2022 ANNUAL REPORT

WHEN IT HAS TO BE DONE RIGHT

SRG Global is a diversified industrial services company. We bring an engineering mindset to deliver critical services for major industry through our asset maintenance, mining services and engineering and construction businesses to solve complex problems across the entire asset lifecycle.

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THIS IS US

WHO WE ARE

We are a **diversified industrial services** company

SRG GLOBAL

WHAT WE DO

We bring an **engineering mindset** to deliver **critical services** for major industry

- Engineer
- Construct
- Sustain

OUR VISION

The most **sought-after** diversified industrial services business

MAKING THE COMPLEX SIMPLE

OUR OPERATING SEGMENTS

Asset Maintenance

Mining Services

Engineering and Construction

The most sought-after asset maintenance capability

The Asset Maintenance segment continued its sustained growth in FY22 with numerous long-term contract awards and extensions.

What we do

SRG Global bring an engineering mindset, a large scale multi-disciplinary workforce and the access solutions to make maintaining critical infrastructure and industrial assets easier. We are an embedded partner to our clients delivering continuous maintenance services, large scale shutdown solutions and sustaining capital projects. The breadth of our skills and capabilities means asset owners only have to deal with one contractor, which significantly reduces risk, time, cost and complexity. 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.

Core Services

Integrated Maintenance Services
Mechanical, electrical and plumbing for fixed plant maintenance.

Access Solutions
Scaffold and rope access.

Industrial Services
Industrial cleaning, paint and blast, NDT and insulation and lagging.

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

Remediation Services
Protective coatings, waterproofing, concrete repair and strengthening.

Civil Maintenance
Maintenance of tailings storage facilities and other ancillary site infrastructure.

Key Projects

- **Fortescue Metals Group** - maintenance and shutdown contract at Iron Bridge mine site
- **Rio Tinto** - access and refractory services at QAL alumina refinery
- **Meridian Energy** - multi-disciplinary services contract for renewable energy infrastructure in NZ

Key Clients

RioTinto	FMG Fortescue	SOUTH32	woodside	Alcoa	ROY HILL	ADBRI
suez	LIBERTY	BHP	VISY FOR A BETTER WORLD	NEW ZEALAND STEEL	Fonterra Dairy for life	PILBARA PORTS AUTHORITY
Meridian.	YARA	TRANSPOWER	methanex the power of agility	WAKA KOTAHI NZ TRANSPORT AGENCY	REFINING NZ	Fremantle PORTS

Applying our technology and data driven approach to optimise mining productivity

SRG Global's Mining Services segment achieved a strong financial result in FY22 due to excellent operational execution and asset utilisation, as well as securing a number of long-term contracts that will underpin this segment and provide a platform to grow.

What we do

SRG Global is the only drill and blast contractor that offers an integrated range of complementary technical services to significantly improve safety and productivity on a mine site. Working with our quality clients, SRG Global applies our custom-built software 'Orbix' to provide a uniquely adaptive approach to drilling and blasting, optimising productivity and asset utilisation. We are dynamic in how we work, executing drilling programs with precision and responding confidently to challenges that arise in the open pit each day. SRG Global is continually investigating safer and more innovative ways of working, and re-engineering our machines to improve performance for each customer's mine site.

Core Services

Production Drill and Blast
Production drilling, pre-split drilling, blasting services, explosives supply and management, drill and equipment hire.

Specialist Drilling services
Reverse circulation grade control, high reach drilling, geotech specialist drilling and horizontal depressurisation (dewatering) drilling.

Specialist Geotech
Geotechnical investigation, instrument installation, rope access services, mine wall support and remediation, rockfall protection systems, depressurisation, ground support product manufacture and supply.

Key Projects

- **Northern Star, KCGM gold operations, WA -** geotechnical ground support, rock fall protection systems, depressurisation drilling and rope access services
- **SIMEC Mining, iron ore operations, SA –** drill and blast services
- **Navarre Minerals, Mt Carlton gold mine, QLD -** drill and blast services

Key Clients


SRG
SRG


Orbix™

Bringing an engineering mindset to deliver critical services

SRG Global's Engineering and Construction segment continued to deliver solid results in FY22 across key areas of specialist civil and engineering, facades and structure packages.

What we do

SRG Global's Engineering and Construction team solve problems to construct both more efficiently and cost effectively by providing specialist technical expertise, innovative technology and equipment and a highly skilled workforce. We provide specialist engineering, construction services for complex structures in key markets including dams, bridges, mine site infrastructure, wind farms, aviation and tanks as well as specialist facade and structural construction with repeat, tier one clients. Decades of experience across all forms of iconic infrastructure has allowed us to develop the innovative techniques and the specialised tools needed to make any infrastructure project less complex.

Core Services

Civil / Infrastructure

Complex structures, dam construction and strengthening, bridges, tanks, windfarms, mine site infrastructure, civil maintenance and remediation, aviation and marine infrastructure.

Engineered Products

Structural products, architectural and façade products, post-tensioning products, reinforcing products and ground stabilisation products.

Specialist Facades

Facade design and construction, curtain wall facade design and certification and facade installation.

Structures West

End to end delivery of structural concrete construction.

Key Projects

- **Transport for NSW** – New England Highway upgrade at Bolivia Hill
- **Water Corporation** – Design and construction of 20ML post tensioned tank in Karratha, WA
- **Elizabeth Quay waterfront precinct –** Structural concrete and façades packages for One the Esplanade for Multiplex and Elizabeth Quay West for D&C Corporation
- **BCI Minerals** – Civil construction of large scale evaporation ponds and other site infrastructure for the Mardie Salt and Potash project in the North West of WA

Key Clients

Going from strength to strength at SRG Global

It is my pleasure to present the 2022 SRG Global Limited Annual Report.

During the 2022 financial year we have continued to take significant steps forward in our strategic journey and in positioning the Company for long-term sustainable growth and success into the future. The Board is extremely pleased with the way our people continue to step up to every challenge and opportunity, and in doing so have delivered another excellent outcome for our shareholders.

SRG Global's vision is to be the "most sought-after" company in the areas in which we operate. Our strategic transformation to a truly diversified industrial services business is delivering results and the Board and I would like to sincerely thank all our people for their commitment and dedication to SRG Global.

STRONG FOUNDATION FOR CONTINUED GROWTH

SRG Global's strategic transformation to a company with two thirds annuity style earnings has delivered both protection and opportunity in a difficult broader macro environment. It has also provided the solid platform on which to grow our business as we continue to bring our engineering mindset to the delivery of critical services for major industry. Moving forward, we will continue to focus on opportunities with quality clients who value our fully integrated service offering / specialist skill set and are aligned with our commercial framework. This will further cement our market leading position across the many diverse market sectors and geographies in which we operate.

Our strong foundation has been built through developing relationships, building capability and importantly successfully delivering projects for our blue-chip clients. This combined with the leadership and capabilities of our strong and stable Board, Executive and Management team are the catalyst for our positive and consistent returns.

I would like to acknowledge SRG Global's Managing Director, David Macgeorge and his Executive team who continue to successfully lead and execute our strategy through creating an environment and culture that enables people to be the "best that they can be". The Company is in the strongest position it has been in my time with the business and is extremely well positioned for the future.

BOARD AND GOVERNANCE

On a personal level I would like to thank the Board of Directors for their ongoing support and contribution over the last 12 months. I am pleased with the way that the Board is operating and interacting with the broader business to ensure our continued success and to keep delivering increased returns to our shareholders.

I would particularly like to acknowledge Peter Brecht who is retiring from the Board at our AGM in October. Peter has made a significant contribution to SRG Global in the last eight years. I thank Peter for the support and guidance he has provided the Company and wish him well in all future endeavours.

In FY22, we welcomed Amber Banfield to the Board. Amber has made a terrific contribution to the company in her short time with the business and she brings a unique and diverse set of skills which is highly complementary to the rest of the Board.

We continue to monitor and assess the skillset and composition of the Board and I am confident the Board we have in place has an excellent mix of expertise and experience to take SRG Global into the future.

OUR FUTURE

SRG Global is very well positioned to continue to execute our growth strategy over the next few years in a disciplined and measured way. As we build SRG Global, we will always remain focused on delivering strong returns to our shareholders and quality outcomes for our clients. I firmly believe that we are on the right path and have the right people, capabilities, strategy and culture to take us on the next phase of our journey which will be highly rewarding for both our people and our shareholders.

In closing and on behalf of the Board, I extend my appreciation to all our people and shareholders for their ongoing support and I am looking forward to an exciting future ahead for SRG Global.

Peter McMorrow
Non-Executive Chairman

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.

WHAT WE STAND FOR

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.

Our strategic transformation to a truly diversified industrial services business is delivering results

The 2022 financial year has been another transformational year for SRG Global in executing our strategy and continuing to deliver increased shareholder value. Our strategic transformation to a truly diversified industrial services business is delivering exceptional results against a challenging macroeconomic environment and demonstrates the resilience of our business model.

I am incredibly proud of our people and their dedication and commitment to delivering our strategy. The result of their collective efforts is testament to how far we as a company and as a team have come.

Our continued strong performance is underpinned by excellent operational execution. Importantly I would like to acknowledge the significant efforts of our people and their ability to deliver 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. We are now very well positioned for the future and ultimately becoming the company that I know we can be.

OUR PEOPLE

Our people are the key to our success and are the ultimate drivers of SRG Global. I would like to thank all our people for their significant efforts over the past year and our strong FY22 performance is the result of their dedication, discipline and focus to deliver both operationally and strategically.

Importantly, our strong culture has been the foundation that has allowed us to thrive in what has been a very challenging operating environment. I could not be more proud of how our team has come together as "one business-one team" to drive our success.

We have grown our business to over 2,600 people and I am particularly pleased with the diversity of our team. We continue to attract and retain our people who are motivated by working at SRG Global where they have both a voice and the opportunity to make a difference in what we do.

Our commitment to making a positive contribution in the communities in which we operate is embedded in the way we do business. This year we have been involved in a broad range of initiatives that promote community, diversity and development. Our relationship with the Njamal people through our established JV Company, Bugarrba, has been successful in securing further works that provide sustainable employment opportunities for Aboriginal People. We have made good progress on our Reconciliation Action Plan and advanced our long-term commitments to strengthening our relationships with Aboriginal People.

ZERO HARM

Zero Harm is a journey that never ends and I often refer to it as the glass ball in business that you can never drop.

Our established Zero Harm Committees operate at all levels within the business including at Board level. This drives our Zero Harm culture by setting clear goals, giving employees the skills and training they need and encouraging people at all levels to be involved in our Zero Harm journey. This year we have implemented various health and safety initiatives including leadership and training programs. We continually invest in new technology and equipment enhancements to set standards that go beyond compliance.

Pleasingly, our TRIFR has improved by 42% during the year. That noted, I will never be satisfied until it is zero and we will relentlessly pursue Zero Harm in everything we do.

OUR STRATEGIC TRANSFORMATION

SRG Global is realising the benefits of the implementation of our clear strategy. Strong operational performance, sustained margin improvement, new contract wins and a strategic acquisition have characterised FY22 for the Company.

I am particularly pleased that we have transitioned the business towards annuity earnings and are now a truly diversified industrial services company. Our FY22 financial performance is clear evidence of the strength and diversity of our business which has provided both protection and opportunity in a challenging broader macro environment.

During the year SRG successfully acquired WBHO Infrastructure, a civil

MULTI-DISCIPLINARY SERVICES CONTRACT, PILBARA WA.

services and maintenance company with whom we have worked in partnership previously. The acquisition provides complementary and further annuity-style earnings and positive exposure to a diverse range of sectors including mining, transport, renewable energy, infrastructure and aviation. I would like to acknowledge and thank the WBHO Infrastructure people for the way they have embraced and further strengthened SRG Global and the way we do business.

Going into the new financial year, the Company has record Work in Hand of $1.3b, which is up 30% on FY21, and has us well positioned for long-term sustainable growth.

RECORD WORK IN HAND

OPERATIONAL REVIEW

Asset Maintenance Services

For FY22 the Asset Maintenance Services segment delivered revenue of $214.8m (2021: $186.9m) and EBITDA of $25.2m (2021: $22.0m).

The Asset Maintenance Service segment continued its sustained growth in FY22 with numerous long-term contract awards and extensions. Encouragingly the majority of contract wins were through existing clients, clear evidence that our relationship-based approach to delivery enables us to grow by doing more with our current clients. Examples of these include the following:

Mining Sector

- 5-year maintenance and shutdown contract with FMG Iron Bridge JV at Iron Bridge Mine Site;
- 5-year multi-disciplinary services term contract for scaffold services with FMG port operations and facilities (through SRG Global Aboriginal JV 'Bugarrba');
- 3-year contract for shutdown maintenance services with Roy Hill; and
- 3-year maintenance contract for major nickel and cobalt operations in the Goldfields region of WA.

Dairy Sector

- 3-year contract for specialist engineered access services with Fonterra in NZ.

Utilities Sector

- 1-year extension to existing specialist industrial services contract with Transpower NZ.

Refinery - Oil Sector

- 1-year extension to existing industrial services contract for Refining NZ.

Refinery - Alumina Sector

- 18-month contract for shutdown scaffolding services at Rio Tinto's QAL alumina refinery; and
- 18-month contract for access and refractory services at Rio Tinto's QAL alumina refinery.

Manufacturing Sector

- Maintenance contract for specialist refractory installation for Visy Industries Australia.

Renewable Energy Sector

- 7-year multi-disciplinary services contract with Meridian Energy in NZ.

Energy Sector

- 5-year contract for scaffold and specialist industrial services with NRG Gladstone.

These contracts represent another significant step forward in our strategy to expand services with blue-chip clients across multiple industries and build on our portfolio of annuity / recurring earnings agreements.

Further to the 5-year multi-disciplinary services contract SRG Global is delivering across FMG's mine, rail and port infrastructure, we have also secured an additional five-year master agreement for maintenance and shutdown services across its new Iron Bridge magnetite project in Western Australia. This award is a strong endorsement of our ability to maintain critical assets through our diversified industrial services offering.

FMG FACILITIES, PILBARA REGION OF WA

SUPERPIT MINE SITE, WA

Our geographic expansion into the Gladstone region provides access to a deep pool of opportunities in a concentrated location. The initial success we have achieved in this key oil and gas and industrial refining region through applying our integrated multi-disciplinary maintenance services model to a targeted group of blue-chip clients provides an additional platform for growth through our highly scalable business model.

Going forward, we continue to build competitive advantage by maturing our technology and data analytics offerings through our engineering mindset. These proven bespoke offerings provide a point of difference to our overall end-to-end asset lifecycle service offering and contribute to making SRG Global the most sought-after diversified industrial services business.

Mining Services

For FY22 the Mining Services segment delivered revenue of $114.0m (2021: $90.9m) and EBITDA of $23.9m (2021: $20.0m). Our strong financial result is due to excellent operational execution and asset utilisation with our quality clients in the gold and iron ore sectors in our Production Drill and Blast business, combined with our Geotech business unit's strategic shift to focus exclusively in the mining sector.

Mining Services has maintained strong operational performance and has secured several significant contract extensions and new contracts throughout the year. These recent awards underpin our business through production based long-term contracts and provide a platform to grow organically with our client base in this sector. Examples of these include:

- 5-year term contract for geotechnical ground support, rock fall protection systems, depressurisation drilling and rope access services at Northern Star's KCGM gold operations in WA;
- 5-year term contract with SIMEC Mining iron ore operations in SA;
- 2-year term contract with Evolution Mining to provide specialist drill and blast services, RC grade control drilling and geotechnical ground support services at the Cowal gold mine in NSW;
- 2-year term contract with Navarre Minerals to provide specialist drill and blast services and RC grade control drilling at the Mt Carlton gold mine in QLD; and
- 6-month contract with RED 5 to provide specialist drill and blast services and explosives supply at the Great Western gold mine in WA.

The Northern Star contract continues SRG Global's 25+year history at the Kalgoorlie Super Pit and provides a platform to further strengthen our relationship to deliver critical services (from other SRG Global business units) across Northern Star's operations.

Continuing demand for our integrated drill and blast capability is driven by our technology-led approach. Our in-house developed analytics software 'Orbix' has matured and strengthened to maximise data driven insights that improve decision making, for both SRG Global and our clients. Working collaboratively with our clients, we fully integrate this service offering into our clients' data systems and use the data driven insights to better plan, deliver, monitor and optimise the delivery of these critical services and ultimately enhance our clients' operations.

The overall Mining Services business has a strong order book and is in a position to grow long-term recurring revenue streams with quality clients whose production-based sites operate at the low end of the industry cost curve.

NEW ENGLAND HIGHWAY UPGRADE AT BOLIVIA HILL, NSW

Engineering and Construction

For FY22 the Engineering and Construction segment delivered revenue of $315.4m (2021: $291.7m) and EBITDA of $22.8m (2021: $19.0m).

The Engineering and Construction segment continued to deliver strong results whilst refocusing the business in the remediation and civil maintenance markets and also making good progress on exiting non-core businesses.

The Civil business in Australia performed strongly across a diverse range of sectors, applying our engineering led approach to the delivery of bridges, tanks and dams. The capabilities of our Civil team were recognised at the CCF NSW's Earth Awards ($75M to $150M category) for their work on the New England Highway Upgrade at Bolivia Hill, NSW. Additionally our focus on the marine infrastructure sector resulted in the successful delivery of multiple projects in this space.

Strong commodity prices are contributing to the positive outlook in the resources sector, whilst investment in government funded infrastructure remains buoyant. Through the acquisition of WBHO Infrastructure, the Company has increased its exposure to the resources, renewable energy and aviation sectors. As part of this transaction we also secured the highest possible national road and bridge accreditation (R5/B4), which will now allow SRG Global to tender for any major road and bridge project nationally. Importantly we will also continue to selectively pursue projects that adopt a collaborative contracting model.

Our international operations were successfully scaled back in FY22, in particular to minimise potential COVID-19 related impacts. In FY23, the business will recommence assessing opportunities internationally where our specialist capabilities can be applied, specifically in dams, bridges and tanks.

The Structures West business performed strongly delivering landmark projects within Elizabeth Quay and Capital Square in Perth. Importantly, the business secured a number of contracts in the burgeoning defence sector, which is our first significant entry into this space and which will provide significant opportunities across not only Engineering and Construction but also our broader business moving forward.

The Specialist Facades business is a true market leader in its field with many tier 1 projects across Australia with key repeat clients in sectors ranging from health, education, defence, retail, commercial, hospitality and high rise residential. The business performed strongly in FY22 and now has record work in hand with clear visibility of further opportunities that will position us well for the next three to four years.

The Engineered Products business continues to grow both domestically and internationally. In FY22 we relocated our manufacturing operations from Brisbane to a purpose-built facility in Sydney which will provide supply chain, operational and logistics benefits to SRG Global. I believe this business has the ability to grow both organically and inorganically within clients, sectors and geographies that we know and operate in today. Importantly, this business has a low risk profile that is aligned with the SRG Global business model.

KEEPIT DAM, NSW

PORT HEDLAND, PILBARA WA

FINANCIAL STRENGTH

Our underlying FY22 EBITDA result of $57.2m, after excluding one-off transaction costs of $1m for the WBHO Infrastructure acquisition is above our previously upgraded guidance range of $54m to $57m. This is 22% higher than the FY21 result which is a terrific outcome.

SRG Global's continued strong margin performance has been underpinned by excellent operational execution. Our EBITDA margin performance of 8.9% is 8% higher than FY21 and is clear evidence of our ability to win and execute contracts with quality clients under the right commercial terms. This has been achieved despite the challenging macroeconomic environment we have been operating in.

SRG Global is in a robust financial position with available funds of $127.7m. Importantly, the Company generated excellent operating cash flow in FY22 with EBITDA to Cash Conversion of 106%, and this being despite acquiring WBHO Infrastructure for $15.1m and net investment of $18.4m in capital expenditure in the period. Our overall net cash position improved 68% to $20.5m and continues our strong track record of cash generation.

The strength of our balance sheet provides the foundation to fund our future growth plans. This enables the Company to be agile when opportunities present themselves, such as the WBHO Infrastructure acquisition, and therefore provides a strategic advantage in the market.

We will continue to invest in the business for growth as well as continue to reward our shareholders with above market returns whilst maintaining financial strength and discipline.

The Board has also resolved to pay a final dividend of 1.5 cent per share fully franked, bringing the full year total to 3.0 cents per share and representing a 50% increase on last year.

WINDFARM MAINTENANCE, NZ

WELL POSITIONED FOR LONG - TERM SUSTAINABLE GROWTH

SRG Global has completed the strategic transformation to a truly diversified industrial services company with a business model and risk profile that puts us in a strong position for sustainable growth in FY23 and beyond. The Company has record Work in Hand of $1.3b with two thirds annuity-style earnings and positive exposure to broader macro-economic growth drivers across the asset maintenance, industrial and mining sectors as well as significant investment in the infrastructure and construction sectors.

Our strategic transformation is only possible through the collective efforts of our people and I would like to once again acknowledge all 2,600 SRG Global employees for the way they have contributed to our success.

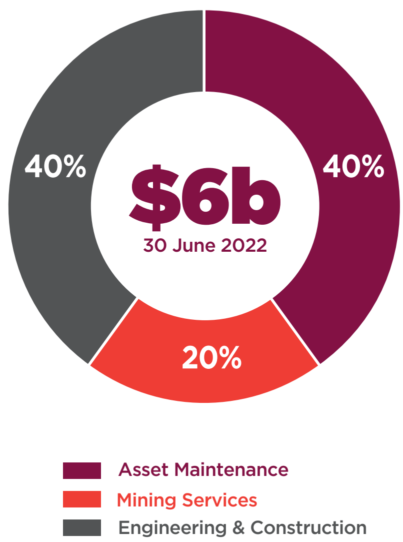
I am sure this will continue in FY23 as we live for the challenge, are smarter together, never give up and have each other's backs.

I would like to thank Peter Brecht for his support and guidance in the past eight years and wish him all the best for the future.

In closing, I extend my appreciation to our shareholders for their continued support and look forward to continuing to deliver on what is an exciting future ahead of us.

David Macgeorge
Managing Director

OPPORTUNITY PIPELINE



BUSINESS MIX TRANSITIONED TO ANNUITY/RECURRING EARNINGS

LEADERSHIP HORIZON

- Zero Harm / ESG industry leader and recognised employer / partner of choice
- Domestic / International growth in Engineered Products across all SRG operating segments
- Selective strategic acquisitions to complement capability / footprint
- Consistent, above market shareholder returns (EPS and TSR)
- 80% annuity / recurring and 20% project-based earnings

GROWTH HORIZON

- ✓ Step change growth in recurring Asset Maintenance Services
- ✓ Innovation and selective growth in Mining Services
- ✓ Targeted growth in Civil Infrastructure Construction / Remediation
- ✓ Specialist services and products in Building Construction with key repeat clients
- ✓ 67% annuity / recurring and 33% project-based earnings

Directors' Report

FOR THE YEAR ENDED 30 JUNE 2022

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 2022.

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 McMorrow	Non-Executive Chairman	Full Financial Year
David Macgeorge	Managing Director	Full Financial Year
Peter Brecht	Non-Executive Director	Full Financial Year
Michael Atkins	Non-Executive Director	Full Financial Year
Amber Banfield	Non-Executive Director	Appointed 25 October 2021

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 was previously a Board Member for Valmec Limited until October 2021.

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 was previously a Senior Advisor - Corporate Finance at Canaccord Genuity (Australia) Limited until November 2021. Michael is currently a Non- Executive Chairman of Australian listed companies Legend Mining Limited and Castle Minerals Limited. Michael is also currently a Non-Executive Director of Australian listed company Warrego Energy Limited. 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.

Amber Banfield
Non-Executive Director

Amber joined the SRG Global Board as a Non-Executive Director on 25 October 2021 and is a member of the SRG Global Remuneration and Nomination Committee. Amber was previously a member of the Audit Committee.

Amber brings valuable experience in transformational growth supporting the customers, markets and sectors serviced by SRG Global, as well as additional skills in sustainability and new energy markets. For more than 20 years Amber held management positions with Worley Limited (ASX: WOR), supporting its growth to become the world's largest energy and resources engineering services provider with 48,000 employees across almost 50 countries globally. Her roles at Worley related to operations, strategy, sustainability, mergers and acquisitions, servicing the sectors of mining, infrastructure, oil & gas, hydrogen, solar and wind power.

More recently, Amber has consulted to leading resource and energy companies providing strategy and project development support to energy transition, decarbonisation and sustainability-related investments. Amber is also a Non-Executive Director of Perseus Mining, an ASX/TSX-listed international gold miner, Non-Executive Director of Leo Lithium, an ASX-listed lithium developer and is on the Board of the Western Australian Football Commission, responsible for the governance of Australian football in WA.

Amber holds a Bachelor of Engineering (Environmental) degree and a Master of Business Administration, both awarded by the University of Western Australia.

COMPANY SECRETARIES

Name	
Roger Lee	Full Financial Year
Judson Lorkin	Appointed 27 August 2021

Roger Lee
Chief Financial Officer & Joint 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.

Judson Lorkin
Group Financial Controller & Joint Company Secretary

Judson was appointed Group Financial Controller & Company Secretary on 27 August 2021. Judson joined SRG Global in 2016 as the Group Manager for Corporate Development. Prior to SRG Global, Judson held senior roles in investment banking, corporate finance and capital markets advisory.

Judson is a Fellow of the Governance Institute of Australia (formerly Chartered Secretaries Australia), holds a Graduate Diploma in Applied Finance (Corporate Finance) and qualified as an Actuary (AIAA).

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	12,500,000	-
D Macgeorge	6,625,889	3,712,500
P Brecht	2,150,541	-
M Atkins	1,000,000	-
A Banfield	-	-

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 2022 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 McMorrow	9	9	3	3	2	2
D Macgeorge	9	9	-	-	-	-
P Brecht	9	9	-	-	2	2
M Atkins	9	9	3	3	-	-
A Banfield	6	6	1	1	-	-

Directors' Report (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

PRINCIPAL ACTIVITIES

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

SIGNIFICANT CHANGES IN STATES OF AFFAIRS

Other than the acquisition of WBHO Infrastructure during the financial year, there have been no other 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 14 to 21.

MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

On 5 July 2022 the Group secured a five-year term contract with Iron Bridge operations. Iron Bridge is an unincorporated join venture between Fortescue Metals Group subsidiary FMG Iron Bridge and Formosa Steel IB. The Contract is a master agreement for maintenance and shutdown services to provide rope access and electrical maintenance requirements across its new magnetite project in Western Australia. On 5 July 22, the Group also secured a maintenance contract with Visy Industries Australia for the provision of specialist refractory installation, incorporating multiple skilled trades at their Adelaide glass manufacturing facility. The combined value of the Iron Bridge and Visy Industries contracts is ~$100m.

On 19 July 2022 the Group secured engineering, maintenance and civil services contract with existing Tier 1 clients valued at ~$80m. This includes a two-year civil services term contract with South32 at Worsley Alumina operations in Western Australia, a three-year marine remediation contract with Fremantle Ports at the Kwinana bulk jetty in Western Australia, and an earthworks and civil services contract extension to BCI Minerals Limited at the Mardie Salt and Potash project in Western Australia.

On 26 July 2022 the Group secured a five-year term contract with Northern Star Resources Limited at its Kalgoorlie Consolidated Gold Mine ("KCGM") gold operations in Western Australia. The scope of works includes the provision of geotechnical ground support, rock fall protection systems, depressurisation drilling and rope access services. Also on 26 July 2022, the Group secured a seven-year term contract with Meridian Energy Limited to maintain its hydro and wind assets across New Zealand. The scope of works includes the provision of painting/coatings, rope access, engineering, general asset maintenance and repair services. The Northern Star and Meridian Energy Limited contracts are valued at ~$90m.

On 23 August 2022 the Group announced a final, fully franked dividend of 1.5c per share. The record date for this dividend is 9 September 2022 with payment to be made on 13 September 2022.

Other than those detailed above, no matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN OPERATIONS

Information on likely developments in the operations of the Group and the expected results of operations has 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 country, 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 Board has declared the following dividends in relation to the 2022 financial year:

- A final, fully franked $6.687m dividend (1.5 cents per share) on 23 August 2022. The record date for this dividend is 9 September 2022 with payment to be made on 13 September 2022.
- An interim, fully franked $6.687m (1.5 cents per share) dividend on 22 February 2022. This dividend was paid on 28 April 2022.

The total fully franked dividends declared by the Company in relation to the 2022 financial year are $13.374m (3.0 cents per share).

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 2022. 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 2022.

Name	Position	Term as KMP
Non-executive directors		
P McMorrow	Non-Executive Chairman	Full financial year
P Brecht	Non-Executive Director	Full financial year
M Atkins	Non-Executive Director	Full financial year
A Banfield	Non-Executive Director	Appointed 25 October 2021
Executive directors		
D Macgeorge	Managing Director	Full financial year
Executives		
R Lee	Chief Financial Officer / Company Secretary	Full financial year
N Combe	Executive General Manager - Construction and Engineering	Full financial year
J Thomas	Executive General Manager - Mining & Chair of Zero Harm	Resigned 31 December 2021
D Williamson	Executive General Manager - Asset Maintenance Chief Operating Officer - Asset Maintenance and Mining & Chair of Zero Harm	Till 31 December 2021 From 1 January 2022
P Dawson	Executive General Manager - Building	Full financial year

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.

Fixed remuneration is designed to reward the Executive for:

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

2.3.2. Short-term incentives (STI's)

The Company has implemented a short-term incentive plan during the 2022 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

STI's currently take the form of a cash bonus. The key STI measures for the Company in the 2022 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 2022 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.

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 2022, 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 83.92% of 'yes' votes on its Remuneration Report for the financial year ended 30 June 2021. 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.

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	$975,500	Range between $555,553 and $600,000
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 2022 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. The terms of the Plan are disclosed in note 30 to the financial statements

On 5 November 2021, a total of 11,890,000 performance rights (convertible into one ordinary share per right) were issued to key management personnel and certain employees, subject to the terms of the Plan. Of the approved amount of performance rights, 4,870,000 were deemed to be granted in the year as terms and conditions had been agreed. The remaining 7,020,000 performance rights will be deemed to be granted once the relevant terms and conditions of the performance rights have been agreed between the company and the relevant parties. 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. Please refer to Note 7.3 of the remuneration report for the performance rights issued to key management personnel.

There are also no unissued ordinary shares of the Company under option at 30 June 2022.

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 for the comparative periods.

	2018	2019	2020	2021	2022
Profit / (loss) for the year attributable to owners ($'000)	13,623	9,839	(29,403)	12,053	20,132
Share price at end of the year (cents)	0.71	0.50	0.21	0.51	0.61
Basic EPS (cents)	6.4	2.3	(6.7)	2.7	4.5
Total dividends (cents per share)	4.50	1.5	1.0	2.0	3.0

7. DETAILS OF REMUNERATION

7.1 Executive KMP remuneration for the years ended 30 June 2022 and 30 June 2021

		Short-term benefits			Post-employment	Long-term benefits	Share-based payments		
	Financial Year	Cash salary, fees and annual leave provision	Short-term incentives[1]	Non-monetary benefits[2]	Superannuation	Long service leave	Performance rights	Total remuneration	Performance related
		$	$	$	$	$	$	$	%
Executive Directors									
D Macgeorge	**2022**	**1,052,482**	**997,500**	**-**	**23,568**	**28,997**	**270,298**	**2,372,845**	**53**
	2021	888,385	681,126	-	21,694	23,714	50,236	1,665,155	44
Senior Executives									
R Lee	**2022**	**633,444**	**479,375**	**-**	**27,500**	**16,242**	**119,556**	**1,276,117**	**47**
	2021	536,084	300,496	-	25,000	28,443	21,530	911,553	35
N Combe	**2022**	**566,109**	**250,000**	**-**	**25,000**	**22,870**	**40,600**	**904,579**	**32**
	2021	522,945	200,000	-	25,000	-	-	747,945	27
J Thomas[3]	**2022**	**248,206**	**-**	**-**	**19,740**	**(52,542)**	**-**	**215,404**	**-**
	2021	407,486	217,300	-	25,000	19,801	-	669,587	32
D Williamson	**2022**	**562,979**	**300,000**	**-**	**23,568**	**-**	**97,464**	**984,011**	**40**
	2021	488,380	309,375	-	25,000	-	17,941	840,696	39
P Dawson[4]	**2022**	**573,378**	**300,000**	**-**	**27,500**	**19,496**	**(21,167)**	**899,207**	**31**
	2021	531,510	175,000	-	25,000	23,331	(124,044)	630,797	8
Total Executive KMP	**2022**	**3,636,598**	**2,326,875**	**-**	**146,876**	**35,063**	**506,751**	**6,652,163**	**43**
	2021	3,374,790	1,883,297	-	146,694	95,289	(34,337)	5,465,733	34

(1) Short-term incentives relate to discretionary cash bonuses that are linked to the achievement of the Company's operational targets.
(2) Non-monetary benefits relate to the provision of motor vehicles and motor vehicle related expenses.
(3) Resigned on 31 December 2021. The negative amount of long service leave is due to leave balance paid out at resignation.
(4) The negative amount of share-based payments is due to performance rights lapsed during the year.

7.2 Non-executive remuneration for the years ended 30 June 2022 and 30 June 2021

		Short-term benefits	Post-employment	
	Financial Year	Cash salary and fees	Superannuation	Total Remuneration
		$	$	$
P McMorrow	**2022**	**192,500**	**-**	**192,500**
	2021	170,000	-	170,000
P Brecht	**2022**	**121,364**	**12,136**	**133,500**
	2021	115,068	10,932	126,000
M Atkins	**2022**	**121,364**	**12,136**	**133,500**
	2021	115,068	10,932	126,000
A Banfield[1]	**2022**	**86,667**	**-**	**86,667**
	2021	-	-	-
Total Non-Executive KMP	**2022**	**521,895**	**24,272**	**546,167**
	2021	400,136	21,864	422,000

(1) Appointed on 25 October 2021.

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 2021	Received on exercise of rights	Purchased	Net change other	Balance as at 30 June 2022
Non-Executive Directors					
P McMorrow	12,335,727	-	164,273	-	12,500,000
P Brecht	2,150,541	-	-	-	2,150,541
M Atkins	1,000,000	-	-	-	1,000,000
A Banfield	-	-	-	-	-
Executive Directors					
D Macgeorge	6,571,389	-	54,500	-	6,625,889
Senior Executives					
R Lee	3,653,451	-	-	-	3,653,451
N Combe	1,099,933	-	-	-	1,099,933
J Thomas[1]	739,123	-	-	(739,123)	-
D Williamson	52,000	-	-	-	52,000
P Dawson	5,691,945	-	-	233,055	5,925,000

[1] J Thomas held 591,123 shares in the Company as at his resignation date of 31 December 2021.

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 2021	Granted in the year	Lapsed in the year	Net change other	Balance as at 30 June 2022
Executive Directors					
D Macgeorge	1,400,000	2,400,000	(87,500)	-	3,712,500
Senior Executives					
R Lee	600,000	1,200,000	(37,500)	-	1,762,500
N Combe	-	800,000	-	-	800,000
D Williamson	500,000	900,000	(31,250)	-	1,368,750
P Dawson	700,000	400,000	(150,000)	-	950,000

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

7.4 Other transactions with KMP

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

	Transactions 2022 $	Receivables 2022 $	Payables 2022 $
• Properties from which the Group's operations are performed are rented from Portovenere Investments Pty Ltd, a company related to Paul Dawson	**(30,449)**	**-**	**-**
• Fees paid for professional services provided by Wandarra (WA) Pty Ltd, a company related to Peter McMorrow	**(45,000)**	**-**	**-**

End of Audited Remuneration Report

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has indemnified the Directors and Officers 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 Officers 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

For the current financial year, the total amounts paid or payable to the auditor of the parent entity for non-audit services was $nil (2021: $nil). This is 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 32.

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
23 August 2022

Auditor's Independence Declaration

FOR THE YEAR ENDED 30 JUNE 2022

BDO

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DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF SRG GLOBAL LIMITED

As lead auditor of SRG Global Limited for the year ended 30 June 2022, 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.

Phillip Murdoch

Director

BDO Audit (WA) Pty Ltd

Perth, 23 August 2022

Directors’ Declaration

FOR THE YEAR ENDED 30 JUNE 2022

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 2022 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
23 August 2022

Independent Auditor's Report

FOR THE YEAR ENDED 30 JUNE 2022

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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 2022, 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 2022 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.

BDO

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.

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. 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. In the case of construction revenue, revenues are recognised by reference to the stage of completion of the contract activity. The Group recognises in contract assets and contract receivables progressive measurement of the value to customers of goods and services transferred and valuation of work completed as well as amounts invoiced to customers. The recognition of these amounts is based on management's assessment of the expected amounts recoverable. As disclosed in Note 1(c), the principles under AASB 15 involve significant judgment and estimates and thus, there is a risk that revenue has not been recognised in accordance with the standard.	Our procedures included, but were not limited to the following: • Assessing the appropriateness of management's revenue recognition policy, ensuring that the policy is in accordance with the five step model adopted by the relevant Australian Accounting Standard, AASB 15; • Understanding and documenting the processes and controls used by the Group in recognising construction contract costs and for estimating the costs to complete construction projects; • 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 obtain 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;

Key audit matter	*How the matter was addressed in our audit*
	• Agreeing a sample of costs incurred to supporting documentation, including testing the appropriate allocation to the correct project. We also evaluated payments made subsequent to reporting date to assess whether costs were accrued in the correct period; and • Assessing the adequacy of the related disclosures in Note 1(c), 2 and 29.

Acquisition of WBHO Infrastructure Pty Ltd

Key audit matter	*How the matter was addressed in our audit*
As disclosed in Note 26 of the financial report, the Group acquired the Western Australian business of WBHO Infrastructure Pty Ltd out of Voluntary Administration in March 2022. The accounting for this acquisition is a key audit matter as it involved estimation and judgement in determining the consideration paid and the fair value of net assets acquired.	Our procedures included, but were not limited to the following: • Reviewing the Deed of Company Arrangement ("DOCA") to understand the terms and conditions and confirming our understanding of the transaction; • Comparing the assets and liabilities recognised on acquisition against the executed DOCA and the historical financial information of the acquired business; • Obtaining a copy of the external valuation report to assess the determination of the fair value of plant and equipment acquired; • Assessing the independence and competence of management's specialists who valued the plant and equipment; • Challenging management's cash flow forecasts for customer relationship intangible assets and comparing key assumptions to historic results and underlying contract terms; and • Assessing the adequacy of the related disclosures in Note 1(b) and 26.

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 2022, but does not include the financial report and the auditor's report thereon.

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

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

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

Responsibilities of the directors for the Financial Report

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

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

Auditor's responsibilities for the audit of the Financial Report

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

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

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 on pages 25 to 30 of the directors' report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of SRG Global Limited, for the year ended 30 June 2022, 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

Phillip Murdoch

Director

Perth, 23 August 2022

Consolidated Statement of Profit or Loss and other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2022

	Note	2022 $'000	2021 $'000
Revenue	2	644,241	569,541
Other income	3	2,214	1,119
Construction, servicing and contract costs		(304,840)	(277,368)
Employee benefits expense		(262,247)	(226,942)
Other expenses		(23,137)	(19,292)
Equity accounted investment results		(2)	(6)
Depreciation expense	4	(23,052)	(21,922)
Amortisation expense	4	(3,620)	(4,013)
Finance expenses	3	(2,563)	(2,499)
Profit before income tax		**26,994**	**18,618**
Income tax expense	5	(6,862)	(6,565)
Net profit for the period		**20,132**	**12,053**
Other comprehensive income			
Exchange differences arising on translation of foreign operations		(1,798)	(41)
Fair value movement of cash flow hedging		(209)	209
Total comprehensive income for the year, net of tax		**18,125**	**12,221**

		2022	2021
Earnings per share attributable to members of the parent entity			
Basic earnings per share (cents per share)	9	4.5	2.7
Diluted earnings per share (cents per share)	9	4.5	2.7

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 2022

	Note	2022 $'000	2021 $'000
Current Assets			
Cash and cash equivalents	23	59,302	46,236
Trade and other receivables	10	97,876	86,501
Contract assets	10	60,756	55,726
Inventories	11	18,714	14,868
Other current assets		2,902	2,799
Derivative financial instrument asset		2,410	342
Equity accounted investments	25(c)	130	121
Current tax assets		160	-
Total current assets		**242,250**	**206,593**
Non-current assets			
Property, plant and equipment	12	104,343	81,542
Right of use assets	15	17,275	20,339
Intangible assets	13	102,641	104,587
Contract assets	10	1,557	1,869
Deferred tax assets	17	16,497	27,999
Total non-current assets		**242,313**	**236,336**
Total assets		**484,563**	**442,929**
Current liabilities			
Trade and other payables	14	122,396	106,484
Contract liabilities	10	33,116	20,571
Borrowings	16	13,983	15,347
Right of use liabilities	15	7,654	8,253
Current tax liabilities		-	503
Provisions	18	32,402	26,087
Total current liabilities		**209,551**	**177,245**
Non-current liabilities			
Borrowings	16	24,792	18,640
Right of use liabilities	15	10,860	13,096
Provisions	18	4,794	7,147
Total non-current liabilities		**40,446**	**38,883**
Total liabilities		**249,997**	**216,128**
Net assets		**234,566**	**226,801**
Equity			
Issued capital	19	218,096	218,096
Reserves	20	6,927	8,149
Retained earnings		9,543	556
Total Equity		**234,566**	**226,801**

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 2022

	Share capital $'000	Reverse acquisition reserve $'000	Total issued capital $'000	Retained earnings $'000	Share-based payments reserve $'000	Foreign currency translation reserve $'000	Hedging Reserve $'000	Total equity $'000
Balance at 1 July 2020	**306,576**	**(88,480)**	**218,096**	**(4,809)**	**8,570**	**(429)**	**-**	**221,428**
Profit for the year	-	-	-	12,053	-	-	-	12,053
Other comprehensive income	-	-	-	-	-	(41)	209	168
Total comprehensive income	**-**	**-**	**-**	**12,053**	**-**	**(41)**	**209**	**12,221**
Transactions with owners in their capacities as owners								
Issue of ordinary shares, net of transaction costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	(160)	-	-	(160)
Dividends paid	-	-	-	(6,688)	-	-	-	(6,688)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Balance at 30 June 2021	**306,576**	**(88,480)**	**218,096**	**556**	**8,410**	**(470)**	**209**	**226,801**
Balance at 1 July 2021	**306,576**	**(88,480)**	**218,096**	**556**	**8,410**	**(470)**	**209**	**226,801**
Profit for the year	-	-	-	20,132	-	-	-	20,132
Other comprehensive income	-	-	-	-	-	(1,798)	(209)	(2,007)
Total comprehensive income	**-**	**-**	**-**	**20,132**	**-**	**(1,798)**	**(209)**	**18,125**
Transactions with owners in their capacities as owners								
Issue of ordinary shares, net of transaction costs	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	785	-	-	785
Dividends paid	-	-	-	(11,145)	-	-	-	(11,145)
Transfer to retained earnings	-	-	-	-	-	-	-	-
Balance at 30 June 2022	**306,576**	**(88,480)**	**218,096**	**9,543**	**9,195**	**(2,268)**	**-**	**234,566**

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 2022

	Note	2022 $'000	2021 $'000
Receipts from customers		705,686	618,218
Interest received		18	9
Payments to suppliers & employees		(645,985)	(558,065)
Interest paid		(2,581)	(2,508)
Income tax refund/(paid)		3,979	(2,483)
Cash inflow from operating activities	23(a)	**61,117**	**55,171**
Payments for property, plant & equipment		(18,722)	(18,086)
Proceeds from sale of property, plant & equipment		2,456	2,184
Payment for acquisition of subsidiary, net of cash	26	(15,142)	-
Payment for intangible assets		(2,154)	(1,416)
Cash outflow from investing activities		**(33,562)**	**(17,318)**
Proceeds from borrowings		21,060	23,831
Repayment of borrowings		(24,457)	(34,598)
Payment of dividends		(11,145)	(8,918)
Cash outflow from financing activities		**(14,542)**	**(19,685)**
Net cash increase in cash and cash equivalents held		**13,013**	**18,168**
Effect of exchange rates on cash and cash equivalent holdings		53	(38)
Cash and cash equivalents at beginning of financial year		46,236	28,106
Cash and cash equivalents at end of financial year	23	**59,302**	**46,236**

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

Notes to the Financial Statements

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(w).

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Key accounting estimates and judgements

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

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

- Determination of a project's stage of completion requires an estimate of expenses incurred to date as a percentage of total estimated costs. Key assumptions regarding costs to complete include estimations of labour, technical costs, impact of delays and productivity. These estimates are performed by qualified professionals within the project teams.
- Estimation of allowance for expected credit losses on financial assets and liabilities (Note 32)
- Assessment and impairment of intangible assets (Note 13)
- Employee long-term entitlements (Note 18)
- Recovery of deferred tax assets and provision for income tax (Note 17)
- Determination of variable consideration on revenue (Note 1c)
- Determination of lease term and incremental borrowing rate (Note 1u)
- Determination of fair value of net assets acquired in a business combination (Note 26)
- Determination of the fair value of share-based payments (Note 30)

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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity with adjustments made to the '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(q).

Changes in ownership interests

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

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

(b) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 Income Taxes and AASB 119 Employee Benefits respectively
- Liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 Share-Based Payments at the acquisition date (see below)
- Assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard
- Right-of-use asset assets and lease liabilities for leases are recognised in accordance with AASB 16, except that right-of use assets and leases are not recognised for leases for which the lease term ends within 12 months of the acquisition date, or for which the underlying asset is of low value
- Reacquired rights are recognised as an intangible asset on the basis of the remaining contractual term of the related contract regardless of whether market participants would consider potential contractual renewals when measuring fair value.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When the consideration transferred by the Group in a business combination includes contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(c) 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.

Transaction Price and Contract Modifications

The transaction price is the amount of consideration to which the Company expects to be entitled to under the customer contract and which is used to value total revenue and is allocated to each performance obligation.

The determination of this amount includes both 'fixed consideration', (for example the agreed lump sum, aggregated schedule of rates or pricing for services) and 'variable consideration.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The main variable consideration elements are claims (contract modifications) and consideration for optional works and provisional sums, each of which need to be assessed. Contract modifications are changes to the contract approved by the parties to the contract. When determining whether approval has been granted by the parties to the contract, the Group takes into consideration factors including, but not limited to, contract terms, customary business practices, the status of the negotiation process, the ability to enforce the other party and expert legal opinion.

A contract modification may exist even though the parties to the contract may not have finalised the scope or price (or both) of the modification. Contract modifications may include a claim, which is an amount that the contractor seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in the contract scope.

The right to income from a contract modification shall be provided to the extent the agreement with the customer creates enforceable rights and obligations. Once the enforceable right has been identified, the Group applies the guidance given in AASB 15 in relation to variable consideration. This requires an assessment that it is highly probable that there will not be a significant reversal of this revenue in the future.

Costs to Obtain and Fulfil a Contract

Costs incurred during the tender/bid process are expensed, unless they are incremental to obtaining the contract and the Group expects to recover those costs or where they are explicitly chargeable to the customer regardless of whether the contract is obtained. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained.

Financing Components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer represents a financing component. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

(d) 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 capitalised is the weighted average interest rate on the Group's borrowings outstanding during the period.

(e) 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 (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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(f) 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.

(g) 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.

(h) 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.

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).

(i) 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) 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.

(k) 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.

(l) 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.

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.

(m) 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

(n) Trade and other payables

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

(o) Interest bearing liabilities

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

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

(p) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation that can be estimated reliably as a result of past event, for which it is probable that an outflow of economic benefits will 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.

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.

(q) Financial instruments

Financial instruments are recognised when the Group becomes a party to the contractual provisions to the instrument. Financial instruments for the Group include cash and cash equivalents, trade and other receivables, trade and other payables, interest-bearing financial liabilities 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.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Share capital

Ordinary share capital

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

Dividends

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

(s) 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.

(t) 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.

(u) Leases

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.

The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a term of 12 months or less) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date using the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at commencement date;
- The amount expected to be payable by the lessee under residual value guarantees;
- The exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect these payments.

The group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the liability is remeasured by discounting the revised lease payments using a revised discount rate.
- The lease payments change due to changes in an index or a change in expected payment under a guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment loss.

NOTE 1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the right-of-use asset. If a lease transfers ownership of the underlying asset of the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group applies AASB 136 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the 'Property, Plant and Equipment" policy.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "Other Expenses" in profit or loss.

(v) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Cash flow hedges

Cash flow hedges are used to cover the consolidated group's exposure to variability in cash flows that are attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs.

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss.

(w) 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. The adoption of the standards and interpretations has no material impact on the financial report.

(x) 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 2022. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

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 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current
- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates
- AASB 2021-5 (issued June 2021) Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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 29).

	2022 $'000	2021 $'000
Construction revenue	315,396	291,741
Services revenue	328,845	277,800
	644,241	**569,541**

NOTE 3. OTHER INCOME / FINANCE EXPENSES

	2022 $'000	2021 $'000
Other income		
Property rental income	195	264
Freight and other income	2,019	855
	2,214	**1,119**
Finance expenses		
Interest on right of use liabilities	814	778
Other finance expenses	1,749	1,721
	2,563	**2,499**

NOTE 4. DEPRECIATION AND AMORTISATION

	2022 $'000	2021 $'000
Depreciation		
Buildings and leasehold improvements	312	319
Office and computer equipment	821	1,051
Motor vehicles	3,530	3,004
Plant and rental equipment	9,975	9,117
	14,638	**13,491**
Right of use assets	8,414	8,431
Total depreciation expense	**23,052**	**21,922**
Amortisation		
Customer relationships	3,590	4,013
Software	30	-
	3,620	**4,013**

Depreciation and amortisation rates are set out in Note 1(l), 1(m) and 1(u).

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 5. INCOME TAX EXPENSE

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

		2022 $'000	2021 $'000
(a)	**Income tax expense**		
	Current tax expense	693	799
	Deferred tax expense / (benefit) (see Note 17)	7,071	5,892
	(Over) / under provision in respect to prior year	(902)	(126)
	Income tax benefit	**6,862**	**6,565**
(b)	**Numerical reconciliation of income tax benefit to prima facie tax payable**		
	Profit for the year	26,994	18,618
	Tax at the Australian rate of 30% (2021 - 30%)	8,098	5,585
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	- Increase in income tax expense due to non-tax deductible items	(211)	287
	- Non-deductible losses on overseas entities	(35)	45
	- Difference in overseas tax rate	(86)	774
	- Sundry items	(2)	-
	Amount (over) / under provided in prior year	(902)	(126)
	Income tax expense attributable to entity	**6,862**	**6,565**

(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:

	2022 $'000	2021 $'000
Share-based payments	**-**	**-**

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.

	2022 $	2021 $
Short-term employee benefits	6,485,368	5,658,223
Long service leave	35,063	95,289
Post-employment benefits	171,148	168,558
Share-based payments	506,751	(34,337)
	7,198,330	**5,887,733**

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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:

	2022 $	2021 $
Remuneration of the auditor of the parent entity[1]		
Audit or review of the financial statements	342,816	302,500
	342,816	**302,500**
Remuneration of parent entity auditor's network firms[1]		
Audit or review of the financial statements	**56,044**	**78,313**
Remuneration of other auditors of subsidiaries		
Audit or review of the financial statements	15,015	13,785
Non-assurance related services		
- tax compliance	2,897	3,628
	17,912	**17,413**

[1] The auditor of the parent entity is BDO Audit (WA) Pty Ltd (2021: BDO Audit (WA) Pty Ltd).

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.

	2022 $'000	2021 $'000
Net cash / (debt)	20,527	12,249

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

(b) Dividends

	2022 $'000	2021 $'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 30/06/2020 of 0.5 cents per share paid on 21/10/2020 franked at the tax rate of 30%	-	2,230
- Interim fully franked ordinary dividend for the year ended 30/06/2021 of 1.0 cent per share paid on 28/04/2021 franked at the tax rate of 30%	-	4,458
- Final fully franked ordinary dividend for the year ended 30/06/2021 of 1.0 cent per share paid on 21/10/2021 franked at the tax rate of 30%	4,458	-
- Interim fully franked ordinary dividend for the year ended 30/06/2022 of 1.5 cents per share paid on 28/04/2022 franked at the tax rate of 30%	6,687	-
	11,145	**6,688**
Dividends declared after 30 June 2022		
(i) The Directors have resolved to declare a final fully franked ordinary dividend of 1.5 cents per share payable on 13/09/2022, franked at the tax rate of 30%.	6,687	-
	6,687	**-**
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.	17,823	16,936
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:		
- Dividend declared post year end	(2,866)	(1,911)
	14,957	**15,025**

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 9. EARNINGS PER SHARE

	2022	2021
Profit attributable to members of the parent entity	20,132	12,053
WANOS used in the calculation of basic EPS (shares)	445,796,415	445,796,415
WANOS used in the calculation of diluted EPS (shares)	451,229,035	450,096,415
Earnings per share		
Basic (cents per share)	4.5	2.7
Diluted (cents per share)	4.5	2.7

NOTE 10. TRADE AND OTHER RECEIVABLES

	2022 $'000	2021 $'000
Trade receivables[(a)]	104,358	90,400
Other receivables[(b)]	393	1,569
Provision for doubtful debts	(6,875)	(5,468)
	97,876	**86,501**
Net balance sheet position for ongoing construction contracts:		
Current contract assets[(c)]	60,756	55,726
Non-current contract assets[(c)]	1,557	1,869
Current contract liabilities[(c)]	(33,116)	(20,571)
	29,197	**37,024**
	127,073	**123,525**

(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 32.

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 11. INVENTORIES

	2022 $'000	2021 $'000
Raw materials and stores at cost	4,918	5,185
Finished goods	9,019	5,351
Work in progress and materials on site	4,777	4,332
	18,714	**14,868**

Provision for obsolete stock was included in this amount of $nil (2021: $nil).

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

	Land $'000	Building & Leasehold Improvements $'000	Office & Computer Equipment $'000	Motor Vehicles $'000	Plant & Rental Equipment $'000	Capital Work in Progress $'000	Total $'000
Year Ended 30 June 2022							
Opening net book amount	1,557	2,260	1,470	11,246	64,114	895	81,542
Additions	-	472	887	1,778	15,545	40	18,722
Assets acquired through business combination	-	110	106	5,078	14,572	247	20,113
Disposals	(513)	(196)	(4)	(13)	(437)	-	(1,163)
Depreciation charge	-	(312)	(821)	(3,530)	(9,975)	-	(14,638)
Foreign exchange differences	-	(12)	(1)	(2)	(218)	-	(233)
Closing net book amount	**1,044**	**2,322**	**1,637**	**14,557**	**83,601**	**1,182**	**104,343**
As at 30 June 2022							
Cost	1,044	4,386	7,714	30,147	153,589	1,182	198,062
Accumulated depreciation	-	(2,064)	(6,077)	(15,590)	(69,988)	-	(93,719)
Accumulated impairment	-	-	-	-	-	-	-
Net book amount	**1,044**	**2,322**	**1,637**	**14,557**	**83,601**	**1,182**	**104,343**
Year Ended 30 June 2021							
Opening net book amount	1,885	2,576	2,348	10,559	60,715	1,172	79,255
Additions	-	384	205	4,301	13,646	68	18,604
Disposals	(328)	(387)	(29)	(599)	(1,108)	(345)	(2,796)
Depreciation charge	-	(319)	(1,051)	(3,004)	(9,117)	-	(13,491)
Foreign exchange differences	-	6	(3)	(11)	(22)	-	(30)
Closing net book amount	**1,557**	**2,260**	**1,470**	**11,246**	**64,114**	**895**	**81,542**
As at 30 June 2021							
Cost	1,557	4,375	6,952	23,741	127,204	895	164,724
Accumulated depreciation	-	(2,115)	(5,482)	(12,495)	(63,090)	-	(83,182)
Accumulated impairment	-	-	-	-	-	-	-
Net book amount	**1,557**	**2,260**	**1,470**	**11,246**	**64,114**	**895**	**81,542**

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 13. INTANGIBLES

	Goodwill $'000	Customer Relationships $'000	Software $'000	Total $'000
Year ended 30 June 2022				
Opening net book amount	89,827	13,344	1,416	104,587
Additions	-	-	2,154	2,154
Transfers	-	-	-	-
Impairment charge	-	-	-	-
Amortisation charge	-	(3,590)	(30)	(3,620)
Foreign exchange differences	(442)	(38)	-	(480)
Closing net book amount	**89,385**	**9,716**	**3,540**	**102,641**
As at 30 June 2022				
Cost	114,154	29,115	3,570	146,839
Accumulated amortisation and impairment	(24,769)	(19,399)	(30)	(44,198)
Net book amount	**89,385**	**9,716**	**3,540**	**102,641**
Year ended 30 June 2021				
Opening net book amount	89,886	17,364	-	107,250
Additions	-	-	1,416	1,416
Impairment charge	-	-	-	-
Amortisation charge	-	(4,013)	-	(4,013)
Foreign exchange differences	(59)	(7)	-	(66)
Closing net book amount	**89,827**	**13,344**	**1,416**	**104,587**
As at 30 June 2021				
Cost	114,596	29,153	1,416	145,165
Accumulated amortisation and impairment	(24,769)	(15,809)	-	(40,578)
Net book amount	**89,827**	**13,344**	**1,416**	**104,587**

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

	Engineering and Construction $'000	Asset Maintenance $'000	Mining Services $'000	Total $'000
30 June 2022	57,930	39,993	1,178	99,101
30 June 2021	58,451	43,542	1,178	103,171

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	
	2022 %	2021 %	2022 %	2021 %
Engineering and Construction	2.00%	2.00%	12.29%	12.29%
Asset Maintenance	2.00%	2.00%	12.29%	12.29%
Mining Services	2.00%	2.00%	12.29%	12.29%

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, no impairment is recognised for the year ended 30 June 2022 (2021: no impairment recognised).

NOTE 14. TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Current		
Trade payables	79,491	63,231
Other payables and accrued expenses	42,905	43,253
	122,396	**106,484**

Information about the Group's exposure to currency and liquidity risks is included in Note 32.

NOTE 15. LEASES

The recognised right of use liabilities are as follows:

	2022 $'000	2021 $'000
Current right of use liability	7,654	8,253
Non-current right of use liability	10,860	13,096
Total right of use liabilities	**18,514**	**21,349**

The recognised right of use assets relate to the following types of assets:

Properties	17,029	19,852
Equipment and vehicles	246	487
Total right of use assets	**17,275**	**20,339**

Additions to the right-of-use assets during the year was $5,349,000 (2021: $2,797,000).

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

	2022 $'000	2021 $'000
Current		
Secured borrowings - Term facility	3,000	3,000
Secured borrowings - Asset financing	10,983	10,941
Other borrowings - Insurance premium funding	-	1,406
	13,983	**15,347**
Non-current		
Secured borrowings - Term facility	2,250	5,250
Secured borrowings - Asset Financing	22,542	13,390
	24,792	**18,640**
The carrying amount of non-current assets pledged as first security are:		
Plant, motor vehicles and equipment over which hire purchase contracts apply	37,482	31,916
Total amount	**37,482**	**31,916**

(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.

NOTE 17. DEFERRED TAX BALANCES

		2022 $'000	2021 $'000
(a)	**Deferred tax assets**		
	The balance comprises temporary differences attributed to:		
	Provisions	12,503	9,551
	Share-based payments	291	55
	Payables	1,888	1,219
	Tax losses	13,514	22,810
	Other	1,030	2,345
	Total deferred tax assets	**29,226**	**35,980**
(b)	**Deferred tax liabilities**		
	The balance comprises temporary differences attributed to:		
	Property Plant and Equipment	9,233	3,142
	Debtors retention	993	871
	Intangible assets	2,503	3,968
	Total deferred tax liabilities	**12,729**	**7,981**
	Net deferred tax assets/(liabilities)	**16,497**	**27,999**

(c) **Reconciliations**

	Opening Balance $'000	Recognised in Profit or Loss $'000	(Over)/Under Previous Years $'000	Foreign exchange differences $'000	Closing Balance $'000
2022					
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	**(3,142)**	(3,922)	(2,169)	-	**(9,233)**
Provisions	**9,551**	1,549	1,403	-	**12,503**
Share-based payments	**55**	236	-	-	**291**
Intangibles	**(3,968)**	972	493	-	**(2,503)**
Debtors retention	**(871)**	163	(285)	-	**(993)**
Payables	**1,219**	414	255	-	**1,888**
Tax losses	**22,810**	(6,351)	(2,945)	-	**13,514**
Other	**2,345**	(132)	(1,183)	-	**1,030**
	27,999	**(7,071)**	**(4,431)**	**-**	**16,497**
2021					
Deferred tax assets / (liabilities) in relation to:					
Property, plant and equipment	**3,798**	(5,679)	(1,322)	61	**(3,142)**
Provisions	**8,915**	(526)	1,223	(61)	**9,551**
Share-based payments	**-**	54	1	-	**55**
Intangibles	**(4,387)**	443	-	(24)	**(3,968)**
Debtors retention	**(1,179)**	308	-	-	**(871)**
Prepayments	**(37)**	37	-	-	**-**
Payables	**1,414**	(195)	-	-	**1,219**
Tax losses	**24,380**	(1,177)	(366)	(27)	**22,810**
Accrued Revenue	**(799)**	-	747	52	**-**
Other	**1,563**	843	(15)	(46)	**2,345**
	33,668	**(5,892)**	**268**	**(45)**	**27,999**

NOTE 17. DEFERRED TAX BALANCES (CONTINUED)

Significant judgment: recoverability of deferred tax assets

The deferred tax assets include an amount of $13,514,000 which relates to carried-forward tax losses. The group has concluded that the deferred assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets. The losses can be carried forward indefinitely and have no expiry date.

NOTE 18. PROVISIONS

	2022 $'000	2021 $'000
Current		
Employee benefit provisions[a]	29,278	20,606
Lease provisions[c]	1,286	1,604
Other	1,838	3,877
	32,402	**26,087**
Non-current		
Employee benefit provisions[b]	3,552	3,394
Lease provisions[c]	942	2,223
Other	300	1,530
	4,794	**7,147**

(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 provision of $29,278,000 (2021: $20,606,000) 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

$1,601,000 (2021: $3,381,000) of the liability is assumed as part of the business combination in a prior period for the fair valuation of GCS' lease agreements due to the leases' terms being unfavourable relative to market terms. The market value of rentals for these properties are lower than the rental terms agreed by GCS to lease the properties and therefore a liability is recognised.

$627,000 (2021: $446,000) 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.

NOTE 19. ISSUED CAPITAL

	2022		2021	
Share capital	**Shares**	**$'000**	**Shares**	**$'000**
Ordinary shares fully paid	445,796,415	218,096	445,796,415	218,096

	Number of shares	Total $'000
Balance as at 1 July 2020	**445,796,415**	**218,096**
Balance as at 30 June 2021	**445,796,415**	**218,096**
Balance as at 30 June 2022	**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

On 5 November 2021, a total of 11,890,000 performance rights were issued. See Note 30 for further discussions 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).

(e) Hedging Reserve - cash flow hedges

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 21. COMMITMENTS

	2022 $'000	2021 $'000
Capital commitments		
Committed at the reporting date but not recognised as liabilities, payable:		
- Plant and equipment	4,890	1,102
Total capital commitments	**4,890**	**1,102**

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 31.

NOTE 23. CASH AND CASH EQUIVALENTS

	2022 $'000	2021 $'000
Cash at bank and in hand	59,302	46,236
	59,302	**46,236**

		2022 $'000	2021 $'000
(a)	**Reconciliation of profit for the year to net cash from operating activities**		
	Profit for the year	20,132	12,053
	Depreciation and amortisation	26,672	25,935
	Share-based payment	785	(160)
	Earnings from equity accounted investment	2	6
	(Gain)/loss on disposal of property, plant and equipment	(1,060)	(174)
	Unrealised foreign exchange	(1,564)	374
	Fair value adjustment to derivatives	(2,067)	-
	Changes in assets:		
	- (Increase)/decrease in trade and other receivables	(11,377)	948
	- (Increase)/decrease in contract assets	(4,719)	(16,319)
	- (Increase)/decrease in inventories	(3,700)	652
	- (Increase)/decrease in other assets	(80)	1,292
	- (Increase)/decrease in current tax assets	(160)	-
	- (Increase)/decrease in deferred tax assets	11,503	5,669
	Changes in liabilities		
	- (Decrease)/increase in trade and other payables	15,908	20,104
	- (Decrease)/increase in contract liabilities	12,545	4,685
	- (Decrease)/increase in provisions	(1,200)	2,080
	- (Decrease)/increase in tax liability	(503)	(1,974)
	Cash Inflow from Operating Activities	**61,117**	**55,171**

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

NOTE 23. CASH AND CASH EQUIVALENTS (CONTINUED)

		2022 $'000	2021 $'000
(b)	**Non-cash financing and investing activities**		
	Right of use assets recognised under AASB 16	**5,349**	**2,797**

(c) Reconciliation of liabilities arising from financing activities

	Opening Balance $'000	Financing Cash Flows $'000	New/Extended Leases $'000	Closing Balance $'000
2022				
Borrowings	9,651	(4,401)	-	**5,250**
Asset financing liabilities	24,337	9,188	-	**33,525**
Lease liabilities	21,349	(8,184)	5,349	**18,514**
	55,337	**(3,397)**	**5,349**	**57,289**
2021				
Borrowings	10,498	(847)	-	**9,651**
Asset financing liabilities	26,073	(1,736)	-	**24,337**
Lease liabilities	26,736	(8,184)	2,797	**21,349**
	63,307	**(10,767)**	**2,797**	**55,337**

NOTE 24. PARENT ENTITY FINANCIAL INFORMATION

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

	2022 $'000	2021 $'000
Financial Position		
Assets		
Current assets	1,800	14,364
Non-current assets	95,641	119,176
Total assets	**97,441**	**133,540**
Liabilities		
Current liabilities	32,544	35,039
Non-current liabilities	9,811	11,275
Total liabilities	**42,355**	**46,314**
Net assets	**55,086**	**87,226**
Equity		
Issued capital	158,010	158,010
Reserves	18,255	17,470
Profit reserve	45,479	56,623
Accumulated losses	(166,658)	(144,877)
Total equity	**55,086**	**87,226**
Financial Performance		
Loss for the year	22,829	3,857
Other comprehensive income	-	-
Total comprehensive loss for the year	**22,829**	**3,857**

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.

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 2022	Ownership Interest Held by the Group 2021
SRG Global Limited(1)	Australia	Corporate Services	100%	100%
Controlled companies				
CASC Contracting Pty Ltd	Australia	Dormant	100%	100%
SRG Global Assets Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global CASC Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global 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	Dormant	100%	100%
SRG Global Facades Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Infrastructure Pty Ltd (1) (3)	Australia	Construction	100%	0%
Carr Civil Contracting Pty Ltd(3)	Australia	Dormant	100%	0%
SRG Global Integrated Services Pty Ltd(1)	Australia	Asset Services	100%	100%
SRG Global Investments Pty Ltd(1)	Australia	Dormant	100%	100%
SRG Global Structures (VIC) Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Structures (WA) Pty Ltd(1)	Australia	Construction	100%	100%
Structural Systems Middle East LLC(2)	UAE	Construction	49%	49%
NASA Structural Systems LLC(2)	UAE	Construction	49%	49%
SRG Contractors US, Inc.	USA	Dormant	100%	100%
SRG Employee Share Trust	Australia	Trust	100%	100%
SRG Global (Australia) Limited(1)	Australia	Corporate Services	100%	100%
SRG Global Building (Northern) Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Building (Southern) Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Building (Western) Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Civil Pty Ltd(1)	Australia	Construction	100%	100%
SRG Global Corporate (Australia) Pty Ltd(1)	Australia	Corporate Services	100%	100%
SRG Global International Holdings Pty Ltd(1)	Australia	Dormant	100%	100%
SRG Global IP Pty Ltd(1)	Australia	Dormant	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 Group (NZ) Ltd	New Zealand	Asset Services	100%	100%
SRG Global (NZ) Ltd	New Zealand	Asset Services	100%	100%
SRG Global Asset Services (NZ) Ltd	New Zealand	Asset Services	100%	100%
SRG Global Remediation Services (NZ) Ltd	New Zealand	Asset Services	100%	100%
SRG Global Refractory Services (NZ) Ltd	New Zealand	Asset Services	100%	100%
SRG Global Asset Services (Taranaki) Ltd	New Zealand	Asset Services	100%	100%
Total Bridge Services Limited	New Zealand	Asset Services	50%	50%
Bugarrba PJV Pty Ltd	Australia	Asset Services	49%	49%
SRG Global Industrial Services Pty Ltd(1)	Australia	Construction	-	100%
Red Ore Drill and Blast Pty Ltd	Australia	Dormant	-	50%
The following entities are in the process of deregistration				
SRG Contractors Doha LLC(2)	Qatar	Dormant	49%	49%
SRG Contractors Muscat LLC(2)	Oman	Dormant	49%	49%
SRG Hong Kong Limited	Hong Kong	Dormant	100%	100%
SRG International Holdings Pte. Ltd	Singapore	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 fifty one percent 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.

(3) These entities were acquired during the period. Refer to further details of business acquisition in Note 26.

Notes to the Financial Statements (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2022

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. An assumption deed was made on 1 April 2022 to join SRG Global Infrastructure Pty Ltd as a party to the Deed of Cross Guarantee.

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

	2022 $'000	2021 $'000
Financial information in relation to:		
Statement of profit or loss and other comprehensive income:		
Profit before income tax	24,132	20,717
Income tax expense	(6,186)	(6,755)
Profit for the year	**17,946**	**13,962**
Other comprehensive income	-	-
Total comprehensive income for the year	**17,946**	**13,962**
Statement of financial position:		
Current assets		
Cash and cash equivalents	50,452	37,468
Trade and other receivables	89,044	73,004
Contract assets	58,122	52,782
Inventories	18,042	14,003
Other current assets	2,693	2,624
Derivative financial instrument asset	2,410	342
Total current assets	**220,763**	**180,223**
Non-current assets		
Property, plant and equipment	97,402	73,752
Right of use assets	15,327	17,720
Intangible assets	86,599	87,716
Non-Current Contract Assets	1,557	1,869
Deferred tax assets	16,459	27,337
Related party loan receivables	8,352	18,639
Investments	44,699	36,658
Total non-current assets	**270,395**	**263,691**
Total assets	**491,158**	**443,914**
Current liabilities		
Trade and other payables	118,081	98,891
Contract liabilities	32,422	18,378
Borrowings	13,822	15,189
Right of use liabilities	6,719	7,289
Current tax liabilities	61	125
Provisions	30,501	24,168
Total current liabilities	**201,606**	**164,040**
Non-current liabilities		
Borrowings	24,670	18,348
Right of use liabilities	9,811	11,407
Provisions	4,721	7,147
Total non-current liabilities	**39,202**	**36,902**
Total liabilities	**240,808**	**200,942**
Net assets	**250,350**	**242,972**
Equity		
Issued capital	218,096	218,096
Reserves	9,195	8,617
Retained earnings	23,059	16,259
Total equity	**250,350**	**242,972**

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 Ltd and Fulton Hogan Ltd. The principal activity of which is maintaining the Auckland Harbour Bridge.

The Company's subsidiary, SRG Global Civil Pty Ltd, has a 50% share of an unincorporated joint operation with Georgiou Group Pty Ltd. The principal activity of which is upgrading the New England Highway - Bolivia Hill Upgrade in New South Wales.

The Company's subsidiary, SRG Global Civil Pty Ltd, has a 50% share of an unincorporated joint operation with WBHO Infrastructure Pty Ltd. The principal activity of which is constructing a grade-separated interchange at Wanneroo Road and Ocean Reef Road. The joint operation became 100% owned by the company following its acquisition of WBHO Infrastructure on 31 March 2022.

The Company's subsidiary, SRG Global Integrated Services Pty Ltd, has a 49% share of Bugarrba PJV Pty Ltd, a joint operation with Walganbung Services Group Pty Ltd. The principal activity of which is for the provision of asset services on the land and for the benefit of the Njamal Traditional Owners.

(c) Joint ventures

Set out below are the joint ventures of the Group as at 30 June 2022 which, in the opinion of the Directors, are material to the Group.

	Place of business	% of ownership interest	Measurement method	Carrying amount 2022 $'000	Carrying amount 2021 $'000
Traylor SRG, LLC[a]	USA	50%	Equity Method	130	121

[a] Incorporated Joint Venture in USA.

NOTE 26. BUSINESS COMBINATION

On 14 March 2022, SRG Global Limited ('SRG Global' or 'the Company') signed a Sales Implementation Deed ('SID') to acquire WBHO Infrastructure's Western Australia business out of Voluntary Administration for $15.1 million. The acquisition was structured by Deed of Company Arrangement ('DOCA') and it was approved at the second meeting of creditors of WBHO Infrastructure Pty Ltd (now SRG Global Infrastructure Pty Ltd) on 30 March 2022. The acquisition was completed on 31 March 2022 with the Company acquiring 100% of voting equity interests. There were no contingent considerations arising from the acquisition. As the acquisition was structured by DOCA, calculations of the Group revenue and Group profit had the acquisition been completed on the first day of the financial year could not be performed reliably.

Details of the purchase consideration and the fair value of net assets acquired are as follows:

	Fair Value $'000
Assets	
Inventories	158
Other current assets	32
Property, plant and equipment	20,114
Total assets	**20,304**
Liabilities	
Trade and other payables	1,460
Provisions	3,702
Total liabilities	**5,162**
Net assets acquired	**15,142**
Goodwill arising on acquisition	-
Total purchase consideration - cash	**15,142**

Estimates and judgments were made in determining the fair value of property, plant and equipment.

From the date of acquisition, the acquired business has contributed $24,160,000 of revenue and $1,213,000 of earnings before interest, taxes, depreciation and amortisation ('EBITDA') of the Group.

Acquisition and integration-related costs of approximately $1,000,000 are included in administrative expenses in the consolidated statement of profit or loss and in operating cash flows in the consolidated statement of cash flows.

NOTE 27. 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

	2022 $	2021 $
Purchases of goods and services from entities controlled by key management personnel	75,449	39,824

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

	2022 $	2021 $
Current payables (purchases of goods and services)	-	6,884

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

NOTE 28. EVENTS SUBSEQUENT TO REPORTING DATE

On 5 July 2022 the Group secured a five-year term contract with Iron Bridge Operations. Iron Bridge is an unincorporated join venture between Fortescue Metals Group subsidiary FMG Iron Bridge and Formosa Steel IB. The Contract is a Master Agreement for Maintenance and Shutdown Services to provide rope access and electrical maintenance requirements across its new magnetite project in Western Australia. On 5 July 22, the Group also secured a maintenance contract with Visy Industries Australia for the provision of specialist refractory installation, incorporating multiple skilled trades at their Adelaide glass manufacturing facility. The combined value of the Iron Bridge and Visy Industries contracts is ~$100m.

On 19 July 2022 the Group secured engineering, maintenance and civil services contract with existing Tier 1 clients valued at ~$80m. This includes a two-year civil services term contract with South32 at the Worsley Alumina operations in Western Australia, a three-year marine remediation contract with Fremantle Ports at the Kwinana Bulk Jetty in Western Australia, and an earthworks and civil services contract extension to BCI Minerals Limited at the Mardie Salt and Potash Project in Western Australia.

On 26 July 2022 the Group secured a five-year term contract with Northern Star Resources Limited at its Kalgoorlie Consolidated Gold Mine (“KCGM”) gold operations in Western Australia. The scope of works includes the provision of geotechnical ground support, rock fall protection systems, depressurisation drilling and rope access services. Also on 26 July 2022, the Group secured a seven-year term contract with Meridian Energy Limited to maintain its hydro and wind assets across New Zealand. The scope of works includes the provision of painting/coatings, rope access, engineering, general asset maintenance and repair services. The Northern Star and Meridian Energy Limited contracts are valued at ~$90m.

On 23 August 2022 the Group announced a final, fully franked dividend of 1.5c per share. The record date for this dividend is 9 September 2022 with the payment to be made on 13 September 2022.

Other than the matters described above, no other matter or circumstance has arisen since 30 June 2022 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 29. 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 Maintenance, Mining Services and Engineering 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 Maintenance segment

Our operations in the Asset Maintenance 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.

Engineering and Construction segment

Our operations in the Engineering and 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.

NOTE 29. 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 2022 is as follows:

Segment revenues and results

	Asset Maintenance $'000	Mining Services $'000	Engineering and Construction $'000	Corporate $'000	Total $'000
30 June 2022					
Construction revenue	-	-	315,396	-	315,396
Services revenue	214,842	114,003	-	-	328,845
Revenue from external customers	214,842	114,003	315,396	-	644,241
EBITDA	**25,161**	**23,918**	**22,845**	**(15,693)**	**56,231**
Depreciation	(8,394)	(6,834)	(6,298)	(1,526)	(23,052)
Amortisation	(3,590)	-	-	(30)	(3,620)
Finance costs	(554)	(323)	(458)	(1,228)	(2,563)
Equity accounted investment results	-	-	(2)	-	(2)
Profit before income tax	**12,623**	**16,761**	**16,087**	**(18,477)**	**26,994**
Income tax expense					(6,862)
Profit after income tax					**20,132**
30 June 2021					
Construction revenue	-	-	291,741	-	291,741
Services revenue	186,944	90,856	-	-	277,800
Revenue from external customers	186,944	90,856	291,741	-	569,541
EBITDA	**22,028**	**20,029**	**18,943**	**(13,942)**	**47,058**
Depreciation	(6,983)	(6,663)	(6,353)	(1,923)	(21,922)
Amortisation	(3,587)	-	(426)	-	(4,013)
Finance costs	(479)	(471)	(493)	(1,056)	(2,499)
Equity accounted investment results	-	-	(6)	-	(6)
Profit before income tax	**10,979**	**12,895**	**11,665**	**(16,921)**	**18,618**
Income tax expense					(6,565)
Profit after income tax					**12,053**

NOTE 29. SEGMENT RESULTS (CONTINUED)

Segment assets and liabilities

	Asset Maintenance $'000	Mining Services $'000	Engineering and Construction $'000	Corporate $'000	Total $'000
30 June 2022					
Segment assets	159,036	47,274	235,073	43,180	484,563
Segment liabilities	43,800	30,945	143,319	31,933	249,997
30 June 2021					
Segment assets	149,108	50,199	189,646	53,976	442,929
Segment liabilities	57,900	29,051	109,621	19,556	216,128

	Australia		International		Group	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Revenue from external customers	596,601	507,457	47,640	62,084	644,241	569,541

NOTE 30. 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 may be imposed at the discretion of the board of directors. Vested performance rights expire on 30 June 2028.

On 5 November 2021, a total of 11,890,000 performance rights (convertible into one ordinary share per right) were issued to key management personnel and certain employees, subject to the terms of the Plan. Of the approved amount of performance rights, 4,870,000 were deemed to be granted in the year as terms and conditions had been agreed. The remaining 7,020,000 performance rights will be deemed to be granted once the relevant terms and conditions of the rights have been agreed between the company and the relevant parties. 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 issued during the 30 June 2022 financial period:

Performance rights series	Number	Grant date	Expiry date	Method of valuation	Fair value at grant date (AUD)
Tranche 1e	830,000	05-Nov-21	30-Jun-28	Black-Scholes	0.47
Tranche 1f	830,000	05-Nov-21	30-Jun-28	Monte Carlo Simulation	0.22
Tranche 1g	1,605,000	05-Nov-21	30-Jun-28	Black-Scholes	0.44
Tranche 1h	1,605,000	05-Nov-21	30-Jun-28	Monte Carlo Simulation	0.19
Tranche 1i	1,767,500	N/A	30-Jun-28	N/A	N/A
Tranche 1j	1,767,500	N/A	30-Jun-28	N/A	N/A
Tranche 1k	1,742,500	N/A	30-Jun-28	N/A	N/A
Tranche 1l	1,742,500	N/A	30-Jun-28	N/A	N/A

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 was utilised:

Input	Value
Dividend yield (%)	4.9% - 5.39%
Expected volatility (%)	45%
Risk free interest rate (%)	0.2% - 0.45%
Expected life of performance rights (years)	0.65 – 1.65 years
Rights exercise price (A$)	-
Discount for lack of marketability (%)	5.88%

NOTE 30. SHARE-BASED PAYMENTS (CONTINUED)

In addition to the above, 1,450,000 performance rights which were previously issued on 26 November 2019, were granted during the 30 June 2022 financial period:

Performance rights series	Number	Grant date	Expiry date	Method of valuation	Fair value at grant date (AUD)
Tranche 1c	725,000	01-July-21	30-Jun-25	Black-Scholes	0.45
Tranche 1d	725,000	01-July-21	30-Jun-25	Monte Carlo Simulation	0.21

Input	Value
Dividend yield (%)	5%
Expected volatility (%)	45%
Risk free interest rate (%)	0.01%
Expected life of performance rights (years)	1 year
Rights exercise price (A$)	-
Discount for lack of marketability (%)	6%

Furthermore, 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	0.048
Tranche 2c	700,000	26-Nov-19	Lapsed in current year	Black-Scholes	0.325
Tranche 2d	700,000	26-Nov-19	30-Jun-25	Black-Scholes	0.309

No performance rights were exercised during the year (none in prior year).

NOTE 31. FINANCING ARRANGEMENTS

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

	2022 $'000	2021 $'000
Total facilities available		
Bank overdraft (1)	1,500	1,500
Hire purchase facility (1)	60,000	50,000
Other facilities (1)	45,750	52,158
Bank guarantee facility (1)	20,000	20,000
Surety bond facility (2)	130,000	125,663
	257,250	**249,321**
Facilities used at the end of the reporting period:		
Bank overdrafts (1)	-	-
Hire purchase facility (1)	33,525	22,329
Other facilities (1)	5,357	11,945
Bank guarantee facility (1)	11,778	10,717
Surety bond facility (2)	72,267	71,135
	122,927	**116,126**
Facilities not used at the end of the reporting period:		
Bank overdrafts (1)	1,500	1,500
Hire purchase facility (1)	26,475	27,671
Other facilities (1)	40,393	40,213
Bank guarantee facilities (1)	8,222	9,283
Surety bond facility (2)	57,733	54,528
	134,323	**133,195**

NOTE 31. FINANCING ARRANGEMENTS (CONTINUED)

(1) **Multi-option facility**
As at reporting date, the Group has used $50,660,000 of its multi-option facility limit of $127,250,000. 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 $130,000,000 insurance bond facility with various parties (30 June 2021: $125,663,000). 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 2022 is $72,267,000 (30 June 2021: $71,135,000).

NOTE 32. 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's 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 31. 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
2022						
Borrowings	3,000	2,333	-	-	5,333	5,250
Hire purchase liabilities	11,387	10,152	14,898	-	36,437	33,525
Lease liabilities	7,896	6,995	5,009	-	19,900	18,514
Trade and other payables	79,491	-	-	-	79,491	79,491
	101,774	**19,480**	**19,907**	**-**	**141,161**	**136,780**
2021						
Borrowings	4,406	5,424	-	-	9,830	9,656
Hire purchase liabilities	9,238	8,493	8,351	-	26,082	24,331
Lease liabilities	8,513	9,174	4,956	-	22,643	21,349
Trade and other payables	63,231	-	-	-	63,231	63,231
	85,388	**23,091**	**13,307**	**-**	**121,786**	**118,567**

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Foreign exchange risk

Foreign currency risk is the risk that the value of a financial commitment, a recognised asset or liability will fluctuate due to changes in foreign currency rates. The Group is exposed to foreign exchange risk in abroad projects executed by local subsidiaries. In managing exposure to foreign exchange risk, the group has entered into a number of forward foreign exchange contracts. At 30 June 2022, the fair value of these contracts was $2,410,000 (2021: $342,000).

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 30/06/2022	As at 30/06/2022	Average year ended 30/06/2021	As at 30/06/2021
AUD$ / USD$	0.73	0.69	0.75	0.75
AUD$ / AED$	2.66	2.53	2.74	2.76
AUD$ / CNH$	4.69	4.62	4.94	4.85
AUD$ / NZD$	1.07	1.11	1.07	1.07

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

	USD$ $'000	AED$ $'000	CNH$ $'000	NZD$ $'000	Total $'000
2022					
Cash and cash equivalents	46	3,179	-	4,474	7,699
Trade and other receivables	1,189	1,369	-	6,275	8,833
Trade and other payables	(95)	(52)	(22,241)	(4,334)	(26,722)
	1,140	**4,496**	**(22,241)**	**6,415**	**(10,190)**
2021					
Cash and cash equivalents	1,887	2,289	-	6,447	10,623
Trade and other receivables	1,541	2,953	-	9,003	13,497
Trade and other payables	(501)	(799)	(9,200)	(6,240)	(16,740)
	2,927	**4,443**	**(9,200)**	**9,210**	**7,380**

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 $450,428 higher/$497,842 lower (2021: $359,180 lower/$396,989 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.

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NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

(c) 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
2022							
Financial assets							
Cash and cash equivalents	0.82%	59,302	-	-	-	-	59,302
Trade and other receivables	-	-	-	-	-	97,876	97,876
Derivative	-	-	-	-	-	2,410	2,410
		59,302	**-**	**-**	**-**	**100,286**	**159,588**
Financial liabilities							
Trade and other payables	-	-	-	-	-	(79,491)	(79,491)
Borrowings	3.67%	(8,109)	(10,073)	(20,593)	-	-	(38,775)
Lease liabilities	3.16%	-	(7,654)	(10,860)	-	-	(18,514)
		(8,109)	**(17,727)**	**(31,453)**	**-**	**(79,491)**	**(136,780)**
2021							
Financial assets							
Cash and cash equivalents	0.10%	46,236	-	-	-	-	46,236
Trade and other receivables	-	-	-	-	-	86,501	86,501
Derivative	-	-	-	-	-	342	342
		46,236	**-**	**-**	**-**	**86,843**	**133,079**
Financial liabilities							
Trade and other payables	-	-	-	-	-	(63,231)	(63,231)
Borrowings	3.32%	(10,252)	(10,345)	(13,390)	-	-	(33,987)
Lease liabilities	3.15%	-	(8,253)	(13,096)	-	-	(21,349)
		(10,252)	**(18,598)**	**(26,486)**	**-**	**(63,231)**	**(118,567)**

As at 30 June 2022, 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.

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer of 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 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 ECLs on trade receivables are estimated using a provision matrix based on historical credit loss experience and any available forward-looking estimates available as at reporting date.

Set out below is the information about the credit risk exposure at 30 June 2022 on the Group's trade receivables for which lifetime expected credit losses are recognised:

	Aging				
	Current	**31-60 Days**	**61-90 Days**	**90 Days+**	**Total**
30 June 2022					
Trade and other receivables and contract assets ($,000)	140,459	16,140	3,458	7,007	**167,064**
ECL allowance	(75)	(593)	-	(6,207)	**(6,875)**
30 June 2021					
Trade and other receivables and contract assets ($,000)	118,449	19,020	4,124	7,971	**149,564**
ECL allowance	(31)	(90)	(352)	(4,995)	**(5,468)**

The reconciliation in ECL allowance is as follows:

	2022 $'000	**2021 $'000**
Movement in ECL allowance provided for receivables		
Opening loss allowance - calculated under AASB 9	(5,468)	(9,195)
Net movement of expected credit loss	(1,407)	1,893
Receivables written off during the period as uncollectable	-	1,834
Closing balance as at 30 June 2022	**(6,875)**	**(5,468)**

NOTE 32. FINANCIAL INSTRUMENTS (CONTINUED)

(e) 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 on 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.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2022				
Financial assets				
Derivative	2,410	-	-	2,410
Financial liabilities				
Provisions	-	-	(418)	**(418)**
	2,410	**-**	**(418)**	**1,992**
2021				
Financial assets				
Derivative	342	-	-	**342**
Financial liabilities				
Provisions	-	-	(2,235)	**(2,235)**
	342		**(2,235)**	**(1,893)**

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

FOR THE YEAR ENDED 30 JUNE 2022

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 19 August 2022.

Ordinary share capital

SRG Global Limited's issued share capital is comprised of 445,796,415 fully paid ordinary shares, held by 3,466 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	356	900	517	1,387	306	**3,466**
Ordinary shares	105,982	2,538,857	4,069,428	47,491,176	391,590,972	**445,796,415**

There were 277 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**
Mitsubishi UFG Financial Group, Inc	33,206,549
Perennial Value Management Limited	26,556,705
Ryder Capital Limited	22,922,828
	82,686,082

Twenty largest shareholders	**Percentage of issued capital**	**Number of ordinary shares**
CITICORP NOMINEES PTY LIMITED	12.76	56,867,819
J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	11.05	49,240,526
NATIONAL NOMINEES LIMITED	8.87	39,552,763
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3.74	16,665,416
SANDHURST TRUSTEES LTD <WENTWORTH WILLIAMSON A/C>	2.91	12,986,962
PRIMETOWN PTY LTD <MCMORROW SUPER FUND A/C>	2.42	10,776,359
BNP PARIBAS NOMS PTY LTD <DRP>	1.82	8,123,177
DEAKIN PLACE PTY LTD <DEAKIN PLACE A/C>	1.67	7,441,945
MR DAVID WILLIAM MACGEORGE + MRS JACQUELINE AMANDA MACGEORGE <MACGEORGE FAMILY A/C>	1.49	6,625,889
CASC SERVICES PTY LTD <THE CHIARI USED UNIT A/C>	1.41	6,297,612
CUTTERS 2 PTY LTD <PAUL DAWSON A/C>	1.33	5,925,000
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED - A/C 2	1.32	5,862,954
CERTANE CT PTY LTD <CHARITABLE FOUNDATION>	1.11	4,927,011
WESTOR ASSET MANAGEMENT PTY LTD <VALUE PARTNERSHIP A/C>	0.98	4,366,811
OKELANE HOLDINGS PTY LTD <SJMK FAMILY NO 2 A/C>	0.90	4,017,518
CERTANE CT PTY LTD <BIPETA>	0.87	3,857,885
MEADOWVIEW INVESTMENTS PTY LTD <THE LIVSM FAMILY A/C>	0.79	3,543,874
LUFORM PTY LTD <USED FAMILY NO 2 A/C>	0.78	3,486,444
AWBEG NOMINEES PTY LTD <THE O'CONNOR FAMILY A/C>	0.77	3,413,580
DAJCO ENTERPRISES PTY LTD <THE MCGRANE FAMILY A/C>	0.77	3,413,580

Unlisted Equity Securities

There are 15,133,750 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

FOR THE YEAR ENDED 30 JUNE 2022

Directors

Peter McMorrow	Non-Executive Chairman
David Macgeorge	Managing Director
Peter Brecht	Non-Executive Director
Michael Atkins	Non-Executive Director
Amber Banfield	Non-Executive Director

Company secretaries

The company secretaries are Roger Lee and Judson Lorkin.

Registered office

The registered office of the Company is:

Level 1, 338 Barker Road, Subiaco, Western Australia 6008

Telephone: +61 8 9267 5400

Facsimile: +61 8 9267 5499

Website: www.srgglobal.com.au

Stock exchange listing

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

Share register

If you have any questions in relation to your shareholding, please contact our share registry:

Computershare Investor Services Pty Ltd

Level 2, 45 St Georges Terrace, Perth, Western Australia 6000

Telephone: +61 3 9415 4631

Facsimile: +61 3 9473 2500

Please include your Shareholder Reference Number (SRN) or Holder Identification Number (HIN) in all correspondence to the share registry.

Incorporation

SRG Global is incorporated in the state of Western Australia

Auditors

BDO Audit (WA) Pty Ltd

Bankers

National Australia Bank
Commonwealth Bank of Australia

srgglobal.com.au

CORPORATE HEAD OFFICE

Level 1, 338 Barker Rd
Subiaco, Western Australia 6008

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