contract costs		(265,297)	(245,578)
Employee benefits expense		(207,463)	(191,388)
Other expenses		(35,347)	(32,459)
Equity accounted investment results		2,779	522
Depreciation expense	4	(19,119)	(9,498)
Amortisation expense	4	(5,082)	(6,621)
Impairment expense	13	(24,761)	-
Finance expenses	3	(2,962)	(1,345)
(Loss) / Profit before income tax		**(34,881)**	**6,744**
Income tax benefit	5	5,194	2,675
Net (loss) / profit for the period		**(29,687)**	**9,419**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		284	420
Total comprehensive income for the year, net of tax		**(29,403)**	**9,839**

		2020	2019
Earnings per share attributable to members of the parent entity			
Basic (loss) / earnings per share (cents per share)	9	(6.7)	2.3
Diluted (loss) / earnings per share (cents per share)	9	(6.7)	2.3

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 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and cash equivalents	23	28,106	58,280
Trade and other receivables	10	82,972	70,583
Contract assets	10	41,275	47,462
Inventories	11	15,568	13,041
Other current assets		4,092	3,987
Derivative financial instrument asset		86	-
Equity accounted investments	25(c)	4,617	1,099
Total current assets		**176,716**	**194,452**
Non-current assets			
Property, plant and equipment	12	79,255	71,453
Right of use assets	15	25,972	-
Intangible assets	13	107,250	137,556
Deferred tax assets	17	33,668	27,177
Total non-current assets		**246,145**	**236,186**
Total assets		**422,861**	**430,638**
Current liabilities			
Trade and other payables	14	88,609	84,113
Contract liabilities	10	15,886	15,592
Borrowings	16	12,714	21,222
Right of use liabilities	15	8,412	-
Current tax liabilities		2,477	1,746
Provisions	18	24,516	20,828
Derivative financial instrument liability		-	54
Total current liabilities		**152,614**	**143,555**
Non-current liabilities			
Borrowings	16	23,857	24,880
Right of use liabilities	15	18,324	-
Provisions	18	6,638	9,475
Total non-current liabilities		**48,819**	**34,355**
Total liabilities		**201,433**	**177,910**
Net assets		**221,428**	**252,728**
Equity			
Issued capital	19	218,096	215,896
Reserves	20	8,141	8,204
(Accumulated losses) / retained earnings		(4,809)	28,628
Total Equity		**221,428**	**252,728**

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 2020

	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 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**
Balance at 1 July 2019	**304,376**	**(88,480)**	**215,896**	**28,628**	**8,235**	**682**	**(713)**	**252,728**
Loss for the year	-	-	-	(29,687)	-	-	-	(29,687)
Other comprehensive income	-	-	-	-	-	-	284	284
Total comprehensive income	**-**	**-**	**-**	**(29,687)**	**-**	**-**	**284**	**(29,403)**
Transactions with owners in their capacities as owners								
Issue of ordinary shares, net of transaction costs	2,200	-	2,200	-	-	-	-	2,200
Share based payments	-	-	-	-	335	-	-	335
Dividends paid	-	-	-	(4,432)	-	-	-	(4,432)
Transfer to retained earnings	-	-	-	682	-	(682)	-	-
Balance at 30 June 2020	**306,576**	**(88,480)**	**218,096**	**(4,809)**	**8,570**	**-**	**(429)**	**221,428**

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 2020

	Note	2020 $'000	2019 $'000
Receipts from customers		557,473	522,558
Interest received		92	450
Payments to suppliers and employees		(546,485)	(516,511)
Interest paid		(3,055)	(1,795)
Income tax paid		(566)	(1,042)
Cash inflow from operating activities	23(a)	**7,459**	**3,660**
Payments for business combinations		-	(1,975)
Proceeds from business combination		-	39,215
Payments for property, plant and equipment		(20,561)	(19,396)
Proceeds from sale of property, plant and equipment		4,029	3,744
Payments of contingent consideration		-	(2,530)
(Investments in) / dividends from joint ventures		(1,681)	235
Cash (outflow) / inflow from investing activities		**(18,213)**	**19,293**
Proceeds from issuance of shares		-	847
Proceeds from borrowings		28,028	21,591
Repayment of borrowings		(45,286)	(9,027)
Payment of dividends		(2,202)	(8,105)
Cash (outflow) / inflow from financing activities		**(19,460)**	**5,306**
Net cash (decrease) / increase in cash and cash equivalents held		**(30,214)**	**28,259**
Effect of exchange rates on cash and cash equivalent holdings		40	308
Cash and cash equivalents at beginning of financial year		58,280	29,713
Cash and cash equivalents at end of financial year	23	**28,106**	**58,280**

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 2020

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 Limited (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 Consolidated Entity'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 2001*. The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

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(u).

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 the 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 when 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:

- Estimation of allowance for expected credit losses on financial assets and liabilities (Note 31(e))
- Assessment and impairment of intangible assets (Note 13)
- Employee long-term entitlements (Note 18)
- Recovery of deferred tax asses and provision for income tax (Note 17)
- Determination of variable consideration on revenue (Note 1(b))
- Determination of lease term and incremental borrowing rate (Note 1(t))

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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.

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 25(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 25(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.

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 'Investments accounted for using the equity method' and 'Share of profit of equity accounted investees' 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(p).

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 two main revenue streams throughout various geographical locations – Construction and Services.

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.

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.

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 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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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.

(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 principal market or in the absence of a principal market, in the most advantageous market.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 are recognised. These losses are recognised in the income statement. The simplified approach is used.

(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.

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 and may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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) Intangibles

Goodwill

Goodwill and goodwill on consolidation are 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 the business combination. 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.

(m) 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.

(n) 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.

(o) 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 result and 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 18(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.

(p) 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 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.

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.

(q) 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.

(r) 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.

(s) Government grants

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(t) 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 16 '*Leases*'	1 January 2019	30 June 2020

Application of AASB 16 *Leases*

The Group has adopted AASB 16 from 1 July 2019 and has not restated comparatives for the 2019 reporting period as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening statement of financial position sheet on 1 July 2019.

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of AASB 117 *Leases*.

These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 July 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 July 2019 was between 3.13% and 3.51%. To calculate the rate, a base reference rate and the associated credit margin was taken from the debt facilities that the Group are currently a party to as it was determined that this approach was the best match to satisfy the prescription within the standard.

For leases previously classified as finance leases the entity recognised the carrying amount of the lease asset and lease liability immediately before transition as the carrying amount of the right of use asset and the lease liability at the date of initial application. The measurement principles of AASB 16 are only applied after that date.

The Group's leasing activities and how these are accounted for:

The Group leases various offices, warehouses, equipment and cars. Lease contracts are typically made for fixed periods of 3 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2019 financial year, leases of property, plant and equipment were classified as either finance or operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right of use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs
- restoration costs
- less any incentives received

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

Impact on application of AASB 16

	Opening Balance 1 July 2019 $'000
Operating lease commitments disclosed as at 30 June 2019	33,807
Discounted using the lessee's incremental borrowing rate of at the date of initial application	32,523
(Less): Exempt leases recognised on a straight-line basis as expense	(731)
Right of use liability recognised as at 1 July 2019	**31,792**

The impact on the Group consolidated income is:

	30 June 2020 $'000
Decrease in operating lease expense	8,713
Less:	
Increase in borrowing cost	(987)
Increase in right of use asset depreciation	(8,490)
(Decrease) in profit	**(764)**

Earnings per share decreased by 0.17c per share for the year ending 30 June 2020 as a result of the adoption of AASB 16.

EBITDA, segment assets and segment liabilities for June 2020 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities, whereas finance lease liabilities were previously excluded from segment liabilities.

The following segments were affected by the change in policy:

	Asset Services $'000	Mining Services $'000	Construction $'000	Corporate $'000	Total $'000
EBITDA	3,125	452	4,161	975	**8,713**
Segment Assets	8,962	1,082	8,274	7,654	**25,972**
Segment Liabilities	(9,255)	(1,115)	(8,426)	(7,940)	**(26,736)**

Practical expedients applied:

In applying AASB 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate on each portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 July 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease
- the accounting for lease and non-lease components as a single lease component

The group has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the group relied on its assessment made applying AASB 117 and Interpretation 4 Determining Whether an Arrangement Contains a Lease.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(u) 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 2020.

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 2019-1 Amendments to Australian Accounting Standards – References to the Conceptual Framework
- AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business
- AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material
- AASB 2019-3 Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform AASB 2019-5 Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia
- AASB 2014-10 Amendments to Australian Accounting Standards –Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.

NOTE 2. REVENUE

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

	2020 $'000	2019 $'000
Construction revenue	296,374	268,003
Services revenue	223,583	218,388
	519,957	**486,391**

NOTE 3. PROFIT / (LOSS) FROM CONTINUING OPERATIONS

	2020 $'000	2019 $'000
Other income		
Property rental income	68	180
Research and development income	-	300
Freight and other income	2,346	6,239
	2,414	**6,720**
Finance Expenses		
Interest on right of use liabilities	986	-
Other finance expenses	1,976	1,345
	2,962	**1,345**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 4. DEPRECIATION AND AMORTISATION

	2020 $'000	2019 $'000
Depreciation		
Buildings and leasehold improvements	280	215
Office and computer equipment	629	659
Motor vehicles	2,045	1,388
Plant and rental equipment	7,675	7,236
	10,629	**9,498**
Right of use assets	8,490	-
Total depreciation expense	**19,119**	**9,498**
Amortisation		
Customer relationships	5,082	6,621

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

NOTE 5. INCOME TAX EXPENSE

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

		2020 $'000	2019 $'000
(a)	**Income tax expense**		
	Current tax expense	2,182	2,140
	Deferred tax benefit (see Note 17)	(5,509)	(4,710)
	(Over) / under provision in respect to prior year	(1,867)	(105)
	Income tax benefit	**(5,194)**	**(2,675)**
(b)	**Numerical reconciliation of income tax benefit to prima facie tax payable**		
	(Loss) / profit for the year	(34,881)	6,744
	Tax at the Australian rate of 30% (2019 - 30%)	(10,464)	2,023
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	- Increase in income tax expense due to non-tax deductible items	6,526	(48)
	- Non-deductible losses on overseas entities	241	976
	- Derecognition of capital tax losses	366	-
	- Difference in overseas tax rate	12	(50)
	- Tax effect of amounts arising from business combination	-	(5,471)
	- Sundry items	(8)	-
	Amount (over) / under provided in prior year	(1,867)	(105)
	Income tax benefit attributable to entity	**(5,194)**	**(2,675)**

(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:

	2020 $'000	2019 $'000
Share based payments	**-**	**-**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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.

	2020 $	2019 $
Short-term employee benefits	4,743,957	3,911,019
Long service leave	6,768	(43,763)
Post-employment benefits	198,051	1,363,821
Share-based payments	64,322	721,727
	5,013,098	**5,952,803**

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:

	2020 $	2019 $
Remuneration of the auditor of the parent entity[1]		
Audit or review of the financial statements	290,000	329,204
Non-assurance related services		
- tax compliance	10,270	3,341
- services in connection with reverse acquisition	-	43,344
	300,270	**375,889**
Remuneration of parent entity auditor's network firms[1]		
Audit or review of the financial statements	76,522	80,446
	76,522	**80,446**
Remuneration of other auditors of subsidiaries		
Audit or review of the financial statements	28,017	36,881
Non-assurance related services		
- tax compliance	4,759	3,883
- services in connection with reverse acquisition	-	1,663
- other advisory services	2,350	6,084
	35,126	**48,511**

[1] The auditor of the parent entity is BDO Audit (WA) Pty Ltd (2019: BDO Audit (WA) Pty Ltd).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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.

	2020 $'000	2019 $'000
Net debt	(8,465)	(12,178)

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

(b) Dividends

	2020 $'000	2019 $'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 per share paid on 27/08/2018 franked at the tax rate of 30%	-	3,698
- Interim fully franked ordinary dividend for the year ended 30/06/2019 of 1.0 cent per share paid on 23/04/2019 franked at the tax rate of 30%	-	4,407
- Final fully franked ordinary dividend for the year ended 30/06/2019 of 0.5 cents per share paid on 21/10/2019 franked at the tax rate of 30%	2,202	-
- Interim fully franked ordinary dividend for the year ended 30/06/2020 of 0.5 cents per share paid on 30/07/2020 franked at the tax rate of 30%	2,230	-
	4,432	**8,105**
Dividends declared after 30 June 2020		
(i) The Company has resolved to declare a final fully franked ordinary dividend of 0.5 cents per share payable on 21/10/2020, franked at the tax rate of 30%	2,230	-
	2,230	**-**
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.	18,456	19,787
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:		
- Dividend declared post year end	(955)	(944)
- Dividend paid post year end	(955)	-
	16,546	**18,843**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 9. EARNINGS PER SHARE

	2020	2019
(Loss) / profit attributable to members of the parent entity ($'000)	(29,687)	9,419
Weighted average number of shares used in the calculation of basic EPS (shares)	444,399,625	402,445,380
Weighted average number of shares used in the calculation of diluted EPS (shares)	450,099,625	402,445,380
Earnings per share		
Basic (cents per share)	(6.7)	2.3
Diluted (cents per share)	(6.7)	2.3

AASB 3 *Business Combinations* provides specific guidance on the calculation of the weighted number of shares for the 2019 financial year as follows:

The number of ordinary shares issues by:

- **SRG Limited 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

	2020 $'000	2019 $'000
Trade receivables[(a)]	90,375	73,196
Other receivables[(b)]	1,792	911
Provision for doubtful debts	(9,195)	(3,524)
	82,972	**70,583**
Net balance sheet position for ongoing construction contracts:		
Contract assets[(c)]	41,275	47,462
Contract liabilities[(c)]	(15,886)	(15,592)
	25,389	**31,870**
	108,361	**102,452**

(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 entity'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 31.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 11. INVENTORIES

	2020 $'000	2019 $'000
Raw materials and stores at cost	5,250	5,963
Finished goods	5,915	3,378
Work in progress and materials on site	4,403	3,700
	15,568	**13,041**

Provision for obsolete stock was included in this amount of $53,202 (2019: $209,265).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Building & Leasehold Improvements	Office & Computer Equipment	Motor Vehicles	Plant & Rental Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Year Ended 30 June 2020							
Opening net book amount	2,788	1,865	1,129	7,639	55,593	2,439	71,453
Additions	-	1,185	1,882	4,941	14,892	(295)	22,605
Disposals	(903)	(197)	(42)	51	(1,923)	(972)	(3,986)
Depreciation charge	-	(280)	(630)	(2,045)	(7,674)	-	(10,629)
Foreign exchange differences	-	3	8	(27)	(172)	-	(188)
Closing net book amount	**1,885**	**2,576**	**2,347**	**10,559**	**60,716**	**1,172**	**79,255**
As at 30 June 2020							
Cost	1,885	4,415	6,918	21,447	127,975	1,172	163,812
Accumulated depreciation	-	(1,839)	(4,570)	(10,888)	(67,260)	-	(84,557)
Accumulated impairment	-	-	-	-	-	-	-
Net book amount	**1,885**	**2,576**	**2,348**	**10,559**	**60,715**	**1,172**	**79,255**

	Land	Building & Leasehold Improvements	Office & Computer Equipment	Motor Vehicles	Plant & Rental Equipment	Capital Work in Progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'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	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**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 13. INTANGIBLES

	Goodwill $'000	Customer Relationships $'000	Total $'000
As at 1 July 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	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**
Year ended 30 June 2020			
Opening net book amount	114,990	22,566	137,556
Impairment charge	(24,761)	-	(24,761)
Amortisation charge	-	(5,082)	(5,082)
Foreign exchange differences	(343)	(120)	(463)
Closing net book amount	**89,886**	**17,364**	**107,250**
As at 30 June 2020			
Cost	114,655	29,160	143,815
Accumulated amortisation and impairment	(24,769)	(11,796)	(36,565)
Net book amount	**89,886**	**17,364**	**107,250**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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

	Asset Services $'000	Mining Services $'000	Construction $'000	Total $'000
30 June 2020	47,195	1,178	58,877	107,250
30 June 2019	49,941	1,178	86,437	137,556

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	
	2020 %	2019 %	2020 %	2019 %
Asset Services	2.00%	2.50%	13.89%	12.00%
Mining Services	2.00%	2.50%	13.89%	12.00%
Construction	2.00%	2.50%	13.89%	12.00%

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 remaining 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, impairment in the Construction Segment of $24,761,000 has been brought to account for the year ended 30 June 2020 (2019: Nil).

NOTE 14. TRADE AND OTHER PAYABLES

	2020 $'000	2019 $'000
Current		
Trade payables	54,558	45,334
Other payables and accrued expenses	34,051	38,779
	88,609	**84,113**

Information about the Group's exposure to currency and liquidity risks is included in Note 31.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 15. LEASES

The recognised right of use liabilities is as follows:

	30 Jun 2020 $'000	1 Jul 2019 $'000
Current right of use liability	8,412	7,776
Non-current right of use liability	18,324	24,016
Total right of use liabilities	**26,736**	**31,792**
The recognised right of use assets relates to the following types of assets:		
Properties	24,955	30,456
Equipment and vehicles	1,017	1,336
Total right of use assets	**25,972**	**31,792**

The associated right of use assets for property leases were measured on a retrospective basis with the cumulative effect of initially applying the standard recognised at the date of initial application. The right of use assets were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position as at 30 June 2020.

Extension Options

Certain leases contain extension options exercisable by the Group. These extension options are exercisable only by the Group and not by the lessors. The Group assesses, at lease commencement, whether it is reasonably certain to exercise the extension options, and where it is reasonably certain, the extension period has been included in the lease liability. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

NOTE 16. BORROWINGS

	2020 $'000	2019 $'000
Current		
Secured borrowings - Term facility	500	13,489
Secured borrowings - Asset financing	10,461	7,733
Other borrowings - Insurance premium funding	1,753	-
	12,714	**21,222**
Non-current		
Secured borrowings - Term facility	8,250	11,250
Secured borrowings - Asset Financing	15,607	13,630
	23,857	**24,880**
The carrying amount of non-current assets pledged as first security are:		
Plant, motor vehicles and equipment over which hire purchase contracts apply	31,134	22,730
	31,134	**22,730**

(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 2020

NOTE 17. DEFERRED TAX BALANCES

		2020 $'000	2019 $'000
(a)	**Deferred tax assets**		
	The balance comprises temporary differences attributed to:		
	Property, plant and equipment	3,798	8,006
	Provisions	8,915	5,796
	Payables	1,414	804
	Tax losses	24,380	19,461
	Other	1,598	1,842
	Total deferred tax assets	**40,105**	**35,909**
(b)	**Deferred tax liabilities**		
	The balance comprises temporary differences attributed to:		
	Debtors retention	1,179	1,108
	Intangible assets	4,387	6,786
	Accrued revenue	799	799
	Prepayments	37	39
	Other	35	-
	Total deferred tax liabilities	**6,437**	**8,732**
	Net deferred tax assets	**33,668**	**27,177**

(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
2020						
Deferred tax assets / (liabilities) in relation to:						
Property, plant and equipment	**8,006**	(4,735)	-	-	527	**3,798**
Provisions	**5,796**	1,891	-	-	1,228	**8,915**
Share based payments	**-**	-	-	-	-	**-**
Intangibles	**(6,786)**	2,018	-	-	381	**(4,387)**
Debt retention	**(1,108)**	(71)	-	-	-	**(1,179)**
Prepayments	**(39)**	2	-	-	-	**(37)**
Payables	**804**	610	-	-	-	**1,414**
Tax losses	**19,461**	5,866	-	-	(947)	**24,380**
Accrued Revenue	**(799)**	-	-	-	-	**(799)**
Other	**1,842**	(72)	-	-	(207)	**1,563**
	27,177	**5,509**	**-**	**-**	**982**	**33,668**
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**	**-**	**17,646**	**-**	**27,177**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 18. PROVISIONS

	2020 $'000	2019 $'000
Current		
Employee benefit provisions[a]	17,388	13,599
Lease provisions[c]	1,982	2,074
Other	5,146	5,155
	24,516	**20,828**
Non-current		
Employee benefit provisions[b]	1,769	2,371
Lease provisions[c]	3,519	5,191
Other	1,350	1,913
	6,638	**9,475**

(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 $17,388,000 (2019: $13,599,000) 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 long-term 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 Government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

(c) Lease provisions

$5,113,000 of the liability is assumed as part of the business combination in the prior period for the fair valuation of SRG Global's 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 SRG Global to lease the properties and therefore a liability is recognised.

$388,000 of onerous lease provisions assumed as part of the business combination in the prior period 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 19. ISSUED CAPITAL

Share capital	2020		2019	
	Shares	$'000	Shares	$'000
Ordinary shares fully paid	445,796,415	218,096	440,415,099	215,896

	Number of shares	Total $'000
Balance as at 1 July 2019	**222,181,412**	**66,269**
Share based payments	1,350,000	-
Shares issued in accordance with Scheme of Arrangement on acquisition on SRG Global Limited	216,883,687	148,565
Reverse acquisition reserve (see Note 20(d))	-	1,062
Balance as at 30 June 2019	**440,415,099**	**215,896**
Shares issued in relation to payments of contingent consideration	5,381,316	2,200
Balance as at 30 June 2020	**445,796,415**	**218,096**

(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.

(c) Performance rights

1,350,000 performance rights were converted into SRG Global shares as part of the Scheme Benefits paid to KMP during the non-reporting period of 1 July 2018 to 31 August 2018. In the current year, 5,700,000 performance rights were issued. See Note 29 for further details on share based payments.

NOTE 20. 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.

(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 (SRG Global) equity with that of the deemed acquirer (SRG Limited).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 21. COMMITMENTS

	2020 $'000	2019 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
- Plant and equipment	**755**	**801**

NOTE 22. 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 30.

NOTE 23. CASH AND CASH EQUIVALENTS

	2020 $'000	2019 $'000
Cash at bank and in hand	28,106	58,280
	28,106	**58,280**

	2020 $'000	2019 $'000
(a) Reconciliation of (loss) / profit for the year to net cash from operating activities		
(Loss) / profit for the year	(29,687)	9,419
Depreciation and amortisation	24,201	16,119
Share based payments	335	780
Earnings from equity accounted investment	(2,779)	(522)
Gain on disposal of property, plant and equipment	(1,700)	(444)
Unrealised foreign exchange	566	308
Impairment expense	24,761	-
Changes in assets		
- (Increase) / decrease in trade and other receivables	(12,389)	(25,086)
- (Increase) / decrease in contract assets	6,187	(33,044)
- (Increase) / decrease in inventories	(2,727)	(1,287)
- (Increase) / decrease in other assets	(103)	(3,150)
- (Increase) / decrease in current tax assets	731	1,968
- (Increase) / decrease in deferred tax assets	(6,491)	(29,685)
Changes in liabilities		
- (Decrease) / increase in trade and other payables	3,210	42,028
- (Decrease) / increase in contract liabilities	294	11,157
- (Decrease) / increase in provisions	3,050	15,099
Cash inflow from operating activities	**7,459**	**3,660**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

CASH AND CASH EQUIVALENTS (CONTINUED)

		2020 $'000	2019 $'000
(b)	**Non-cash financing and investing activities**		
	Property, plant and equipment acquired under asset financing arrangements	**17,105**	**6,204**
	Right of use assets recognised under AASB 16	**31,792**	**-**
	Dividends converted to share capital	**2,200**	**-**

(c) Reconciliation of liabilities arising from financing activities

	Opening Balance $'000	Financing Cash Flows $'000	Non-Cash Charges: Business Combinations $'000	Non-Cash Charges: Foreign Exchange $'000	Non-Cash Charges: New / Extended Leases $'000	Closing Balance $'000
2020						
Borrowings	24,739	(14,241)	-	-	-	**10,498**
Asset financing liabilities	21,363	4,710	-	-	-	**26,073**
Lease liabilities (brought in at 1 July)	31,792	(7,727)	-	-	2,671	**26,736**
	77,894	**(17,258)**	**-**	**-**	**2,671**	**63,307**
2019						
Borrowings	15,000	7,008	2,646	84	-	**24,738**
Asset financing Liabilities	14,651	5,556	1,156	-	-	**21,363**
	29,651	**12,564**	**3,802**	**84**	**-**	**46,101**

NOTE 24. PARENT ENTITY FINANCIAL INFORMATION

The table represents the legal parent entity, which is SRG Global Limited.

	2020 $'000	2019 $'000
Financial Position		
Assets		
Current assets	6,600	15,208
Non-current assets	125,857	117,821
Total assets	**132,457**	**133,029**
Liabilities		
Current liabilities	30,903	17,820
Non-current liabilities	11,692	17,204
Total liabilities	**42,595**	**35,024**
Net assets	**89,862**	**98,005**
Equity		
Issued capital	158,010	155,811
Reserves	17,162	17,293
Profit reserve	46,794	-
Accumulated losses	(132,104)	(75,099)
Total equity	**89,862**	**98,005**
Financial Performance		
Profit / (loss) for the year	46,794	(13,566)
Other comprehensive income	-	-
Total comprehensive loss for the year	**46,794**	**(13,566)**

With the exception of matters noted in Notes 21 and 22, 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 2020

NOTE 25. 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 2020	2019
SRG Global Limited[1]	Australia	Corporate Services	100%	100%
Controlled companies				
Burgarrba PJV Pty Ltd	Australia	Asset Services	49%	-
CASC Contracting Pty Ltd	Australia	Dormant	100%	100%
Crow Refractory Limited	New Zealand	Asset Services	100%	100%
Red Ore Drill and Blast Pty Ltd	Australia	Dormant	50%	50%
SRG Contractors Abu Dhabi LLC[2]	United Arab Emirates	Construction	49%	49%
SRG Contractors DB LLC[2]	United Arab Emirates	Construction	49%	49%
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 Assets Pty Ltd[1]	Australia	Construction	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 CASC 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 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 International Holdings Pty Ltd[1]	Australia	Dormant	100%	100%
SRG Global Investments Pty Ltd[1]	Australia	Construction	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 Global Structures (VIC) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Global Structures (WA) Pty Ltd[1]	Australia	Construction	100%	100%
SRG Hong Kong Limited	Hong Kong	Construction	100%	100%
SRG International Holdings Pte. Ltd.	Singapore	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%
The following entities are in the process of deregistration				
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%
Meridian Concrete Australia	Australia	Dormant	100%	100%
Paragon Glass (VIC) Pty Ltd	Australia	Dormant	100%	100%
Paragon Glass Pty Ltd	Australia	Dormant	100%	100%
Rock Engineering (Aust) Pty Ltd	Australia	Dormant	100%	100%
Rock International Mining & Civil Pty Ltd	Australia	Dormant	100%	100%
SRG Contractors Doha LLC[2]	Qatar	Dormant	49%	49%
SRG Global Contracting Pty Ltd[1]	Australia	Dormant	100%	100%
SRG South Africa (Pty) Ltd	South Africa	Dormant	100%	100%
Structural Rock Group Canada Limited	Canada	Construction	100%	100%
Structural Systems (Bridge Maintenance) Pty Ltd	Australia	Dormant	100%	100%
Structural Systems (Construction) Pty Ltd	Australia	Dormant	100%	100%
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 2020

NOTE 25. 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:

	2020 $'000	2019 $'000
Financial information in relation to:		
Statement of profit or loss and other comprehensive income:		
Loss before income tax	28,425	4,228
Income tax expense	(5,948)	(2,020)
Profit for the year	**22,477**	**2,208**
Other comprehensive income	-	-
Total comprehensive income for the year	**22,477**	**2,208**
Statement of financial position:		
Current assets		
Cash and cash equivalents	20,210	50,532
Trade and other receivables	68,109	55,941
Contract assets	36,411	36,801
Inventories	14,583	11,942
Other current assets	3,432	3,023
Derivative financial instrument asset	86	-
Equity accounted investments	4,478	957
Total current assets	**147,309**	**159,196**
Non-current assets		
Property, plant and equipment	70,605	62,414
Right of use assets	23,891	-
Intangible assets	99,047	20,072
Deferred tax assets	33,475	27,572
Related party loan receivables	19,938	92,453
Investments	36,657	26,912
Total non-current assets	**283,613**	**319,617**
Total assets	**430,922**	**478,813**
Current liabilities		
Trade and other payables	80,694	74,778
Contract liabilities	14,702	12,534
Borrowings	12,563	21,222
Right of use liabilities	7,448	-
Current tax liabilities	1,265	598
Provisions	22,308	18,274
Derivative financial instrument liability	-	54
Total current liabilities	**138,980**	**127,460**
Non-current liabilities		
Borrowings	23,405	24,880
Right of use liabilities	17,153	-
Provisions	6,638	9,475
Related party loan payables	-	25,692
Total non-current liabilities	**47,196**	**60,047**
Total liabilities	**186,176**	**187,507**
Net assets	**244,746**	**291,306**
Equity		
Issued capital	218,096	209,395
Reserves	8,581	8,914
Retained earnings	18,069	72,997
Total equity	**244,746**	**291,306**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 25. 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 WSP New Zealand Limited 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 2020 which, in the opinion of the Directors, are material to the Group.

	Place of business	% of ownership interest	Measurement method	Carrying amount 2020 $'000	Carrying amount 2019 $'000
Wanneroo Road Ocean Reef Road Project [a]	Australia	50%	Equity Method	1,912	416
Bolivia Hill Project [a]	Australia	50%	Equity Method	2,796	957
Traylor SRG, LLC [b]	United States	50%	Equity Method	139	142

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

NOTE 26. RELATED PARTY INFORMATION

(a) Subsidiaries

Interest in subsidiaries are set out in Note 25.

(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

	2020 $	2019 $
Sales of goods and services to entities controlled by key management personnel	287,120	5,213,118
Purchase of goods and services from entities controlled by key management personnel	28,682	523,546

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

	2020 $	2019 $
Current receivables (sales of goods and services)	6,180	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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 27. EVENTS SUBSEQUENT TO REPORTING DATE

On 7 July 2020 the Company secured a NZ$25m Transport Infrastructure Contract with the New Zealand Transport Authority. The contract is for an eight-year period and will conclude in 2028.

On 15 July 2020 the Company secured a $25m contract with John Holland at the new Government backed Victorian Heart Hospital. SRG Global will design, supply and install specialist engineered curtain wall facade for the $564m development. SRG Global's scope of works are expected to commence in January 2021 with a duration of nine months.

On 21 July 2020 SRG Global secured a long-term five-year $25m contract with Yara. SRG Global will provide access and maintenance services with additional scope opportunities for various fixed plant maintenance solutions. Works under the contract have commenced and will continue until mid-2025.

On 23 July 2020 SRG Global secured two contracts totalling $40m. Both contracts are for the design, supply and installation of specialist engineered curtain wall facade. The first contract is for works at 6 Hassall St in Sydney with Richard Crookes on behalf of Charter Hall and will commence in September 2020 with a project duration of approximately nine months. The second contract is with Lendlease, also on behalf of Charter Hall, at 140 Lonsdale St and will commence in early 2021 and run for approximately 12 months.

On 28 July 2020 the Company secured two contracts valued at $30m with Water Corporation. SRG Global will design and construct two water tanks in Western Australia - a 42ML tank at Merredin in the Central Wheatbelt and a 32ML tank at Dedari in the Goldfields. Contract works are expected to commence in July 2020 with a duration of approximately 18 months.

On 5 August 2020 SRG Global announced a number of new contracts valued at NZ$50m had been secured in New Zealand, including:

- A five-year term contract for the provision of access and industrial coating services for Methanex, the world's largest producer and supplier of methanol
- A two-year contract for the maintenance of wind turbines for Meridian, a significant renewable energy generator in NZ
- Additional contract works for building remediation services for Metlifecare, one of NZ's largest aged care facility operators
- Specialist refractory services for OI Glass at Auckland's largest glass manufacturing facility

An interim, fully franked $2.230m dividend (0.5 cents per share) was declared on 25 February 2020. This dividend was paid on 27 July 2020.

Finally, on 25 August 2020 the Company declared a final fully franked dividend of 0.5 cents per share. The record date of the dividend is 9 September 2020 and the payment is scheduled for 21 October 2020.

Other than the matters described above, no other matter or circumstance has arisen since 30 June 2020 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs 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 Asset Services, Mining Services and Construction. 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:

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 Services segment

The Mining Services 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.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

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 2020 is as follows:

Segment revenues and results

	Asset Services $'000	Mining Services $'000	Construction $'000	Corporate $'000	Total $'000
30 June 2020					
Construction revenue	-	-	296,374	-	296,374
Services revenue	151,870	71,713	-	-	223,583
Revenue from external customers	151,870	71,713	296,374	-	519,957
EBITDA	18,638	13,898	(29,902)	(13,131)	(10,497)
Depreciation	(5,623)	(5,420)	(6,533)	(1,543)	(19,119)
Amortisation	(3,593)	-	(1,489)	-	(5,082)
Finance costs	(482)	(591)	(578)	(1,311)	(2,962)
Equity accounted investment results	-	-	2,779	-	2,779
Profit before income tax	**8,940**	**7,887**	**(35,723)**	**(15,985)**	**(34,881)**
Income tax benefit					5,194
Profit after income tax					**(29,687)**
30 June 2019					
Construction revenue	-	-	268,003	-	268,003
Services revenue	135,820	82,568	-	-	218,388
Revenue from external customers	135,820	82,568	268,003	-	486,391
EBITDA	15,514	11,179	8,905	(11,912)	23,686
Depreciation	(2,208)	(4,341)	(1,846)	(1,103)	(9,498)
Amortisation	(3,048)	-	(3,573)	-	(6,621)
Finance costs	109	(554)	(51)	(849)	(1,345)
Equity accounted investment results	-	-	522	-	522
Profit before income tax	**10,367**	**6,284**	**3,957**	**(13,864)**	**6,744**
Income tax benefit					2,675
Profit after income tax					**9,419**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 28. SEGMENT RESULTS (CONTINUED)

Segment assets and liabilities

	Asset Services $'000	Mining Services $'000	Construction $'000	Corporate $'000	Total $'000
30 June 2020					
Segment assets	127,594	48,920	189,748	56,598	422,860
Segment liabilities	50,653	29,544	93,125	28,111	201,433
30 June 2019					
Segment assets	119,917	44,711	214,032	51,978	430,638
Segment liabilities	38,436	24,738	89,173	25,563	177,910

	Australia		International		Group	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Revenue from external customers	448,202	401,233	71,755	85,158	519,957	486,391

NOTE 29. SHARE BASED PAYMENTS

The SRG Global Performance Rights Plan (the "Plan)") was approved by shareholders at the AGM held on 27 November 2018 and provides for the issue of performance rights to assist in the recruitment, retention and motivation of eligible persons of the Company. Under the Plan, the Board may issue eligible persons with performance rights to acquire shares in the future. The vesting of all performance rights is subject to performance hurdles and service conditions being met. A 24-month escrow period restricting the conversion of the performance rights to fully paid ordinary shares has been imposed at the discretion of the board of directors. Vested performance rights expire on 30 June 2025.

On 26 November 2019, a total of 5,700,000 performance rights (convertible into one ordinary share per right) were approved to be issued subject to the terms of the Plan. Of the approved amount, only 4,250,000 were granted with the remainder 1,450,000 yet to be granted and 200,000 have lapsed. The performance rights are subject to the satisfaction of performance hurdles which are based on achieving agreed profit targets and an increase in the earnings per share and shareholder return targets. The performance rights are also subject to a continuous service requirement.

The following share-based payment arrangements were in existence during the current year:

Performance rights series	Number	Grant date	Expiry date	Method of valuation	Fair value at grant date (AUD)
Tranche 1a	725,000	26-Nov-19	30-Jun-25	Black-Scholes	0.325
Tranche 1b	725,000	26-Nov-19	30-Jun-25	Monte Carlo Simulation	0.041
Tranche 1c	725,000	26-Nov-19	30-Jun-25	N/A	N/A
Tranche 1d	725,000	26-Nov-19	30-Jun-25	N/A	N/A
Tranche 2a	700,000	26-Nov-19	30-Jun-25	Black-Scholes	0.359
Tranche 2b	700,000	26-Nov-19	30-Jun-25	Black-Scholes	0.342
Tranche 2c	700,000	26-Nov-19	30-Jun-25	Black-Scholes	0.325
Tranche 2d	700,000	26-Nov-19	30-Jun-25	Black-Scholes	0.309

The valuation was performed using the Black-Scholes model for Rights that are subject to non-market conditions and for Rights that are subject to an Absolute Shareholder Return (ASR), the Monte Carlo Simulation model was utilised. The following assumptions were utilised:

Input	Value
Dividend yield (%)	5%
Expected volatility (%)	45%
Risk free interest rate (%)	0.74% - 0.88%
Expected life of performance rights (years)	0.59 - 3.59 years
Rights exercise price (A$)	-
Discount for lack of marketability (%)	0% - 10%

No performance rights were exercised during the year.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 30. FINANCING ARRANGEMENTS

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

	2020 $'000	2019 $'000
Total facilities available		
Bank overdraft [(1)]	1,500	1,500
Hire purchase facility [(1)]	40,000	69,852
Other facilities [(1)]	53,003	29,900
Bank guarantee facility [(1)]	20,000	20,550
Surety bond facility[(2)]	178,402	176,415
	292,905	**298,217**
Facilities used at the end of the reporting period:		
Bank overdrafts [(1)]	-	-
Hire purchase facility [(1)]	26,067	22,226
Other facilities [(1)]	10,503	28,743
Bank guarantee facility [(1)]	14,550	16,630
Surety bond facility [(2)]	70,543	55,696
	121,663	**123,295**
Facilities not used at the end of the reporting period:		
Bank overdrafts [(1)]	1,500	1,500
Hire purchase facility [(1)]	13,933	47,626
Other facilities [(1)]	42,500	1,157
Bank guarantee facilities [(1)]	5,450	3,920
Surety bond facility[(2)]	107,859	120,719
	171,242	**174,922**

[(1)] **Multi-option facility**
As at reporting date, the Group has used $51,121,000 of its multi-option facility limit of $114,503,000. 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 a $178,402,000 insurance bond facility with various parties (30 June 2019: $176,415,000). This facility has been utilised to provide security in connection with certain projects. The amount of insurance bonds issued under this facility as at 30 June 2020 is $70,543,000 (30 June 2019: $55,696,000).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31. 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 30. 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
2020						
Borrowings	2,253	8,537	-	-	10,790	10,503
Hire purchase liabilities	10,461	7,738	8,412	-	26,611	26,068
Lease liabilities	8,412	7,046	11,864	-	27,322	26,736
Trade and other payables	88,609	-	-	-	88,609	88,609
	109,735	**23,321**	**20,276**	**-**	**153,332**	**151,915**
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**

(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 2020, the Group held no financial instruments that could vary according to changes in the price of steel (2019: Nil).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31. 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 projects abroad executed by local subsidiaries. In managing exposure to foreign exchange risk, the group has entered into a number of forward foreign exchange contracts. At 30 June 2020, the fair value of these contracts was $86,000 with $140,000 increase in profit. 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 30/06/2020	As at 30/06/2020	Average year ended 30/06/2019	As at 30/06/2019
AUD$ / USD$	0.67	0.69	0.72	0.70
AUD$ / ZAR$	10.48	11.91	10.14	9.85
AUD$ / AED$	2.46	2.53	2.63	2.58
AUD$ / HKD$	5.23	5.33	5.61	5.48
AUD$ / KWD$	0.20	0.21	-	-
AUD$ / OMR$	0.26	0.26	-	-
AUD$ / CNH$	4.72	4.86	-	-
AUD$ / NZD$	1.05	1.07	1.07	1.05

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

2020	AUD$ $'000	USD$ $'000	ZAR$ $'000	AED$ $'000	HKD$ $'000	KWD$ $'000	OMR$ $'000	CNH$ $'000	NZD$ $'000	Total $'000
Cash and cash equivalents	19,479	496	390	2,192	-	33	-	-	5,516	28,106
Trade and other receivables	68,108	1,800	-	5,299	-	-	21	-	7,743	82,971
Trade and other payables	(78,360)	(1,056)	-	(1,909)	-	-	(24)	(2,143)	(5,117)	(88,609)
	9,227	**1,240**	**390**	**5,582**	**-**	**33**	**(3)**	**(2,143)**	**8,142**	**22,468**

2019	AUD$ $'000	USD$ $'000	ZAR$ $'000	AED$ $'000	HKD$ $'000	KWD$ $'000	OMR$ $'000	CNH$ $'000	NZD$ $'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**

Based on the carrying amounts exposed to foreign currencies, had the Australian dollar 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 $630,489 lower/$696,856 higher (2019: $759,350 lower/$687,031 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 2020

NOTE 31. 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			Non-interest bearing	Total
			1 year or less	Over 1 year to 5 years	More than 5 years		
	%	$'000	$'000	$'000	$'000	$'000	$'000
2020							
Financial assets							
Cash and cash equivalents	0.25%	28,106	-	-	-	-	28,106
Trade and other receivables	-	-	-	-	-	82,971	82,971
Derivative	-	-	-	-	-	86	86
		28,106	**-**	**-**	**-**	**83,057**	**111,163**
Financial liabilities							
Trade and other payables	-	-		-	-	(88,609)	(88,609)
Borrowings	3.47%	(8,750)	(12,214)	(15,606)	-	-	(36,570)
Lease liabilities	3.20%	-	(8,412)	(18,324)	-	-	(26,736)
		(8,750)	**(20,626)**	**(33,930)**	**-**	**(88,609)**	**(151,915)**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within			Non-interest bearing	Total
			1 year or less	Over 1 year to 5 years	More than 5 years		
	%	$'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)**

As at 30 June 2020, 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 2020

NOTE 31. 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.

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 the counterparties are banks with high credit ratings 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 ECL's on trade receivables are estimated using a provision matrix based on historical credit loss experience and any available forward-looking estimates as at reporting date.

Set out below is the information about the credit risk exposure at 30 June 2020 on the Group's trade receivables for which lifetime expected credit losses are recognised:

		Days Past Due			
30 June 2020	**Current**	**<31 Days**	**31-60 Days**	**61-90 Days**	**Total**
Trade and other receivables and contract assets ($'000)	113,692	8,869	3,251	7,629	133,441
Expected credit loss rate	0.09%	0.16%	1.13%	3.08%	
30 June 2019					
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 and loss of the Group. Other balances within trade and other receivables at 30 June 2020 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:

	2020 $'000	**2019 $'000**
Ageing of past due but no ECL allowance provided for		
60-90 days	2,979	4,429
90+ days	-	3,184
	2,979	**7,613**
Movement in ECL allowance provided for receivables		
Opening loss allowance - calculated under AASB 9	(3,524)	(3,030)
Increase in loss allowance recognised in profit or loss during the period	(7,969)	(114)
Receivables written off during the period as uncollectable	600	329
Unused amount reversed	1,698	228
Acquisition of subsidiary	-	(937)
Closing balance as at 30 June 2020	**(9,195)**	**(3,524)**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2020

NOTE 31. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair value

Net fair values of financial assets and liabilities are determined by the 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 financial liabilities, 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 9 *Financial Instruments*: 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.

2020	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Financial assets				
Derivative	86	-	-	**86**
Financial liabilities				
Provisions	-	-	(3,217)	**(3,217)**
	86	**-**	**(3,217)**	**(3,131)**

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

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 17 August 2020.

Ordinary share capital

SRG Global Limited's issued share capital is comprised of 445,796,415 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	**1,001, to 5,000**	**5,001 to 10,000**	**10,001 to 100,000**	**100,001 to (MAX)**	**Total**
Number of holders	330	1,016	640	1,843	360	**4,189**
Ordinary shares	98,239	2,974,315	5,028,693	65,210,599	372,484,569	**445,796,415**

There were 519 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	59,211,848
Mitsubishi UFG Financial Group, Inc	43,314,409
Wentworth Williamson	22,529,844
	125,056,101

Twenty largest shareholders	**Percentage of issued capital**	**Number of ordinary shares**
CITICORP NOMINEES PTY LIMITED	9.53	42,470,953
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	6.28	27,980,941
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	5.29	23,590,238
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5.24	23,341,166
NATIONAL NOMINEES LIMITED	5.10	22,747,822
BNP PARIBAS NOMS PTY LTD <DRP>	3.78	16,857,782
PRIMETOWN PTY LTD <MCMORROW SUPER FUND A/C>	2.27	10,112,086
BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	1.90	8,457,373
DEAKIN PLACE PTY LTD <DEAKIN PLACE A/C>	1.67	7,441,945
CASC SERVICES PTY LTD <THE CHIARI USED UNIT A/C>	1.41	6,297,612
MR DAVID WILLIAM MACGEORGE + MRS JACQUELINE AMANDA MACGEORGE <MACGEORGE FAMILY A/C>	1.36	6,071,389
ZERO NOMINEES PTY LTD	1.22	5,436,736
WESTOR ASSET MANAGEMENT PTY LTD <VALUE PARTNERSHIP A/C>	0.98	4,366,811
CUTTERS 1 PTY LTD <CUTTERS 1 A/C>	0.90	4,018,494
EQUITAS NOMINEES PTY LIMITED <PB - 601484 A/C>	0.90	4,017,518
EQUITAS NOMINEES PTY LIMITED <PB - 601485 A/C>	0.79	3,543,874
LUFORM PTY LTD <USED FAMILY NO 2 A/C>	0.78	3,486,444
SARGON CT PTY LTD <CHARITABLE FOUNDATION>	0.78	3,469,195
FOSHAN PTY LTD <GEORGE CHIARI FAMILY A/C>	0.71	3,187,268
SUJO PTY LTD <PRIMO CHIARI FAMILY A/C>	0.71	3,187,268

Unlisted Equity Securities

There are 5,700,000 unlisted Performance Rights 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 McMorrow	Non-Executive Chairman
David Macgeorge	Managing Director
Peter Brecht	Non-Executive Director
Michael Atkins	Non-Executive Director

Company secretary

The company secretary is Roger Lee.

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

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CORPORATE HEAD OFFICE
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Subiaco WA 6008

+61 8 9267 5400
info@srgglobal.com.au

MAKING THE COMPLEX SIMPLE