



# Annual Report

For the year ended 30 June 2018



INFRASTRUCTURE  
RENEWABLES  
RESOURCES

Decmil Group Limited ABN 35 111 210 390 and Controlled Entities



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## **AUSTRALIAN BUSINESS NUMBER**

35 111 210 390

## **ASX CODE**

DCG

## **REGISTERED ADDRESS**

20 Parkland Road  
Osborne Park, WA 6017  
Tel: +61 8 9368 8877

## **ANNUAL GENERAL MEETING**

Shareholders are advised that the Decmil Group Limited 2018 Annual General Meeting (AGM) will be held on 8th November 2018 at 20 Parkland Road, Osborne Park, Western Australia, commencing at 10.00am (AWST).

## **ABOUT THIS REPORT**

This Annual Report is a summary of Decmil Group Limited's (ASX: DCG) ("Decmil" or "Company") operations, activities and financial position as at 30 June 2018.

Decmil Group Limited (ABN 35 111 210 390) is the parent Company of the Decmil Group of companies. In this report, unless otherwise stated, references to 'Decmil', 'DGL' and 'the Company', and 'we', 'us' and 'our' refer to Decmil Group Limited and its controlled entities.

References in the report to 'the year' or 'the reporting period' relate to the financial year, which is 1 July 2017 to 30 June 2018, unless otherwise stated. All dollar figures are expressed in Australian currency.

In an effort to reduce its impact on the environment, Decmil will only post printed copies of this Annual Report to those shareholders who elect to receive one through the share registry. An electronic copy of this Annual Report will be available on our website at [www.decmil.com](http://www.decmil.com)

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# IN 2018, DECMIL CELEBRATES 40 YEARS OF SUCCESS.

We have achieved many great things since our inception and have enjoyed celebrating our milestone with our colleagues, families and friends.

In celebrating our achievement of 40 years we wish to thank everyone who has contributed to our success. We are proud of our journey and we look forward to the future.





# OUR JOURNEY

ESTABLISHED IN 1978, DECMIL HAS 40 YEARS' EXPERIENCE DELIVERING INTEGRATED SOLUTIONS TO A RANGE OF CLIENTS.

SECTION: OUR COMPANY

## 1978 – 1983 The Early Days



**1978**

In Karratha, Western Australia, four men formed a construction company, Silla Careba Pty Ltd (one of them being Denis Criddle)



**1980**

First major contract awarded by Dampier Salt Ltd

**1982**

Work continued to increase and include clients such as Woodside and BHP

**1983**

Denis Criddle and Milan Babic bought out partners and changed company name to Decmil Engineering and Construction

## 1984 – 2003 Building on the Foundation

**1984**

Decmil opened Perth office in Maddington



**1985**

Continued growth with Dampier Salt and key works contracts for Woodside



**1988**

Won first major contract for \$20m with Woodside

**1993**

Scott Criddle joined Decmil



**1999**

Decmil commences work for Rio Tinto for the Mesa J process plant



**2003**

Decmil broadens client base with a number of government infrastructure projects



**2004**

Awarded first major Perth contract (construction of the Gosnells Civic Centre)

## 2004 – 2008 From Strength to Strength

**2005**

Awarded contracts with Burrup Fertilisers, Chevron and Rio Tinto

**2007**

Decmil was listed on the ASX

**2007**

Moved to Osborne Park premises



**2007**

Awarded construction projects for Hamersley Iron and Fortescue Metals Group



**2008**

Awarded Woodside Pluto LNG contract

## 2009 – 2013 Continued Growth & Expansion

**2009**

Denis Criddle is appointed as Chairman of the Board

**2009**

Scott Criddle is appointed Chief Executive Officer of Decmil Group

**2011**

Decmil expands into Queensland and opens an office in Brisbane



**2011**

Decmil acquires Homeground Villages

**2013**

Decmil acquires EDE and VDM Construction (East) in Brisbane

**2013**  
Decmil wins first international contract award for Manus Island, Papua New Guinea

## 2014 – 2018 Growth and Diversification

**2015**

Decmil opens an office in Auckland and launches Decmil Construction New Zealand



**2016**

Decmil acquires Cut & Fill (rebranded to Decmil in 2017)



**2017**

First major renewables project delivered (Gullen Solar Farm) in NSW

**TODAY**

Today Decmil is a very well established and highly regarded company with an enviable record of success and achievement

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# OUR FOUNDER, DENIS CRIDDLE



**UNDER DENIS' LEADERSHIP,  
A CULTURE OF 'FAMILY, RESPECT  
AND MUTUAL SUPPORT'  
WAS ESTABLISHED**

## **This year we recognise the achievements of Decmil's founder Denis Criddle.**

The Decmil story began in 1978 in the Pilbara town of Karratha, Western Australia.

As a young civil engineer working for Hamersley Iron in Dampier, Denis Criddle, with a passion for the region, could see the need for accommodation in the developing regional community. Together with some local businessmen in Karratha they formed a partnership which was the foundation for the Decmil business.

Starting with just four employees, Decmil has grown to now employ hundreds of people and operates across Australia and New Zealand. Denis grew the business to have a head office in Perth and to work with multiple clients including BHP, Woodside and Rio Tinto.

In 2002 Denis Criddle stepped down as Managing Director and Scott Criddle was appointed to this role.

Under Denis' leadership, a culture of 'family, respect and mutual support' was established. These foundations have been a key factor in our company's success. Additionally, his commitment to training and mentoring of the next generation of professionals in the construction and engineering industry is deeply embedded in our business.

Over the past 40 years, Denis has continued to contribute to the growth and direction of Decmil and has maintained a strong presence not only as a non-executive Board member but as a regular visitor to our offices and projects.

We would like to acknowledge Denis for his commitment and dedication to Decmil and for creating a strong culture from the very beginning. His values and foundations will continue to drive the success and sustainability of Decmil through the years to come.

# VISION & VALUES

## OUR VISION

**To be the market leader in project delivery, achieving sustainable growth through the quality of our people and the strength of our relationships.**

## OUR VALUES

**INTEGRITY:** We are honest in all aspects and treat people with respect and dignity.

**EXCELLENCE:** We strive to deliver results that stretch our capabilities.

**ACCOUNTABILITY:** We take responsibility and accountability for our actions and hold others to account.

**TEAMWORK:** We work together and support each other to achieve our goals.

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# ABOUT US

1978



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**ESTABLISHED**

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**PUBLICLY LISTED**

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**AUSTRALIAN OWNED**

**Decmil is a public company listed on the Australian Stock Exchange (ASX code DCG).**

We are an Australian owned construction and engineering company offering a diversified range of services to the infrastructure, renewable energy and natural resources sectors.

With operations throughout Australia and New Zealand, we offer a combination of national expertise and local knowledge, supported by a team of valued suppliers and contractors. Our offices are located in Perth, Western Australia; Brisbane, Queensland; Melbourne, Victoria; and Auckland, New Zealand.

For more than 40 years, and often in remote and challenging locations, we have collaborated with our clients to deliver

solutions for: transport, mining infrastructure, non-process infrastructure; building; defence & detention; oil & gas; fuel infrastructure; health & education; wind, solar & battery; accommodation; structural, mechanical & piping; electrical, instrumentation & controls; and maintenance.

Our clients vary from government sectors in transport, defence, immigration and health to blue chip clients in the resources, commercial and industrial sectors. We work closely with our clients to achieve innovative and cost-effective solutions.

Our long standing client relationships and repeat business are testament to the value, expertise, quality and performance we provide.









INFRASTRUCTURE



RENEWABLES



RESOURCES

DISCLAIMER: THIS DOCUMENT IS FOR INFORMATIONAL PURPOSES ONLY AND DOES NOT CONSTITUTE AN OFFER OR SOLICITATION OF AN OFFER.



# OUR SECTORS

**Decmil provides design, engineering and construction services for the infrastructure, renewable energy and natural resources sectors. Our experienced in-house teams provide customised project solutions for a range of conditions and environments.**

## INFRASTRUCTURE

Decmil has significant experience in infrastructure engineering and construction, delivering multidisciplinary projects in sectors such as transport, utilities, water, defence, corrections, health and education.

Our capabilities include bulk earthworks, road construction and maintenance, bridgeworks and environmental remediation and engineering. Through combining a wide range of skills with new and unique methods and technologies we are able to deliver projects in a timely and safe manner.

We hold National Roads Prequalification R5, B4, F150+ meaning we are well placed and experienced to deliver transport infrastructure projects across Australia.

Our robust quality management controls and systems enable us to deliver the high integrity products required by our clients and their customers.

## RENEWABLES

Decmil offers a range of feasibility, engineering, project management and construction services for the renewable energy sector with capabilities in solar, wind and energy storage projects.

From scoping studies through to design, approvals, delivery and operations we optimise all stages of the development process to provide our clients with a cost effective and streamlined delivery solution.

Drawing on our knowledge and experience of delivering large infrastructure projects, we deliver optimal performance, availability and reliability options for our clients.

By integrating power generation technology from recognised equipment manufacturers with our design and construction expertise, we have the proven capacity to provide the most cost-effective renewable energy solutions.

Overall, we provide a low risk, proven capability and an innovative approach to the renewable sector.

## RESOURCES

Decmil has an extensive history of achievement in the delivery of large scale resource projects.

We have the capacity and experience to deliver everything from accommodation, process and non-process infrastructure, civil construction, transport infrastructure and fuel infrastructure solutions.

Our proven history in delivering resource projects is due to our flexible approach and integrated engineering and construction capability.

We respond efficiently to our clients' needs and add value at all stages of the project life cycle. We have the expertise to self-perform works and have strong relationships with specialist sub-contractors where required.

With our collaborative approach to project delivery, combined with thorough safety, environment and quality systems, we are able to achieve desired outcomes for our clients.

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# CHAIRMAN'S LETTER

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## OPERATIONS

Operations in the 2018 financial year reflected the diversity of Decmil, with project activity spanning a number of sectors including WA Iron Ore works, Queensland Coal Seam Gas upstream maintenance, various public-sector infrastructure projects in Australia and New Zealand, road and bridge projects for State road authorities and renewable energy.

## KEY HIGHLIGHTS

- A project for BHP at its South Flank project in relation to the upgrade and expansion of the Mulla Mulla village and for Fortescue in relation to its Port Hedland tug harbour;
- Expansion of the Decmil business in New Zealand including the award of a combined NZ\$185+ million Corrections project;
- The award to Decmil's Victorian business unit of almost \$100 million of new transport infrastructure construction work and a significant increase in tendering activity in this region;
- Completion of the Gullen solar project near Goulburn in New South Wales and secured a Memorandum of Understanding for an EPC contract with Maoneng Australia in relation to its Sunraysia project; and
- The consolidation of the Group's focus on the infrastructure, resources and renewable energy sectors and achieving greater operational consistency across regional business units in Australia and New Zealand.

## FINANCIAL PERFORMANCE & POSITION

In the 2018 financial year Decmil returned to top line revenue growth, with the core Construction & Engineering business unit growing revenue from continuing operations by 28% year on year as the Company secured a number of new and larger contracts.



# IN THE 2018 FINANCIAL YEAR WE CELEBRATE THE 40TH ANNIVERSARY OF DECMIL AND IN THAT REGARD, IT IS MY GREAT PLEASURE TO PROVIDE A SUMMARY OF THE PAST YEAR.

Our financial position remained sound and at 30 June 2018 the Group's balance sheet reflected an overall net cash position of \$17 million, no drawn core senior secured debt and net tangible assets of \$131 million.

## STRATEGY AND OUTLOOK

The Company consolidated its focus on the infrastructure, resources and renewable energy sectors across Australia and New Zealand and is experiencing strong market conditions across these sectors.

Based on the Company's current tender pipeline and work in hand, and as at the date of this report, Decmil expects FY19 revenue to exceed \$500 million with work in hand at ~\$400 million.

The Group continues to see good market conditions across a number of its key sectors including:

- Resources: FMG's Eliwana and Rio Tinto's Koodaideri projects coming to the contractor market in FY19 and improved market conditions in the Queensland Coal Seam Gas sector;
- Infrastructure: Significant public-sector infrastructure spend by State and Federal Government, in the Transport sector in Victoria; and
- Renewable energy: Actively bidding a number of solar PV and wind projects as a balance of plant contractor.

## CONCLUSION

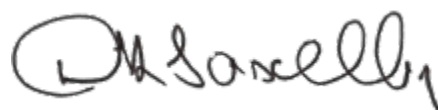
The transformation that has occurred at Decmil in recent years has created a diverse and sustainable national business with strong market conditions in its core sectors and the strongest pipeline of opportunities seen in many years.

In addition to our business ambitions, Decmil is also committed to being a good corporate citizen by taking responsibility for all our social, ethical and environmental actions. We see ourselves as part of the communities in which we operate, and as such we strive to be a positive, active and contributing participant in community life. Decmil's Corporate Social Responsibility program, Decmil in the Community, is about giving back, helping people in need and supporting local communities. We do this through charity events, corporate friendships, charity partnerships, volunteering and donating. Decmil strives to make a broad and meaningful contribution to the communities in which we operate through these mechanisms.

Later this year we will bid farewell to the founder of Decmil, Denis Criddle, who will retire from his formal service on the Decmil Board. We wish Denis, Nola and their family all the best for the future.

We also recently welcomed two new Board members, Don Argent and Dickie Dique, and look forward to the contribution they will make to the business.

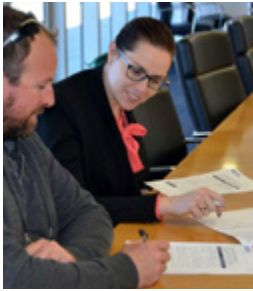
In closing, the Board and executive team believe that the measures we have taken in the past year have placed the business in a strong position for the future. I would like to take this opportunity on behalf of the Board to thank our loyal shareholders for their ongoing support and our employees for their dedication to Decmil.



**David Saxelby**  
Chairman

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# PEOPLE & CULTURE



**Decmil has a proud history of project delivery since 1978 and this year we celebrate 40 years of successful operations. Our business has seen many changes but our foundations and vision remain the same.**

Our unique way of doing things, The Decmil Way, allows us to build a team unified by our strategy and vision, our commitment to building shareholder value and our culture. This empowers every employee to make decisions and excel.

Our vision, *'To be the market leader in project delivery, achieving sustainable growth through the quality of our people and the strength of our relationships'*, will continue to remain relevant and essential for success across Decmil.

Our values are vital as they are the essence of our identity, support our vision and shape our culture. Having a clear and defined set of values helps guide and unify us as one team.

The Decmil Way is driven by our values:

- |                       |   |
|-----------------------|---|
| <b>Integrity</b>      | We are honest in all aspects and treat people with respect and dignity.               |
| <b>Excellence</b>     | We strive to deliver results that stretch our capabilities.                           |
| <b>Accountability</b> | We take responsibility and accountability for our actions and hold others to account. |
| <b>Teamwork</b>       | We work together and support each other to achieve our goals.                         |



Our hiring philosophy ensures that we attract the right people who are highly skilled in their areas of expertise and aligned to The Decmil Way to ensure success at every level. We are driven to hire local and indigenous employees to secure a diverse and all-encompassing workforce.

With everyone aligned and working The Decmil Way we create a great workplace that will ensure the sustainability and success of Decmil.

## ANNUAL OVERVIEW

The last twelve months have seen us grow our project delivery teams with a focus on civil and renewable capability. Nationally, we have welcomed several new senior positions as our regions grow and our strategy further focuses on work winning in our three key sectors of infrastructure, resources and renewables.

As a business with a large proportion of our workforce involved in contracting, Decmil continually adjusts staffing levels to meet the demands of the projects in which we are involved. As at 30 June 2018 Decmil employed 552 people; 336 salaried employees and 216 wages employees.

We are employing people across Australia and New Zealand who represent a diversity of cultures, backgrounds and skills. Over the last 12 months, our New Zealand Team has grown significantly, increasing from 17 employees to 54 employees spread across Auckland, Wellington and Christchurch.

Our regions will continue to grow in headcount throughout the upcoming year with us focusing on attracting highly skilled workers who support The Decmil Way.

To keep our employees engaged and empowered, we promote professional development through relationship building between co-workers, individual development plans, ensuring a safe work environment and offering competitive compensation.

Over the coming year, Decmil will continue to focus on initiatives aimed at recognising and developing our people to be the best they can be and creating a united culture within all the businesses.

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# HEALTH, SAFETY & ENVIRONMENT

## SHIELD

Keeping our people and our projects safe is central to everything we do at Decmil.

SHIELD is about:

- Recognising 'What Matters Most' to each of us;
- Understanding those behaviours that will keep us safe at work;
- Conducting safety conversations in the workplace to promote safe behaviours and correct at-risk behaviours; and
- Providing a program to recognise and reward safe behaviours.

The purpose of our SHIELD program is to drive the behaviours, attitudes, decisions and actions within the business to achieve a working environment that is free from injury or incident.

Since it was implemented eight years ago, the SHIELD program has assisted significantly in reducing Total Recordable Injury Frequency Rates (TRIFR) across all Project sites.

**THE HEALTH AND SAFETY OF EVERY EMPLOYEE IS FOREMOST IN EVERYTHING WE DO. IT IS A KEY FOCUS OF OUR GROUP AND IS UNDERPINNED BY OUR VALUES SYSTEM.**

## WORK HEALTH & SAFETY

During the 2018 financial year the Group recorded improved safety performance results compared to the previous year as measured by the TRIFR. The TRIFR was 3.35 for this period. Within this result, an outstanding TRIFR performance of 'Zero' was achieved by the Decmil Southern region.

The Group has achieved unified certification under the Federal Safety Accreditation scheme for all of its Construction and Engineering divisions.

Over the next 12 months the Group is focused on a range of key initiatives to support the safety and well-being of our staff.

These include continued Work Health and Safety (WHS) leadership development programs, visible leadership programs focused on WHS in the field, health promotion activities and enhancement of software solutions to drive a paperless system and simplify the administration of WHS processes, as well as access to WHS management system information for our people.

## ENVIRONMENT

Environmental management is a key focus of the Group with exceptional performance reported for the 2018 financial year. There were no regulatory breaches or significant environmental impacts recorded with the Group's operations over this period.

Over the next 12 months the Group is targeting further greenhouse gas emissions intensity reductions as a measure of our full-time equivalent staff numbers. To achieve this result we will be increasing education and awareness for staff around our carbon footprint and recognising initiatives to achieve and improve on our sustainability results.





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# COMMUNITY

## LOCAL COMMUNITIES

We are proud of the positive contributions Decmil makes to the communities in which we operate. In addition to providing local employment and service opportunities, we support a range of initiatives that help create healthy, vibrant and cohesive communities.

Our Corporate Social Responsibility program, Decmil in the Community, is about giving back, helping people in need and supporting local communities. We do this through:

- Charity events
- Corporate friendships
- Project based initiatives
- Staff driven initiatives
- Volunteering
- Donations

We encourage our project teams to engage with local communities to support education, sport and culture as well as proactively working to help improve social amenities.

## INDIGENOUS PARTICIPATION

Decmil is committed to indigenous participation across all positions and levels. We develop partnerships and initiatives with local communities to encourage indigenous participation.

In the delivery of our projects, we engage with local indigenous workforce solutions and indigenous businesses to:

- Develop procurement strategies that provides opportunities for Indigenous people
- Train and equip our people with cultural knowledge and understanding
- Work with our subcontractors so that they engage with Aboriginal and Torres Strait Islander people and communities.

## MENTAL HEALTH

A key focus of Decmil is the mental health of our people and the broader community.

We actively fundraise for mental health organisations to help raise awareness and understanding of mental health issues, empowering people to seek help, and supporting their recovery, management and resilience.

## STAFF DRIVEN INITIATIVES

At Decmil, we encourage our people to participate in organised charity events. Over the past year the Company has been involved in Daffodil Day, World's Greatest Shave, Lifewise Big Sleep, MS Walk and Fun Run and a national Christmas collection for the Smith Family.

Also, the Decmil in the Community mandate encourages staff driven charity initiatives that assist worthy charities and support the communities in which we operate. Internal assistance with fundraising and promotion is provided to staff who instigate initiatives which support Decmil's charity partners and our local communities.

Over the past year, Decmil people have undertaken a range of initiatives such as participation in the Climb for Cancer, Walk 2 D'Feet, Fidelity Life Corporate Run, Paella Lunch, Host a Patient Dinners for the Cancer Society and chocolate sales within the office with proceeds donated to charity.

We encourage our project teams to engage with local communities to support education, sport and culture as well as proactively working to help improve social amenities.



# WE ARE COMMITTED TO BEING A GOOD CORPORATE CITIZEN BY TAKING RESPONSIBILITY FOR ALL OF OUR SOCIAL, ETHICAL AND ENVIRONMENTAL ACTIONS.





# DIRECTORS' REPORT

**OUR DIRECTORS PRESENT  
THEIR REPORT ON THE  
COMPANY AND ITS  
CONTROLLED ENTITIES FOR  
THE FINANCIAL YEAR ENDED  
30 JUNE 2018.**

The names of directors of the Company at any time during or since the end of the financial year are:

**DAVID SAXELBY**

NON-EXECUTIVE CHAIRMAN

**SCOTT CRIDDLE**

MANAGING DIRECTOR AND  
CHIEF EXECUTIVE OFFICER

**DENIS CRIDDLE**

NON-EXECUTIVE DIRECTOR

**BILL HEALY**

NON-EXECUTIVE DIRECTOR

**DON ARGENT**

NON-EXECUTIVE DIRECTOR

**DICKIE DIQUE**

NON-EXECUTIVE DIRECTOR



# BOARD OF DIRECTORS



## DAVID SAXELBY

### NON-EXECUTIVE CHAIRMAN

David was appointed as a Non-Executive Chairman in March 2018. He has held Managing Director and CEO roles for the past decade, most recently with Lendlease as CEO of Construction and Infrastructure Australia.

Prior to Lendlease, David was with the Leighton Group for 18 years, where he held a number of senior positions, most recently as Managing Director of Thiess. In addition to these roles, David has held a number of senior positions on Industry Boards and was listed in the Top 100 Engineers in Australia.

## DENIS CRIDDLE

### NON-EXECUTIVE DIRECTOR

Denis was the founder of Decmil Australia, Decmil Group Limited's major business division. He was appointed to the Company's Board as a Non-Executive Director in August 2007 and served as the Non-Executive Chairman from September 2009 to December 2011.

Denis is a civil engineer with more than 30 years' experience in construction and maintenance services for the oil and gas and resources sectors in central Queensland and north-west Western Australia.

Denis has been involved in rural investments and local Government and was elected Shire President of the Roebourne Shire Council during the development years of oil and gas expansion in the Karratha region.

## BILL HEALY

### NON-EXECUTIVE DIRECTOR

Bill Healy was appointed as Non-Executive Director in April 2009 and served as the Non-Executive Chairman from July 2014 to February 2018. Bill was a director and shareholder in Sealcorp Holdings from 1985 which then established and developed the diversified financial services group.

He was a founding director of ASGARD Capital Management Ltd, Securitor Financial Group Ltd, PACT Investment Group Pty Ltd and ASSIRT Pty Ltd. Sealcorp was acquired by St George Bank in 1997 and Bill remained on the Board until 1999.

He was founding director and Chairman of BOOM Logistics Ltd and was involved in the development of the Company's business model, early acquisitions and preparation for listing in 2003.

## DON ARGENT

### NON-EXECUTIVE DIRECTOR

Don was appointed as Non-Executive Director of Decmil in March 2018. Don was the Director Finance and Administration for the Thiess Group, one of the largest integrated engineering and services providers in Australia and South East Asia.

He joined Thiess Pty Ltd in 1985 following six years' service with Thiess Holdings Ltd in the late 1970's, and until he retired in July 2011, played an instrumental part in the growth of Thiess from a family-run business to a leading Australian construction, mining and services company.

Don holds a Bachelor of Commerce degree, is a Certified Practising Accountant and a Fellow of the Australian Institute of Company Directors.

## DICKIE DIQUE

### NON-EXECUTIVE DIRECTOR

Dickie was appointed as Non-Executive Director of Decmil in July 2018. Dickie has 25 years' experience in senior executive and management roles in construction businesses and is a respected leader in the Western Australian construction industry.

A registered builder, Dickie's experience covers the commercial, civil, residential, mining and modular sectors. Dickie is very familiar with Decmil, having held the roles of General Manager and Chief Operating Officer.

Dickie's most recent operational role was as a Director at Pindan Contracting. He also sits on the Board of GO2 People Ltd.

# EXECUTIVE MANAGEMENT



## SCOTT CRIDDLE

### MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Scott was appointed Chief Executive Officer in July 2009, and Managing Director of Decmil Group Limited in April 2010 and has been a Director of the Company since that time.

He was previously the Managing Director of Decmil Australia. In this role he was responsible for the long-term growth and strategic direction of the Company, playing a key role in building relationships with stakeholders and clients.

Scott joined Decmil Australia in 1993 as a construction labourer to gain experience and learn about the company from the ground up. He has held a variety of roles within Decmil Australia including Construction Manager, Estimator, Business Development Manager and Area Manager.

Scott holds a Bachelor of Applied Science in Construction Management and Economics.



## CRAIG AMOS

### CHIEF FINANCIAL OFFICER

Craig was appointed Chief Financial Officer in March 2014, having previously held the position of Group Manager for Corporate Development at Decmil Group Limited.

As a qualified chartered accountant, he has over 20 years' experience in finance, accounting, corporate transactions and commercial projects in both corporate and professional service environments.

Prior to joining Decmil he held the position of Executive Director in the Corporate Finance division of Ernst & Young where he gained extensive experience leading teams on a range of strategic corporate transactions.

Craig holds a Bachelor of Commerce (with Honours) and a Graduate Diploma in Applied Finance. He is also a Fellow of the Financial Services Institute of Australasia.



## TONY RADALJ

### CHIEF OPERATING OFFICER

Tony joined Decmil in 2012 and was appointed Chief Operating Officer for Decmil in August 2017. During the past six years Tony has held key positions in Decmil such as Construction Manager and General Manager for Decmil Australia.

Tony's career spans across various sectors such as health, oil and gas, resources, government infrastructure, building and renewables. Tony brings extensive technical experience and a strong focus on strategy for Decmil.

With his flexible management style, he motivates and empowers teams to enable a strong work ethic and produce rewarding outcomes.

Tony has extensive experience in relationship style contracting ensuring positive relationships are sustained with our clients. This includes utilising contracting models such as lump sum, design & construct, alliance and early contractor involvement.



## ALISON THOMPSON

### COMPANY SECRETARY

Alison has held several senior financial positions within the Group since August 2007. She is currently the Group Financial Controller for Decmil and was appointed Company Secretary in January 2014.

She has extensive technical experience gained from 4 years with PricewaterhouseCoopers and prior to joining Decmil, gained valuable industry experience at international construction firm Balfour Beatty based in the United Kingdom.

Alison holds a Bachelor of Commerce and a Graduate Diploma of Applied Corporate Governance, and is a Fellow of Chartered Accountants, Australia and New Zealand.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018

## Principal Activities

Decmil provides design, engineering and construction work for the Infrastructure, Resources and Renewable Energy sectors:

### Infrastructure

- Government infrastructure projects including accommodation, immigration facilities, corrections facilities, office buildings, defence facilities, schools, administration buildings and storage facilities;
- Design and construction of fuel infrastructure facilities; and
- Road and bridge civil engineering projects.

### Resources

- Construction of remote non-process infrastructure, including industrial buildings, processing plants, workshops and storage facilities;
- Coal Seam Gas and LNG wellhead installation with associated pipelines and facilities; and
- Civil work on brown and greenfield projects including site preparation, excavation and bulk earthworks in regional and remote areas.

### Renewables

- Civil works for remote wind and solar projects including site preparation, foundations and pilings;
- Structural and mechanical installations including towers for wind farms and framing systems and PV modules for solar projects; and
- Specialist electrical work for energy storage and distribution.

## Operating Results

The consolidated entity reported a statutory loss after providing for income tax expense of \$6,131,000 (2017: \$28,347,000).

## Dividends Paid or Recommended

No final dividend was paid, declared or recommended for payment.





# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018

## Overview of the Activities of the Group

Decmil was established in 1978 and since has grown to provide design, engineering, construction and maintenance engineering construction services to the Infrastructure, Resources and Renewable sectors across Australia and New Zealand.

The business currently has three key sector pillars that form the base of the business. These three pillars of focus (along with sub-sectors) are summarised in the below table:

Infrastructure	Resources	Renewables
Defence	Iron Ore	Solar PV
Roads and Bridges	Coal Seam Gas	Wind
Health	LNG	
Corrections		
Immigration		
Education		

As part of the Group's focus on the above sectors, in FY18 it exited non-core operations in the telecommunications and design consulting sectors.

## Operational Highlights

Operations in FY18 reflected the diversity of the Group, with project activity spanning a number of sectors including WA Iron Ore works, Queensland coal seam gas upstream maintenance, various public sector infrastructure projects in Australia and New Zealand, road and bridge projects for State road authorities and renewable energy.

Key highlights:

- Completion and commissioning of projects in the WA Iron Ore sector including a logistics hub for BHP at Port Hedland and non-process infrastructure for Rio Tinto at its Amrun and Silvergrass mines;
- Commencement of a project for BHP at its South Flank project in relation to the upgrade and expansion of the Mulla Mulla village and for Fortescue in relation to its Port Hedland tug harbor;
- Expansion of the Decmil business in New Zealand including the award of a combined NZ\$185 million Corrections project;
- The award to Decmil's Victorian business unit of ~\$100 million of new transport infrastructure construction work and a significant increase in tendering activity in this region;
- Completion of the Gullen solar project near Goulburn in New South Wales and secured a Memorandum of Understanding for an EPC contract with Maoneng Australia in relation to its Sunraysia project; and
- The consolidation of the Group's focus on the Infrastructure, Resources and Renewable Energy sectors and achieving greater operational consistency across regional business units in Australia and New Zealand.

Operational focus for the 2019 financial year will be:

- Completion of BHP's Mulla Mulla Village Expansion;
- Ramp up on Decmil's project for NZ Corrections;
- Ramp up on a number of new road and bridge projects in Victoria; and
- Continued focus on project delivery on a wide range of existing projects.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018

## Financial Performance & Position

Revenue from continuing operations of \$342 million for the twelve months ended 30 June 2018 grew by 23.3% from \$277 million as the Company secured a number of new and larger contracts in the later part of the 2017 calendar year.

Gross margin percentage for the twelve months ended 30 June 2018 was 10.4%.

As part of the Group's focus on the Infrastructure, Resources and Renewable Energy sectors it permanently exited non-core operations in the telecommunications and design consulting sectors, resulting in a total loss on discontinued operations of \$6 million.

At 30 June 2018 the Group's balance sheet reflected an overall net cash position of \$16.8 million, no drawn core senior secured debt and net tangible assets of \$131 million.

In FY18 the Group has also expanded working capital and bonding capacity to \$272 million of facilities to fund expected growth in its operations going into FY19.

## Significant Changes in State of Affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

## After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Likely Developments and Outlook

In FY18 the business consolidated its focus on the Infrastructure, Resources and Renewable Energy sectors across Australia and New Zealand and is experiencing strong market conditions across these sectors.

Based on the Company's current tender pipeline and work in hand, and as at the date of this report, Decmil expects FY19 revenue to exceed \$500 million.

Work in hand (comprised of contracted and preferred contracts) for FY19 stands at ~\$400 million comprised primarily of forward revenue from Decmil's NZ Corrections and Schools, BHP South Flank, QGC and various VicRoads transport infrastructure projects.

Going into FY19 the Group continues to see good market conditions across a number of its key sectors including:

- **Natural Resources:** Sustaining capital works and replacement tonnage projects in the WA Iron Ore market;
- **Infrastructure:** Significant opportunity in the Transport sector in Victoria where the Group is actively pursuing new road and bridge projects as both head contractor and in joint ventures; and
- **Renewable Energy:** Actively bidding a number of solar PV and wind projects as a balance of plant contractor.

The recent budgets announced by State and Federal Government have presented a number of opportunities for Decmil including the following transport infrastructure projects that the Company has bid or is targeting in FY19:

- **Mordialloc Freeway (VicRoads):** the Mordialloc Freeway is a proposed new 9km freeway linking the end of the Mornington Peninsula Freeway at Springvale Road to the Dingley Bypass. Following an Expression of Interest process Decmil, with its JV partner McConnell Dowell, has been shortlisted to one of two bidders for the tender stage to design and construct the Mordialloc Bypass;
- **M80 Ring Road Upgrade (VicRoads):** the M80 Ring Road Upgrade relates to the design and construction of the remaining northern sections of the M80 Ring Road. Decmil, with its JV partner BMD, is one of two bidders that has submitted an Expression of Interest;
- **Oxley Highway, Gunnedah (NSW RMS):** Decmil is a shortlisted contractor for the Oxley Highway project in Gunnedah. The project relates to the design and construction of a bridge over an existing rail line; and
- **Drysdale Bypass (VicRoads):** Decmil is a shortlisted contractor for the design and construction of the Drysdale Bypass from Grubb Road to Whitcombes Road in Victoria.

Decmil's strategy remains based on an overall ambition to build a diverse and strong construction and engineering business.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Material Business Risks

The key challenges for the Group going into the 2019 financial year are:

- To recruit quality staff that can sustain projected growth;
- Retain robust project controls to ensure project returns are predictable;
- To select projects that can deliver acceptable returns; and
- Control overheads across the Group.

Material risks that could adversely affect the Group include the following:

- The Company is exposed to a number of **macro-economic cycles**, in particular capital expenditure by State and Federal Government and in natural resources. These cycles are in turn impacted by a variety of factors inclusive of fiscal conditions in the economy, Government policy on capital expenditure and commodity prices. Any weakness in the broader construction and engineering sector and a reduction in growth capital expenditure across major new natural resource projects will impact the Company.
- A portion of the Group's **contracts are 'lump sum' in nature** and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. From time to time variations to the planned scope occurs or issues arise during the construction phase of a project, not anticipated at the time of bid. This may give rise to claims under the contract with the principal in the ordinary course of business. Where such claims are not resolved in the ordinary course of business they may enter formal dispute and the outcome upon resolution of these claims may be materially different to the position taken by Company.
- In order for the Group to continue working on engineering construction projects, a robust **safety** methodology needs to be in place. A serious safety incident or fatality has the ability to create a substantial risk to Decmil's social licence to operate. Decmil mitigates this safety risk via its 'SHIELD' safety methodology, ensuring that all employees (including senior management) and sub-contractors are aligned and engaged with the approach to safety.
- The Company is dependent on various technical and financial **accreditations** to operate the business. These include safety accreditations, quality assurance standards, building licences, technical accreditations by State Main Roads agencies and various financial accreditations. Many of these accreditations are assessed and monitored by State and Federal Government Agencies. Any failure to maintain or comply with an accreditation can impact the eligibility of the Company to participate in certain projects and sectors.
- The Company operates as a 'Design and Construct' or 'Engineer, Procure and Construct' contractor in the engineering sector. Such projects and contracts place an obligation on the Company to design 'Fit for Purpose' infrastructure and to give warranties to such effect. Any failure in design may see the Company exposed to contractual claims for breach of 'Fit for Purpose' or design obligations and, from time to time, to performance and liquidated damages. The Company manages this risk by maintaining Professional Indemnity insurance and also engaging appropriate third party design consultants for complex or specialist design expertise.
- Any abatement in economic activity in the Gladstone region will result in a short term diminution in the occupancy levels at the Homeground Village and significantly lower levels of revenue and profit than historically generated. Management expects that in the medium term new opportunities will arise for Homeground Gladstone as the LNG sector in Gladstone moves from the construction to the operational and maintenance stages; however the risk of volatility in the short term remains present.
- Decmil's ability to remain productive, profitable and competitive and to effect its planned growth initiatives, depends on its ability to attract and retain skilled labour. Tightening of the labour market in key regions due to a shortage of skilled labour, combined with a high industry turnover rate and growing number of competing employers for skilled labour, may inhibit Decmil's ability to hire and retain employees. Decmil is exposed to increased labour costs in markets where the demand for labour is strong. A shortage of skilled labour could limit Decmil's ability to grow its business or lead to a decline in productivity and an increase in training costs and adversely affect its safety record. Each of these factors could materially adversely impact its revenue and, if costs increase or productivity declines, its operating margins.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Material Business Risks (Cont'd)

During the 2015 financial year the Company implemented an enterprise risk review process to identify the most material risks facing the Company enterprise wide, together with an action plan to mitigate the occurrence or effect of each identified risk (Enterprise Risk Register). Each of the risks on the Enterprise Risk Register have been allocated to an owner who is responsible for monitoring, reporting and implementing action plans for each of the risks.

The Enterprise Risk Register brings together the most critical risks (both corporate and operational) identified by the Group Risk Management System and creates a structured process for regular reporting to the Board.

The Enterprise Risk Register is reviewed and presented to the Audit and Risk Committee on a quarterly basis.

## Capital Management

Management is continually assessing the optimal capital structure to ensure the Group is working towards providing shareholders with adequate returns based on assessment of market risks and opportunities. This includes the management of debt levels, distributions to shareholders and the requirement for further equity funding.

Whilst the Group has access to substantial senior debt and bonding facilities, it ended the year with no senior debt and low levels of gearing.

Management also periodically reviews the level of capital invested in the Homeground Gladstone Village and where appropriate opportunity exists, will consider options to monetise the asset.

## Environmental Regulation

The Company is subject to environmental regulation in accordance with applicable state, territory or federal legislation and statutory requirements for the jurisdictions in which it operates.

There were no incident events that required reporting to relevant statutory bodies during the financial year.

The Company aims to continually improve its environmental performance and has established carbon emission reduction targets for the next financial year.

## Directors' Meetings

During the financial year, 10 directors' meetings were held. Attendances by each director during the year were:

	Directors' Meetings		Audit & Risk		Remuneration	
	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended
<b>Don Argent</b>	3	3	1	1	1	1
<b>Denis Criddle</b>	10	9	4	4	-	-
<b>Scott Criddle</b>	10	10	-	-	-	-
<b>Bill Healy</b>	10	10	4	4	1	1
<b>David Saxelby</b>	10	9	1	1	1	1
<b>Lee Verios</b>	4	3	2	2	-	-



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report - Audited

This Remuneration Report for the year ended 30 June 2018 details the nature and amount of remuneration for directors and specified executives of Decmil Group Limited in accordance with the requirements of the Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by section 308(3C) of the Act.

The Remuneration Report is presented under the following sections:

1. Remuneration governance
  - 1.1. Remuneration committee
  - 1.2. Use of remuneration consultants
2. Executive remuneration approach and structure
  - 2.1. Remuneration philosophy
  - 2.2. Executive remuneration structure
  - 2.3. Remuneration practices
  - 2.4. Short term incentive plan
  - 2.5. Long term incentive plan
3. Link between Company performance and executive remuneration
4. Employment contracts of directors and senior executives
5. Non-Executive Director fee arrangements
6. Details of remuneration

This Remuneration Report sets out remuneration information for Decmil's Key Management Personnel (KMP) (as defined in AASB 124 Related Party Disclosures) including Non-Executive Directors, Executive Directors and other senior executives who have authority for planning, directing and controlling the activities of the Company.

The following persons acted as Directors or Executives during or since the end of the financial year:

Role	
<b>Non-Executive Directors (NEDs)</b>	
Mr David Saxelby – Chairman of the Board	Appointed May 2016 and as Chairman 1 March 2018
Mr Bill Healy – Chairman of the Audit & Risk and Remuneration Committees	Appointed to the Board April 2009
Mr Don Argent	Appointed 1 March 2018
Mr Denis Criddle	Appointed August 2007
Mr Dickie Dique	Appointed 1 July 2018
Mr Lee Verios	Resigned 1 November 2017
<b>Executive Directors</b>	
Mr Scott Criddle – Managing Director and Group CEO	Appointed as CEO in July 2009 and Managing Director in April 2010
<b>Executives (Other KMP)</b>	
Mr Ric Buratto <sup>1</sup> – CEO Construction and Engineering	Resigned 14 July 2017
Mr Tony Radalj <sup>2</sup> – Chief Operating Officer	Appointed to ELT on 1 August 2017
Mr Craig Amos – Chief Financial Officer	Appointed March 2014

<sup>1</sup> Ric Buratto left the Executive Leadership Team during the 2017 financial year

<sup>2</sup> Tony Radalj joined the Executive Leadership Team during the 2018 financial year

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### 1. Remuneration governance

#### 1.1 Remuneration committee

The Remuneration Committee is responsible for reviewing and recommending to the Board of Directors compensation arrangements for the directors and Executive Leadership Team (ELT).

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and the ELT on a periodic basis. The assessment is made with reference to the Group's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

#### 1.2 Use of remuneration consultants

To ensure the Company and Remuneration Committee is fully informed when making remuneration decisions, it from time to time seeks external remuneration advice and uses industry salary survey data.

During the financial year, the fixed remuneration of executives was benchmarked against peers based on industry salary surveys sourced from AON Hewitt and Mercer.

In the past, Ernst & Young has also been engaged to provide advice on the structure of the long term incentive plans and provide a comparison of the Company's plan to market trends.

For the purposes of the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Act 2001 (the Act), any guidance provided by remuneration consultants throughout the financial year was not considered a remuneration recommendation in relation to KMP as defined by Division 1 of Part 1.2 of Chapter 1 of the Act.

### 2. Executive remuneration approach and structure

#### 2.1 Remuneration philosophy

The performance of the Company ultimately depends upon the quality of its directors and ELT. In order to maintain performance and create shareholder value, the Company must attract, motivate and retain highly skilled and experienced directors and executives.

Decmil aims to provide competitive at market remuneration and rewards in order to:

- attract the right people who are aligned to Decmil's values and behaviours;
- motivate employees so they understand their contribution to Decmil;
- recognise employees' effort and commitment to Decmil; and
- retain the highest quality employees within Decmil.

Decmil ensures:

- appropriate compensation is given to executives for the services they provide;
- attraction and retention of executives with the required skills to effectively manage the operations and growth of the business;
- executives are motivated to perform in the best interest of Decmil; and
- gender pay equality.

#### 2.2 Executive remuneration structure

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including experience, qualifications, job level and overall performance of the Company. The service agreements between the Company and specified directors and executives are on a continuing basis which are not expected to change in the immediate future.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

The following table illustrates the executive remuneration elements, including how each element aligns to the Company's remuneration strategy and links remuneration outcomes to performance.

Remuneration component	Vehicle	Purpose	Link to performance
<b>Fixed remuneration</b>	Comprises base salary, superannuation contributions and other benefits such as motor vehicles and life insurance.	To provide competitive fixed remuneration for senior executives as determined by the scope of their position and the knowledge, skill and experience required to perform the role.	Company and individual performance are considered during the annual remuneration review.
<b>STI</b>	Historically, the STI component of the Chief Executive Officer's remuneration has been paid in cash. For FY16, FY17 and FY18 100% of any STI award earned will be deferred for 12 months and will be satisfied by the issue of Restricted Rights instead of a cash award.  The STI of other executives are paid in cash.	Rewards executives for short term achievement of: <ul style="list-style-type: none"> <li>financial and operational key performance indicators;</li> <li>progress with the delivery of the Company's business plan and strategic objectives; and</li> <li>specific goals in relation to the development of people within the Company and its profile within the business community.</li> </ul>	Examples of key performance indicators include: <ul style="list-style-type: none"> <li>Achievement of financial targets such as Group revenue and NPAT;</li> <li>Achievement of target work in hand levels at 30 June of each year to ensure the sustainability of revenue in subsequent years;</li> <li>Overhead and cost control targets;</li> <li>Targets set in relation to the achievement of the Group's business plan such as the diversification of the business and entry into new markets; and</li> <li>Targets set for safety performance based on Total Recordable Injury Frequency Rates.</li> </ul>
<b>LTI</b>	Executives are entitled to participate in the performance rights scheme approved by shareholders. Performance rights do not attract dividends or voting rights.	To better align executives to the interests of shareholders and provide a reward based on long term growth in share price and earnings.	Vesting of awards is dependent on absolute TSR, achieving EPS growth targets and continuous employment.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### 2.3 Remuneration practices

The Company aims to reward executives with a level and mix of remuneration appropriate to their position, responsibilities and performance within the business and aligned with market practice.

The Company's policy is to position fixed remuneration around the 50th percentile of salary bands based on major industry surveys produced by AON Hewitt and Mercer. This aligns with the market median ensuring Decmil remains competitive with its peers.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the Company's performance and shareholder value. Incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses, rights and shares. The policy is designed to attract high calibre executives and reward them for performance that results in long-term growth in shareholder wealth.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the Government, which during the year was 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice all or part of their remuneration to increase payments towards superannuation.

Upon retirement, specified directors and executives are paid employee entitlements and incentives accrued to the date of their retirement.

All remuneration paid to directors and executives is valued at cost to the Company and expensed. Where performance rights and shares are given to directors and executives, they are valued according to the accounting standards.

### 2.4 Short term incentive plan

General Terms of the STI Plan	
<b>How is it paid</b>	Generally, in cash. The CEO STI award can be satisfied by the issue of restricted rights.
<b>How much can executives earn?</b>	Executives can earn up to 50% of their total fixed remuneration as an STI incentive.
<b>How is performance measured?</b>	Through a balance scorecard of financial, operational and organisation development KPI's set prior to the commencement of each financial year. Financial measures are assessed based on the Group's audited financial results.
<b>When is it paid?</b>	In September or October of the financial year after the target year.
<b>What are the deferral terms?</b>	Historically, the STI component of the Chief Executive Officer's remuneration has been paid in cash. It was proposed that for, FY16, FY17 and FY18 100% of any STI award earned will be deferred for 12 months and will be satisfied by the issue of restricted rights instead of a cash award.
<b>What happens if an executive leaves or there is a change of control?</b>	The payment of any accrued or part STI benefit in these circumstances is at the discretion of the Board.
<b>How much STI has been accrued in relation to the 2018 financial year?</b>	No STI has been accrued in relation to the 2016, 2017 or 2018 financial years.

The STI award opportunity is based on a percentage of an individual's base salary. For the CEO, a maximum award opportunity of 50% of total fixed remuneration is available. The STI is based on the previous financial year's base salary earnings to 30 June before performance based remuneration reviews.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

With the dramatic turnabout in the resources and energy sectors during the 2016 financial year the Group undertook a number of steps to restructure and reduce the overhead base in its traditional business units. As part of these efforts, executives of the Group agreed to a 10% reduction in total fixed remuneration effective February 2016 (with the CEO voluntarily agreeing to a 15% reduction). As market conditions continued to be subdued throughout FY17, the CEO took a further voluntary reduction of 30% and the Board took a further 10% reduction in April 2017.

In addition, no STI has been accrued for either the CEO or any other KMP in relation to the 2016, 2017 or 2018 financial years.

### 2.5 Long term incentive plan

The LTI offered to key executives forms a key part of their remuneration and assists to align their interests with the long term interests of shareholders.

The purpose of the LTI Scheme is to reward key executives for attaining results over a long measurable period and for staying with the organisation. The LTI Scheme is a share based plan consisting of performance rights and shares which have pre-determined vesting conditions.

The LTI Scheme is designed to:

- create a strong link between the eligible participants' performance and Decmil's performance;
- assist in retention of employees; and
- contribute to eligible participants feeling they own part of Decmil and have an influence in the direction of Decmil.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

General Terms of the LTI Plan	
<b>How is it paid?</b>	The Company uses performance rights and restricted shares in its long term incentive plan.
<b>How much can be earned (i.e. maximum opportunity)?</b>	For executives, up to 150% of total fixed remuneration converted into performance rights at the 60 day VWAP to 30 June.
<b>How is performance measured?</b>	Vesting hurdles for performance rights for executives are based on absolute TSR (40%), EPS (40%) and continuous employment (20%).
<b>When is performance measured?</b>	The achievement of vesting conditions for performance rights are assessed between July and September after the target financial year-end. Measurement periods are from the date of award of the rights to the first tranche being eligible for vesting.
<b>What happens if an executive leaves or there is a change of control?</b>	<p>If an employee resigns, or his or her employment is terminated due to misconduct or performance related reasons, all performance rights and restricted shares are immediately forfeited.</p> <p>If an employee retires or an employee's employment terminates for redundancy prior to performance rights or restricted shares vesting, the Board may use its discretion to vest the performance rights or restricted shares.</p> <p>Where a change of control event occurs in respect to the Company, the Board, in its absolute discretion, may determine the treatment of any unvested performance rights or restricted shares and the timing of such treatment.</p> <p>Only where the Board does not exercise its discretion to determine a particular treatment, will all unvested performance rights and restricted shares vest on change of control.</p>
<b>Are executives eligible for dividends?</b>	<p>Performance rights do not accrue dividends.</p> <p>The retention grant of restricted shares to the CEO accrues dividends which become payable upon vesting.</p>
<b>Have many shares vested under the LTI plan?</b>	There has historically been a very low percentage of performance rights awarded that vest e.g. no performance rights have vested since the 2013 financial year other than in relation to time based conditions.

For executives, performance rights will vest (that is, shares will be issued or become transferable to the executives upon satisfaction of the performance rights vesting conditions) to the extent that the applicable performance hurdles set by the Board are satisfied. Subject to achievement of the hurdle, the performance rights may be converted (on a one-for-one basis) to fully paid ordinary shares in the Company.

Any performance rights which do not vest at any due vesting date rollover for re-assessment to the next vesting date. The vesting conditions will be subsequently reassessed in that year and performance rights may vest as applicable. Unvested performance rights will rollover for the length of the performance period and will be forfeited at the end of the grant period if not vested. If an executive resigns from his or her employment, any unvested performance rights will lapse, unless the Board determines otherwise.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### Performance Hurdles

Each year the Board reviews and considers the appropriateness of the performance hurdles and, where necessary, makes adjustments and amendments to reflect market conditions.

Below is a summary of the performance hurdles that relate to unvested performance rights as at 30 June 2018:

### Issued financial year ended 30 June 2013 and prior

Performance rights issued during the financial year ended 30 June 2013 and prior years are eligible for vesting three, five and seven years after the initial grant date depending upon Total Shareholder Return (TSR) performance relative to a comparator group identified at the time of grant (S&P/ASX 300 Index).

Performance rights granted during this period remain under these terms and conditions.

The performance rights vest according to the schedule below:

Company TSR Rank in S&P/ASX 300 Index	% of Performance Rights that Vest
Below the 50th Percentile	0%
At or below the 50th Percentile and below the 75th Percentile	50%, plus 2% for every one Percentile increase above 50th Percentile
At or above the 75th Percentile	100%

### Issued financial year ended 30 June 2014

These performance rights vest two, three and four years after the initial grant date and are subject to the following vesting performance measures:

- Two thirds of the performance rights are subject to earnings per share compound annual growth rate (EPS CAGR) performance and;
- One third of the performance rights are subject to TSR performance relative to the other companies in the ASX 200.

The performance rights in respect of a financial year will vest in tranches as follows:

Years after the financial year in respect of which the grant of Performance Rights is made	% of Performance Rights Eligible for Vesting
2	25%
3	25%
4	50%

For performance rights subject to EPS CAGR performance, vesting will occur as follows:

EPS CAGR – Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
<6%	0%
6%	25%
>6% <24%	Pro-rata vesting between 25%-100%
24% or more	100%

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

For performance rights subject to TSR performance, vesting will occur as follows:

TSR – Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
<50th Percentile	0%
50th Percentile	50%
>50th Percentile <75th Percentile	Pro-rata vesting between 50%-100%
>75th Percentile or more	100%

## Issues financial year ended 30 June 2015 and later

These performance rights are subject to the following vesting conditions:

- 20% of performance rights are subject to continuous service of employment. This portion will vest at 100% three years after the financial year of which the grant of the performance rights are made;
- 40% of performance rights are subject to EPS CAGR performance; and
- 40% of performance rights are subject to absolute TSR performance.

In relation to the performance rights subject to the EPS CAGR and TSR, the following vesting tranches will apply:

Years after the financial year in respect of which the grant of Performance Rights is made	% of Performance Rights Eligible for Vesting
2	25%
3	25%
4	50%

For performance rights subject to EPS CAGR performance, vesting will occur as follows:

EPS CAGR – Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
<6%	0%
6%	25%
>6% <8%	Pro-rata vesting between 25%-100%
>8%	100%

For performance rights subject to TSR performance, vesting will occur as follows:

Absolute TSR – Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
< 7%	0%
7%	50%
>7% <11%	Pro-rata vesting between 50%-100%
>11%	100%

Note, the Company obtained shareholder approval at the 2015 AGM to implement a number of changes to the hurdles attaching to the performance rights to be issued for FY15, FY16, FY17 and FY18. These changes included the replacement of the Relative Total Shareholder Return (TSR) performance hurdle with an Absolute TSR performance hurdle, and adjustment of the Earnings Per Share (EPS) hurdles in line with current market expectations and inclusion of a performance hurdle relating to continuous employment with the Group.

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### 3. Link between Company performance and executive remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based short term incentive based on key performance indicators, and the second being the issue of performance rights to executive directors and executives to encourage the alignment of personal and shareholder interests.

### 4. Employment contracts of directors and senior executives

The Company has entered into a service agreement with Mr Scott Criddle who commenced in the role of CEO on 1 July 2009.

The key terms of Mr Scott Criddle's service agreement are:

<b>Notice Period</b>	Three month written notice unless in relation to certain circumstances such as serious misconduct or gross neglect of duty
<b>Term</b>	Ongoing until terminated
<b>Restraint Period</b>	Three months after termination of employment
<b>Total Fixed Remuneration</b>	Reviewed and established annually by the Remuneration Committee
<b>Long Term Incentive Scheme</b>	The Decmil Group Limited LTI scheme applies
<b>Short Term Incentive Scheme</b>	The Decmil Group Limited STI scheme applies
<b>Termination Benefits</b>	No contractual termination benefits apply

The Company may terminate the contract without cause by providing written notice of the required termination period or by making payment in lieu of notice based on the individual's annual salary component together with a discretionary payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

Other executives in the Company have similar executive service agreements which include terms and conditions relating to confidentiality, restraint on employment and intellectual property. The executive service agreements are typically not fixed term agreements and continue on an ongoing basis until terminated.

These agreements may be terminated by notice of either party or earlier in the event of certain breaches. In the event of termination for any reason, the Company will pay accrued and untaken annual leave, and subject to legislation, any accrued and untaken long service leave owing to the executive. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct, the Company can terminate employment at any time.

Non-Executive Directors are appointed under appointment letters that deal with, amongst other matters, the following:

- terms of appointment and tenure;
- entitlements;
- duties and responsibilities; and
- indemnities, insurances and access.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### 5. Non-Executive Director fee arrangements

The Board's policy is to remunerate Non-Executive Directors at market rates for comparable companies for time, commitment and responsibilities. The Board approves payments to the Non-Executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to Non-Executive Directors is subject to approval by shareholders during a general meeting. Fees for Non-Executive Directors are not linked to the performance of the consolidated entity however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company.

Non-Executive Director (NED) fees consist of base fees and committee chair fees. The payment of committee chair fees recognises the additional time commitment required by NEDs who chair Board committees. The chair of the Board attends all committee meetings but does not receive any additional committee fees in addition to base fees.

The table below summaries Board and committee chair fees payable to NEDs at 30 June 2018 (inclusive of superannuation):

Board fees		\$000
Chairman		130
Non-Executive Director		73
Committee fees		\$000
Audit & Risk and Remuneration	Chair	8
	Member	-

### Maximum aggregate NED fee pool

The maximum aggregate amount of fees that can be paid to NEDs is subject to approval by shareholders during a general meeting. The maximum aggregate amount that may be paid to NEDs for their services is \$650,000 during any financial year, as approved by shareholders at the 2012 AGM. The Board will not seek an increase to the aggregate NED fee pool limit at the 2018 AGM.

### 6. Details of remuneration

As part of a restructuring and cost reduction effort by the Company, effective 1 February 2016, the fixed remuneration of KMP (and directors from 1 May 2016) was reduced by 10% (with the Group CEO voluntarily agreeing to a 15% reduction).

With market conditions continuing to be subdued throughout FY17, the CEO took a further voluntary reduction of 30% and the Board took a further 10% reduction on 1 April 2017.

Details of the remuneration of KMP of the consolidated entity are set out in the following tables:

NEDs (\$)	Year	Salary and Fees	Superannuation	STI Paid in Relation to Prior Year	STI Accrued Current Year	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
David Saxelby	2018	91,799	-	-	-	-	-	91,799	-	100.0
	2017	78,975	-	-	-	-	-	78,975	-	100.0
Don Argent <sup>1</sup>	2018	22,192	2,108	-	-	-	-	24,300	-	100.0
	2017	-	-	-	-	-	-	-	-	100.0
Denis Criddle	2018	66,575	6,325	-	-	-	-	72,900	-	100.0
	2017	72,123	6,852	-	-	-	-	78,975	-	100.0
Giles Everist <sup>2</sup>	2018	-	-	-	-	-	-	-	-	100.0
	2017	54,375	-	-	-	-	-	54,375	-	100.0
Bill Healy	2018	106,027	10,073	-	-	-	-	116,100	-	100.0
	2017	128,219	12,181	-	-	-	-	140,400	-	100.0
Lee Verios <sup>3</sup>	2018	24,658	2,342	-	-	-	-	27,000	-	100.0
	2017	80,137	7,613	-	-	-	-	87,750	-	100.0
Total	2018	311,251	20,848	-	-	-	-	332,099	-	100.0
	2017	413,829	26,646	-	-	-	-	440,475	-	100.0

Executive Directors (\$)	Year	Salary and Fees	Superannuation	STI Paid in Relation to Prior Year	STI Accrued Current Year	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
Scott Criddle <sup>4</sup>	2018	500,000	20,049	-	-	227,976	-	748,025	30.5	69.5
	2017	669,200	19,616	-	-	484,981	-	1,173,797	41.3	58.7
Total	2018	500,000	20,049	-	-	227,976	-	748,025	30.5	69.5
	2017	669,200	19,616	-	-	484,981	-	1,173,797	41.3	58.7

Other Executives (\$)	Year	Salary and Fees	Superannuation	STI Paid in relation to Prior Year	STI Accrued Current Year	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
Tony Radalj <sup>5</sup>	2018	421,186	16,605	-	-	187,500	-	625,291	30.0	70.0
	2017	-	-	-	-	-	-	-	-	-
Craig Amos	2018	350,000	20,049	-	-	83,784	-	453,833	18.5	81.5
	2017	387,500	19,616	-	-	127,083	-	534,199	23.8	76.2
Ric Buratto <sup>6</sup>	2018	-	-	-	-	-	-	-	-	-
	2017	393,750	14,712	-	-	435,534	-	843,996	51.6	48.4
Total	2018	771,186	36,654	-	-	271,284	-	1,079,124	25.1	74.9
	2017	781,250	34,328	-	-	562,617	-	1,378,195	40.8	59.2

<sup>1</sup> Don Argent was appointed to the board of directors on 1 March 2018

<sup>2</sup> Giles Everist resigned from the board of directors on 7 February 2017

<sup>3</sup> Lee Verios resigned from the board of directors on 1 November 2017

<sup>4</sup> As at the date of this report the total fixed remuneration for the Managing Director and Group CEO is \$520,049

<sup>5</sup> Tony Radalj was appointed to the Executive Leadership Team on 1 August 2017

<sup>6</sup> Ric Buratto left the Executive Leadership Team during the 2017 financial year

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### Options issued as part of remuneration for the year ended 30 June 2018

There were no options granted to directors or executives as part of their remuneration during the financial year.

### Performance Rights

During the year ended 30 June 2018, the following performance rights were granted.

Grant Date	Number of Rights Granted	Fair Value of Rights Granted
1 July 2017	1,676,126	\$311,759

During the year ended 30 June 2018, 284,240 performance rights were vested.

During the year ended 30 June 2018, 851,506 of performance rights lapsed due to their vesting criteria not being met.

The following rights have been granted but remain unvested at 30 June 2018:

Grant Date	Number of Unvested Rights	Fair Value of Unvested Rights
1 July 2011	235,210	\$24,932
1 July 2012	297,665	\$30,362
1 July 2014	571,169	\$33,985
1 July 2015	1,544,203	\$216,188
1 July 2016	2,006,769	\$306,032
1 July 2017	1,676,126	\$311,759
<b>Total</b>	<b>6,331,142</b>	<b>\$923,258</b>

### Additional Information

The earnings of the consolidated entity for the five years to 30 June 2018 are summarised below:

	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Revenue	349,255	305,124	301,644	666,915	618,401
EBITDA	(1,722)	(31,240)	(75,926)	62,696	81,117
EBIT	(4,736)	(36,867)	(82,902)	55,894	74,316
Profit/(loss) after income tax	(6,131)	(28,347)	(58,236)	40,280	52,627

The factors that are considered to affect total shareholders return (TSR) are summarised below:

	2018	2017	2016	2015	2014
Share price at financial year end (\$)	0.97	0.93	0.72	1.16	1.83
Total dividends paid (cents per share)	-	4.0	10.5	13.0	12.5
Basic earnings per share (cents per share)	(0.10) <sup>1</sup>	(2.65) <sup>2</sup>	6.10 <sup>2</sup>	23.91	29.50 <sup>3</sup>

<sup>1</sup> Based on continuing operations

<sup>2</sup> Based on adjusted earnings

<sup>3</sup> Excluding business combination gains from the 2014 reporting period



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### Shareholdings, Option holdings and Performance Rights holdings

#### Shareholdings

The number of shares in the Company held during the financial year by each director and KMP of the consolidated entity, including their personally related parties, is set out below:

30 June 2018	Balance 1.07.2017	Received as Part of Remuneration	Additions	Disposals/ Other <sup>1</sup>	Balance 30.06.2018
<b>Directors:</b>					
Don Argent	-	-	-	-	-
Denis Criddle	20,989,145	-	1,390,000	-	22,379,145
Scott Criddle	5,709,695	136,573	-	(205,000)	5,641,268
Bill Healy	600,190	-	-	-	600,190
David Saxelby	-	-	50,000	-	50,000
Lee Verios <sup>2</sup>	66,667	-	-	(66,667)	-
<b>Key management personnel:</b>					
Craig Amos	1,500	108,021	-	-	109,521
Tony Radalj <sup>3</sup>	-	200,000	15,000	110,000	325,000
<b>Total</b>	<b>27,367,197</b>	<b>444,594</b>	<b>1,455,000</b>	<b>(161,667)</b>	<b>29,105,124</b>

#### Option holdings

There were no options held by directors or KMP at 30 June 2018.

#### Performance Rights holdings

The number of performance rights in the Company held during the financial year by each director and KMP of the consolidated entity, including their personally related parties, is set out below:

30 June 2018	Balance 1.07.2017	Granted as Remuneration	Vested During the Period	Expired/ Other <sup>1</sup>	Balance 30.06.2018
<b>Directors:</b>					
Scott Criddle	4,678,689	1,225,676	(136,573)	(837,268)	4,930,524
<b>Key management personnel:</b>					
Craig Amos	737,377	450,450	(108,021)	-	1,079,806
Tony Radalj <sup>3</sup>	-	-	-	172,414	172,414
	<b>5,416,066</b>	<b>1,676,126</b>	<b>(244,594)</b>	<b>(664,854)</b>	<b>6,182,744</b>

<sup>1</sup> Other includes shares included upon appointment or excluded upon resignation

<sup>2</sup> Lee Verios resigned from the board of directors on 1 November 2017

<sup>3</sup> Tony Radalj was appointed to the Executive Leadership Team on 1 August 2017

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Remuneration Report (Cont'd)

### Other transactions with directors, KMP and their related parties:

	2018 \$000
(a) Director Related Transactions	
Rent of various properties used by Decmil Australia Pty Ltd paid to Broadway Pty Ltd, an entity in which Mr Denis Criddle has a beneficial interest	190
Consulting fees for Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest	200
(b) Director Related Balances <sup>1</sup>	
Amounts owing to Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest, for directors' fees and consulting fees	27

*[End of Remuneration Report]*

### Shares Under Option

There were no unissued ordinary shares of the Company under option outstanding at the date of this report.

### Shares Issued on the Exercise of Options

There were no ordinary shares of the Company issued on the exercise of options during the year ended 30 June 2018 and up to the date of this report.

### Employee Share Program

At the 2014 Annual General Meeting, shareholders approved the adoption by the Company of a broad based employee share plan and the issue of securities pursuant to that plan. During the financial year, 213,490 shares were issued under this plan as part of the Decmil Employee Share Purchase Plan. Under this plan, employees who purchased up to \$1,000 of shares had those shares matched by the Company. The matched shares are subject to a trade restriction until the earlier of 3 years or cessation of employment with the Company.

### Indemnifying Officers or Auditor

The Company has indemnified the Directors of the Company for costs incurred, in their capacity as a director, 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 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 the liability and the amount of the premium.

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.

### Proceedings on Behalf of Company

In or around August 2012, Steel Building Systems (SBS) was engaged as a subcontractor by Decmil Australia Pty Ltd ("Decmil") to construct the Gladstone Village in Queensland. SBS' scope of work was the design, manufacture and supply of modular buildings, as well as miscellaneous on-site works associated with the modular buildings. On 17 November 2017, the liquidators of SBS commenced proceedings against Decmil Australia Pty Ltd in the NSW Supreme Court for alleged unpaid contract sums of \$3.3 million and alleged lost profit on works removed from SBS' scope of works. Decmil rejects the claims brought by the liquidators of SBS and denies it is indebted to SBS as claimed.

<sup>1</sup> Transactions relating to directors' fees are included in the Directors' Report details of remuneration

# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Proceedings on Behalf of Company (Cont'd)

Decmil's current position is that SBS is in fact indebted to Decmil for a similar sum due to defective works and associated rectification costs, incomplete works, overheads incurred by Decmil in connection with the defects and rectification works, expert costs and fees. Decmil has filed a defence in relation to the liquidator's claims and will file a cross claim for the sum Decmil alleges it is owed by SBS.

On 1 May 2017 the Company received an advice from AusIndustry, the agency that oversees technical elements of the Australian Tax Office's Research and Development Incentive Scheme ("R&D Scheme"), disputing the eligibility of certain engineering activities submitted by the Company in relation to the 2014 financial year for the R&D Scheme. R&D Scheme benefits received by the Company in relation to the 2014 financial year for the disputed engineering activities amounts to approximately \$3.4 million. The Company does not agree with the advice received from AusIndustry and under the relevant legislation has requested an independent review of the matter. As at the date of this report, the independent review had not been completed. The Company is also considering further review options available to it, including submission to the Australian Administrative Tribunal.

During the year ended 30 June 2017 the liquidators for Forge Group Ltd (in liquidation)(receivers and managers appointed) commenced an action in the Supreme Court of Western Australia against Eastcoast Development Engineering Pty Ltd ("EDE"), a subsidiary of the Company, for the repayment of \$2.5 million for what they consider constitute unfair preference payments. The liquidators have commenced claims against a number of parties which are joined with EDE in the same action. EDE denies that it has any liability for repayment of any sums previously paid to EDE. Decmil has filed a defence in this matter.

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

## Non-Audit Services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

The following fees were paid or payable to RSM Australia Partners for non-audit services provided during the year ended 30 June 2018:

	\$
Taxation compliance services	29,250
Accounting assistance	9,585
<b>Total</b>	<b>38,835</b>

## Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found within this financial report.



# Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2018



## Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

## Corporate Governance

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Decmil Group Limited support and have adhered to the ASX Corporate Governance Principles and Recommendations as detailed in Decmil Corporate Governance Statement which can be found at <http://www.decmil.com.au/investor-relations/corporate-governance/>

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

On behalf of the directors

**David Saxelby**  
Chairman

31 July 2018

**RSM Australia Partners**

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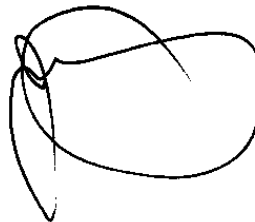
**AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor for the audit of the financial report of Decmil Group Limited for the year ended 30 June 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

A handwritten signature of 'RSM' in black ink.

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink, appearing to be 'J A Komninos'.

J A KOMNINOS  
Partner

Perth, WA  
Dated: 31 July 2018

**THE POWER OF BEING UNDERSTOOD**  
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

# Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2018



## Consolidated Entity

	Note	2018 \$000	2017 \$000
Revenue from continuing operations	11	341,608	276,972
Cost of sales		(305,927)	(246,500)
Gross profit		35,681	30,472
Administration expenses		(27,972)	(26,342)
Equity based payments		(2,248)	(1,030)
Restructuring costs		(747)	(1,261)
Earnings from continuing operations before interest, tax, depreciation and amortisation & impairments		4,714	1,839
Interest received	11(a)	32	43
Borrowing costs	4	(1,493)	(1,011)
Depreciation and amortisation expense	4, 17, 19	(2,903)	(5,331)
Investment property fair value adjustment	33	-	(18,763)
<b>Profit/(loss) before income tax expense</b>		<b>350</b>	<b>(23,223)</b>
Income tax (expense)/benefit	5	(521)	8,090
<b>Net loss from continuing operations</b>		<b>(171)</b>	<b>(15,133)</b>
Loss after tax from discontinued operations	6	(5,960)	(13,214)
<b>Net loss for the year</b>		<b>(6,131)</b>	<b>(28,347)</b>
<b>Other comprehensive income</b>			
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>(6,131)</b>	<b>(28,347)</b>
<b>Overall Operations</b>			
Basic earnings per share (cents per share)	9a	(3.54)	(16.57)
Diluted earnings per share (cents per share)	9a	(3.54)	(16.57)
<b>Continuing Operations</b>			
Basic earnings per share (cents per share)	9b	(0.10)	(8.85)
Diluted earnings per share (cents per share)	9b	(0.10)	(8.85)
<b>Discontinuing Operations</b>			
Basic earnings per share (cents per share)	9c	(3.44)	(7.72)
Diluted earnings per share (cents per share)	9c	(3.44)	(7.72)

The accompanying notes form part of these financial statements



# Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2018



## Consolidated Entity

	Note	2018 \$000	2017 \$000
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	12	16,755	16,905
Trade and other receivables	13	43,672	34,950
Work in progress	14	28,882	11,914
Other current assets	20	8,561	5,716
<b>TOTAL CURRENT ASSETS</b>		<b>97,870</b>	69,485
NON-CURRENT ASSETS			
Investment property	18	92,410	92,400
Property, plant and equipment	17	7,565	10,425
Deferred tax assets	24	30,329	28,693
Intangible assets	19	75,482	75,482
<b>TOTAL NON-CURRENT ASSETS</b>		<b>205,786</b>	207,000
<b>TOTAL ASSETS</b>		<b>303,656</b>	276,485
<b>LIABILITIES</b>			
CURRENT LIABILITIES			
Trade and other payables	21	88,223	60,158
Current tax payable	22	1,596	49
Borrowings	23	387	350
Provisions	25	5,623	4,017
<b>TOTAL CURRENT LIABILITIES</b>		<b>95,829</b>	64,574
NON-CURRENT LIABILITIES			
Deferred tax liabilities	24	544	316
Borrowings	23	472	474
Provisions	25	498	1,125
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,514</b>	1,915
<b>TOTAL LIABILITIES</b>		<b>97,343</b>	66,489
<b>NET ASSETS</b>		<b>206,313</b>	209,996
<b>EQUITY</b>			
Issued capital	26	165,832	163,384
Retained earnings		40,481	46,612
<b>TOTAL EQUITY</b>		<b>206,313</b>	209,996

The accompanying notes form part of these financial statements

# Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2018



Consolidated Entity	Note	Issued Capital \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2016		162,254	81,792	244,046
Net loss for the year		-	(28,347)	(28,347)
Total comprehensive income for the year		-	(28,347)	(28,347)
Shares issued for the period		54	-	54
Transaction costs net of tax benefit		46	-	46
Equity based payments		1,030	-	1,030
Dividends paid	10	-	(6,833)	(6,833)
<b>Balance at 30 June 2017</b>		<b>163,384</b>	<b>46,612</b>	<b>209,996</b>
Balance at 1 July 2017		163,384	46,612	209,996
Net loss for the year		-	(6,131)	(6,131)
Total comprehensive income for the year		-	(6,131)	(6,131)
Shares issued for the period		118	-	118
Transaction costs net of tax benefit		82	-	82
Equity based payments		2,248	-	2,248
Dividends paid	10	-	-	-
<b>Balance at 30 June 2018</b>		<b>165,832</b>	<b>40,481</b>	<b>206,313</b>

The accompanying notes form part of these financial statements

# Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2018



## Consolidated Entity

	Note	2018 \$000	2017 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		315,662	303,413
Payments to suppliers and employees		(313,573)	(309,915)
Interest received		34	53
Finance costs paid		(1,496)	(1,303)
Income taxes received		-	800
Net cash provided by/(used in) operating activities	29(a)	627	(6,952)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(1,775)	(1,346)
Proceeds from sale of subsidiary	29(b)	919	-
Proceeds from sale of non-current assets		259	26,061
Net cash provided by/(used in) investing activities		(597)	24,715
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Net repayment of borrowings		(380)	(9,145)
Net proceeds from share issue		200	43
Dividends paid		-	(6,833)
Net cash used in financing activities		(180)	(15,935)
Net increase/(decrease) in cash held		(150)	1,828
Cash at beginning of the financial year		16,905	15,077
Cash at end of the financial year		16,755	16,905

The accompanying notes form part of these financial statements





# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

The financial statements of Decmil Group Limited ('the Company') for the year ended 30 June 2018 comprise of the Company and its controlled entities (collectively referred to as 'the consolidated entity') and the consolidated entity's interests in joint operations. The separate financial statements of the parent entity, Decmil Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Decmil Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 30 July 2018.

## NOTE 1: Summary of Significant Accounting Policies

### Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis 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.

### (a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Decmil Group Limited at the end of the reporting period. The Company controls an entity when it 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 over the entity. The assets, liabilities and results of all controlled entities are fully consolidated into the financial statements of the consolidated entity from the date on which control is obtained by the consolidated entity. The consolidation of a controlled entity is discontinued from the date that control ceases.

Intercompany balances and transactions between entities in the consolidated entity are eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those adopted by the consolidated entity.

Non-controlling interests in the results and equity of controlled entities are shown separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets of the controlled entity comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Where the consolidated entity loses control over a controlled entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the controlled entity together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont')

### (b) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or

When the taxable temporary difference is associated with interests in controlled entities, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

#### *Tax consolidation*

Decmil Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of the entities are set off in the consolidated financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the controlled entities nor a distribution by the controlled entities to the head entity.

### (c) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date compared to expected actual costs. Where losses are anticipated they are provided for in full. Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

### (d) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The consolidated entity's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the consolidated entity makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint operations until it resells those goods/assets to a third party.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### (e) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of property, plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

#### *Depreciation*

The depreciable amount of all property, plant and equipment but excluding freehold land is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Owned plant and equipment	5% to 33%
Leased plant and equipment	12.5% to 20%

The 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of profit or loss and other comprehensive income in the period in which they arise.

### (f) Investment Property

Investment property, comprising investment interests in land and buildings, is held to generate long-term returns. Investment property is initially measured at cost and subsequently measured at fair value. Investment property is carried at fair value which is based on discounted cash flow projections. Investment property is valued at least every 3 years by independent external valuers. Any resultant changes in fair value are shown separately in the statement of profit or loss and other comprehensive income as net gains/(losses) from fair value adjustments on investment property.

### (g) Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated entity are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period. Leased assets are depreciated on a straight-line basis over their estimated useful lives. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### (h) Impairment of Assets

At each reporting date, the consolidated entity 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 immediately to the statement of profit or loss and other comprehensive income.

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

### (i) Goodwill

Goodwill acquired in a business combination is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition date fair value of any previously held equity interest over the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. It is allocated to the consolidated entity's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not being larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Impairment losses recognised for goodwill are not subsequently reversed.

### (j) Intangibles other than Goodwill

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to each class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income, through the 'amortisation expenses' line item.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of intangible assets with indefinite useful lives, either individually or at the cash-generating unit level.

### (k) Employee Benefits

Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### *Other long term employee benefits*

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in statement of profit or loss and other comprehensive income in the periods in which the changes occur.

The consolidated entity's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

### *Equity-based payments*

The consolidated entity provides equity-settled equity-based compensation benefits to employees. The equity-based compensation benefits include the award of shares, and performance rights over shares, in exchange for the rendering of services. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is measured as the share price at the date of grant and the fair value of performance rights is ascertained using various option pricing models which incorporate, where required, market vesting conditions. The number of shares and performance rights expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

### **(l) Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

### **(m) Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 6 months or less.

### **(n) Revenue and Other Income**

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue recognition relating to the provision of services, namely construction activities, is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised as interest accrues using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### (o) Financing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss and other comprehensive income in the period in which they are incurred.

### (p) Earnings Per Share

#### *Basic earnings per share*

Basic earnings per share is calculated by dividing the profit attributable to the owners of Decmil Group Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

#### *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 financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

### (q) Issued Capital

Ordinary shares are classified as equity.

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.

### (r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

### (s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the relevant revenue authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

### (t) Financial Instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to the statement of profit or loss and other comprehensive income immediately.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### *Classification and subsequent measurement*

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted, including recent arm's length transactions, reference to similar instruments and option pricing models.

*Amortised cost* is the amount at which the financial asset or liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method.

The *effective interest rate method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) over the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in the statement of profit or loss or other comprehensive income.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

### *i. Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the statement of profit or loss and other comprehensive income through the amortisation process and when the financial asset is derecognised.

### *ii. Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

### *iii. Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

### *Impairment*

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### (u) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

### (v) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

### (w) Foreign Currency Transactions and Balances

#### *Foreign currency translation*

The financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

#### *Foreign currency transactions*

Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

### (x) Fair Value of Assets and Liabilities

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

Fair value is the price the consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the consolidated entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

The fair value of liabilities and the consolidated entity's own equity instruments (excluding those related to equity-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

### (y) Rounding of Amounts

The Company is of a kind referred to in Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Corporations Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

### (z) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

### (aa) Critical Accounting Estimates and Judgements

The directors 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 entity.

#### *Impairment of goodwill and intangibles*

The consolidated entity determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles are discussed in note 19.

#### *Equity-based payment transactions*

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted.

The fair value of performance rights are determined using various option pricing models. The accounting estimates and assumptions relating to equity-settled equity-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

#### *Construction contracts*

When accounting for construction contracts, the contracts are either combined or segmented if this is deemed necessary to reflect the substance of the agreement. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Stage of completion is agreed with the customer on a work certified to date basis, as a percentage of the overall contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year. The percentage of fees earned during the financial year is based on the stage of completion of the contract.

Where a loss is expected to occur from a construction contract, the excess of the total expected contract costs over expected contract revenue is recognised as an expense immediately.

#### *Provision for maintenance*

In determining the level of provision required for maintenance, the consolidated entity has made judgements in respect of the expected outcome of construction contracts and the costs of fulfilling the maintenance obligations. The provision is based on estimates made from historical data associated with past construction contracts.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 1: Summary of Significant Accounting Policies (Cont'd)

### *Fair value measurement hierarchy*

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the consolidated entity can access at the measurement date; level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

### *Provision for impairment of receivables*

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

### *Income tax*

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

### *Recovery of deferred tax assets*

Deferred tax assets are recognised for deductible temporary differences and losses only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

### *Employee benefits provision*

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

### *Estimation of useful lives of assets*

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 2: New Accounting Standards for Application in Future Periods

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

### New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2018. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

#### *AASB 9 Financial Instruments*

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets.

A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income (OCI). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' (ECL) model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted.

The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 July 2018 but it will have minimal impact on the consolidated entity.

#### *AASB 15 Revenue from Contracts with Customers*

AASB 15 establishes a comprehensive framework for determining the timing and quantum of revenue recognised. It replaces existing guidance, including AASB 118 Revenue and AASB 111 Construction Contracts. The core principle of AASB 15 is that an entity shall recognise revenue when control of a good or service transfers to a customer. This standard will become mandatory for reporting periods beginning on or after 1 January 2018. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

Significant judgments and estimates are used in determining the impact, such as the assessment of the probability of customer acceptance of claims, estimation of project completion date and assumed levels of project execution productivity.

The contractual terms and the way in which the Group operates its construction contracts is predominantly derived from projects containing one performance obligation. Contracted revenue will continue to be recognised over time, however the new standard provides new requirements for variable consideration, as well as accounting for claims and variations as contract modifications which all impart a higher threshold of probability for recognition. Revenue is currently recognised when it is probable that work performed will result in revenue whereas under the new standard, revenue is recognised when it is highly probable that a significant reversal of revenue will not occur for these modifications.

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 2: New Accounting Standards for Application in Future Periods (Cont'd)

Currently under AASB 111 Construction Contracts, costs incurred during the tender process are capitalised within other current assets when it is deemed probable the contract will be won. Under the new standard costs can only be capitalised if they are both expected to be recovered and either would not have been incurred if the contract had not been won or if they are intrinsic to the delivery of a project.

Based on the current assessment, the higher recognition thresholds in the new standard may lead to an estimated adjustment reducing the current shareholder equity balance of \$206.3 million by around \$12.3 million (after tax) on 1 July 2018.

### *AASB 16 Leases*

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However, EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. The adoption of this standard has been assessed by the consolidated entity and will impact its assets, liabilities and expenses but the extent of which has not yet been assessed by the consolidated entity.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 3: Parent Entity Information

	Parent Entity	
	2018	2017
	\$000	\$000
<b>Statement of profit or loss and other comprehensive income</b>		
Loss for the year	(27,725)	(4,069)
Total comprehensive income for the year	(27,725)	(4,069)
<b>Statement of financial position</b>		
ASSETS		
Current assets	86,543	83,664
Non-current assets	87,175	90,987
<b>TOTAL ASSETS</b>	<b>173,718</b>	<b>174,651</b>
LIABILITIES		
Current liabilities	158,083	140,145
Non-current liabilities	652	822
<b>TOTAL LIABILITIES</b>	<b>158,735</b>	<b>140,967</b>
EQUITY		
Issued capital	168,628	164,751
Retained earnings	(153,645)	(131,067)
<b>TOTAL EQUITY</b>	<b>14,983</b>	<b>33,684</b>

### a) Guarantees

Cross guarantees have been provided by Decmil Group Limited and its controlled entities as listed in note 15(b).

### b) Other Commitments and Contingencies

Decmil Group Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from that disclosed in note 34.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 4: Expenses

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>From continuing operations</b>		
(Loss)/profit before income tax includes the following specific expenses:		
Employee benefits costs	73,323	71,131
Finance costs	1,493	1,011
Depreciation and amortisation of non-current assets:		
- plant and equipment owned	2,792	4,558
- plant and equipment leased	109	80
- building	2	517
- amortisation of intangible assets	-	176
Total depreciation	2,903	5,331
Rental expense on operating leases	2,847	1,432

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 5: Income Tax Expense

		Consolidated Entity	
		2018	2017
		\$000	\$000
	Note		
Income tax benefit is attributable to:			
(Profit)/Loss from continuing operations		(521)	8,090
Loss from discontinued operations	6	589	1,680
		68	9,770
The components of income tax /benefit comprise:			
Current tax		(1,564)	662
Deferred tax	24	2,183	8,716
Over/(under) provision for tax in prior year		(551)	392
		68	9,770
The prima facie tax benefit on loss before income tax is reconciled to the income tax benefit as follows:			
Prima facie tax benefit on loss before income tax at 30% (2017: 30%)		1,992	11,435
Adjusted by the tax effect of:			
- equity based payments		(93)	(230)
- deductible capital raising costs		3	54
- non-deductible items		(855)	(2,763)
- research and development tax offset (non-refundable)		(428)	882
- over/(under) provision for tax in prior year		(551)	392
<b>Income tax benefit attributable to loss before income tax</b>		<b>68</b>	<b>9,770</b>
The applicable weighted average effective tax rates are as follows:		1%	26%

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 6: Discontinued Operations

As part of the Group's refocus on its core construction and engineering business units, on 1 November 2017 the Group's telecommunications division consisting of SC Holdings Pty Ltd and its subsidiaries SC Services Pty Ltd and SC Equipment Holdings Pty Ltd and the Group's design consulting business, Scope Australia Pty Ltd, were discontinued.

### (a) Financial performance information

#### Consolidated Entity

	Note	2018 \$000	2017 \$000
Other services revenue		7,647	28,151
Interest received		1	9
<b>Total revenue</b>		<b>7,648</b>	<b>28,160</b>
Cost of sales		(8,644)	(27,203)
Administration expenses		(2,002)	(4,452)
Borrowing costs		(2)	(291)
Depreciation and amortisation expense		(111)	(296)
Impairment of intangible assets		-	(10,685)
Restructuring costs		-	(127)
Loss on disposal of subsidiaries	29(b)	(3,438)	-
<b>Total expenses</b>		<b>(14,197)</b>	<b>(43,054)</b>
Loss before income tax expense		(6,549)	(14,894)
<b>Income tax benefit</b>	5	<b>589</b>	<b>1,680</b>
Loss after income tax expense from discontinued operations		(5,960)	(13,214)

### (b) Financial position information

#### Consolidated Entity

	Note	2018 \$000	2017 \$000
<b>Current Assets</b>			
Cash and cash equivalents		10	41
Trade and other receivables		20	5,019
Work in progress		-	4,179
Other current assets		752	262
<b>Total Current Assets</b>		<b>782</b>	<b>9,501</b>
<b>Non-current Assets</b>			
Property, plant and equipment		-	1,584
Deferred tax assets		-	508
Intangible assets		-	1,717
<b>Total Non-current Assets</b>		<b>-</b>	<b>3,809</b>
<b>Total Assets</b>		<b>-</b>	<b>13,310</b>
<b>Current Liabilities</b>			
Trade and other payables		32	6,074
Provisions		-	526
<b>Total Current Liabilities</b>		<b>32</b>	<b>6,600</b>
<b>Total Liabilities</b>		<b>32</b>	<b>6,600</b>
<b>Net Assets</b>		<b>750</b>	<b>6,710</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 6: Discontinued Operations (Cont'd)

### (c) Cash flow information

### Consolidated Entity

	Note	2018 \$000	2017 \$000
Net cash from/(used in) operating activities		(991)	7,840
Net cash from/(used in) investing activities		962	(113)
Net cash used in financing activities		(1)	(9,000)
<b>Net decrease in cash and cash equivalents from discontinued operations</b>		<b>(30)</b>	<b>(1,273)</b>

## NOTE 7: Key Management Personnel Disclosures

- a. Names and positions held of directors and other members of Key Management Personnel in office at any time during the financial year are:

### Parent Entity Directors

**Don Argent** (appointed 1 March 2018)

**Denis Criddle**

**Scott Criddle**

**Bill Healy**

**David Saxelby**

**Lee Verios** (resigned 1 November 2017)

### Key Management Personnel

**Tony Radalj: Chief Operating Officer**

**Craig Amos: Chief Financial Officer**

- b. Compensation for Key Management Personnel

The totals of remuneration paid to directors and KMP of the Company and the consolidated entity during the year are as follows:

	2018 \$000	2017 \$000
Short-term employee benefits	1,660	1,945
Equity-based payments	499	1,047
	<b>2,159</b>	<b>2,992</b>

- c. Loans to Key Management Personnel

No directors or KMP had any loans during the reporting period.

- d. Other transactions and balances with Key Management Personnel

There were no other transactions and balances with KMP other than that disclosed in note 31.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 8: Auditors' Remuneration

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>Remuneration of the auditor of the parent entity for:</b>		
- auditing or reviewing the financial report	228	266
- taxation services	29	16
- accounting assistance	10	9
	<b>267</b>	<b>291</b>

## NOTE 9: Earnings Per Share

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>(a) Reconciliation of earnings to profit or loss from overall operations</b>		
Loss after income tax	(6,131)	(28,347)
Earnings used to calculate basic and dilutive EPS	<b>(6,131)</b>	<b>(28,347)</b>
<b>(b) Reconciliation of earnings to profit or loss from continuing operations</b>		
Loss after income tax	(171)	(15,133)
Earnings used to calculate basic and dilutive EPS	<b>(171)</b>	<b>(15,133)</b>
<b>(c) Reconciliation of earnings to profit or loss from discontinuing operations</b>		
Loss after income tax	(5,960)	(13,214)
Earnings used to calculate basic and dilutive EPS	<b>(5,960)</b>	<b>(13,214)</b>
	<b>No.</b>	<b>No.</b>
<b>(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS</b>	<b>173,223,027</b>	<b>171,036,636</b>
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	<b>173,223,027</b>	<b>171,036,636</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 10: Dividends

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>Distributions Paid</b>		
Final dividend for the year ended 30 June 2017 of nil cents (2016: 2.0 cents) per share fully franked at the tax rate of 30% (2017: 30%)	-	3,398
Interim dividend for the year ended 30 June 2018 of nil cents (2017: 2.0 cents) per share fully franked at the tax rate of 30% (2017: 30%)	-	3,435
	-	6,833
<b>Balance of franking account at year end</b>	<b>54,244</b>	<b>54,244</b>

## NOTE 11: Revenue

	Consolidated Entity	
	2018	2017
	\$000	\$000
	<b>Note</b>	
<b>From continuing operations</b>		
Construction and engineering revenue	<b>335,901</b>	259,847
Accommodation revenue	<b>5,952</b>	14,486
Other revenue		
- rentals	<b>(245)</b>	351
- profit on sale of property	-	2,213
- other services revenue	-	75
<b>Total revenue from continuing operations</b>	<b>341,608</b>	<b>276,972</b>
(a) Interest revenue		
Interest revenue from:		
- other persons	<b>32</b>	43
<b>Total interest revenue</b>	<b>32</b>	<b>43</b>

On 23 June 2017, a commercial building located at 20 Parkland Road, Osborne Park, Western Australia was sold for \$27.5 million. The written down value at the date of sale was \$23.189 million. The profit recognised on sale was \$2.213 million net of selling costs.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 12: Cash and Cash Equivalents

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>Cash at bank and in hand</b>	<b>16,755</b>	16,905
	<b>16,755</b>	16,905
<i>Reconciliation of cash</i>		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
<b>Cash and cash equivalents</b>	<b>16,755</b>	16,905

## NOTE 13: Trade and Other Receivables

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>CURRENT</b>		
Trade receivables	<b>43,672</b>	34,950
Less: Provision for impairment of receivables	-	-
	<b>43,672</b>	34,950
Movement in the provision for impairment of receivables are as follows:		
Opening balance	-	-
Additional provisions recognised	<b>399</b>	31
Written off during the year as uncollectable	<b>(399)</b>	(31)
<b>Closing balance</b>	<b>-</b>	-

The following table details the consolidated entity's trade receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the consolidated entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the consolidated entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount \$000	Within initial trade terms \$000	Past due but not impaired (days overdue)				Past due and impaired \$000
			31-60 \$000	61-90 \$000	91-120 \$000	>120 \$000	
<b>2018</b>							
Trade receivables	43,672	42,472	547	13	2	638	-
<b>Total</b>	<b>43,672</b>	<b>42,472</b>	<b>547</b>	<b>13</b>	<b>2</b>	<b>638</b>	<b>-</b>
<b>2017</b>							
Trade receivables	34,950	29,912	4,010	326	170	532	-
<b>Total</b>	<b>34,950</b>	<b>29,912</b>	<b>4,010</b>	<b>326</b>	<b>170</b>	<b>532</b>	<b>-</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 14: Work in Progress

				Consolidated Entity	
				2018	2017
				\$000	\$000
	Note				
CURRENT					
Construction and engineering contracts					
Cost incurred to date plus profit recognised			<b>566,798</b>		730,763
Consideration received and receivables as progress billings			<b>(545,732)</b>		(730,362)
			<b>21,066</b>		401
Advanced billings to customers	<b>21</b>		<b>(7,816)</b>		(11,513)
Unbilled amounts due from customers			<b>28,882</b>		11,914
			<b>21,066</b>		401

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 15: Controlled Entities

### (a) Controlled Entities

	Country of Incorporation	Percentage Owned (%)	
		2018	2017
Parent Entity:			
Decmil Group Limited	Australia		
Controlled entities of Decmil Group Limited:			
Decmil Australia Pty Ltd	Australia	100%	100%
Decmil Properties Pty Ltd	Australia	100%	100%
Eastcoast Development Engineering Pty Ltd	Australia	100%	100%
Homeground Villages Pty Ltd	Australia	100%	100%
Decmil Infrastructure Pty Ltd	Australia	100%	100%
Decmil Services Pty Ltd	Australia	100%	100%
Scope Australia Pty Ltd	Australia	-	100%
Decmil Group Limited Employee Share Plan Trust	Australia	100%	100%
Controlled entities of Homeground Villages Pty Ltd:			
Homeground Gladstone Pty Ltd ATF Homeground Gladstone Unit Trust	Australia	100%	100%
Homeground Gladstone Unit Trust	Australia	100%	100%
Homeground Karratha Pty Ltd	Australia	-	100%
Controlled entities of Decmil Australia Pty Ltd:			
Decmil PNG Limited	Papua New Guinea	100%	100%
Decmil Construction NZ Limited	New Zealand	100%	100%
Decmil Engineering Pty Ltd	Australia	100%	100%
Decmil Southern Pty Ltd (formerly Cut and Fill Pty Ltd)	Australia	100%	100%
Controlled entities of Decmil Infrastructure Pty Ltd:			
Cornelisse Shoal Pty Ltd	Australia	-	100%
Controlled entities of Decmil Services Pty Ltd:			
Decmil Telecom Pty Ltd	Australia	100%	100%
SC Holdings Pty Ltd	Australia	-	100%
SC Services Pty Ltd	Australia	-	100%
SC Equipment Holdings Pty Ltd	Australia	-	100%

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 15: Controlled Entities (Cont'd)

(b) A deed of cross guarantee between Decmil Group Limited and the following wholly-owned controlled entities existed during the financial year and relief was obtained from preparing a financial report for Decmil Group Limited's wholly-owned controlled entities under ASIC Class Order 98/1418: Decmil Australia Pty Ltd, Eastcoast Development Engineering Pty Ltd, Homeground Villages Pty Ltd and Decmil Properties Pty Ltd.

Under the deed, Decmil Group Limited and the above named wholly-owned controlled entities guarantee to support each other's liabilities and obligations. Decmil Group Limited and its above named wholly-owned controlled entities are the only parties to the deed of cross guarantee and are members of the Closed Group.

The following are the aggregate totals, for each category, relieved under the deed.

	2018	2017
	\$000	\$000
<b>Financial information in relation to:</b>		
<b>(i) Statement of profit or loss and other comprehensive income:</b>		
Loss before income tax	(19,151)	(22,420)
Income tax benefit	1,210	7,268
Loss after income tax	(17,941)	(15,152)
<b>(ii) Retained Earnings:</b>		
Retained earnings at the beginning of the year	16,985	38,970
Loss after income tax	(17,941)	(15,152)
Dividends recognised for the period	-	(6,833)
Retained earnings at the end of the year	(956)	16,985

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 15: Controlled Entities (Cont'd)

	2018 \$000	2017 \$000
<b>(iii) Statement of Financial Position:</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,662	9,773
Trade and other receivables	24,176	25,602
Work in progress	27,821	6,165
Current tax receivable	820	271
Other assets	6,829	2,808
<b>Total Current Assets</b>	<b>63,308</b>	<b>44,619</b>
<b>Non-current Assets</b>		
Investment property	92,410	92,400
Property, plant and equipment	3,658	5,469
Deferred tax assets	29,375	27,285
Intangible assets	71,061	69,343
Other financial assets	6,218	9,560
<b>Total Non-current Assets</b>	<b>202,722</b>	<b>204,057</b>
<b>Total Assets</b>	<b>266,030</b>	<b>248,676</b>
<b>Current Liabilities</b>		
Trade and other payables	96,512	64,429
Borrowings	173	243
Provisions	3,427	2,194
<b>Total Current Liabilities</b>	<b>100,112</b>	<b>66,866</b>
<b>Non-current Liabilities</b>		
Deferred tax liabilities	544	316
Provisions	498	1,125
<b>Total Non-current Liabilities</b>	<b>1,042</b>	<b>1,441</b>
<b>Total Liabilities</b>	<b>101,154</b>	<b>68,307</b>
<b>Net Assets</b>	<b>164,876</b>	<b>180,369</b>
<b>Equity</b>		
Issued capital	165,832	163,384
Retained earnings	(956)	16,985
<b>Net Equity</b>	<b>164,876</b>	<b>180,369</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 16: Joint Arrangements

### Interest in Joint Operations

In June 2017, Pilbara Marine Pty Ltd, a wholly owned subsidiary of Fortescue Metals Group, awarded Decmil Australia Pty Ltd, in joint venture with BESIX Australia Pty Ltd (Decmil BESIX JV), a ~\$21.0m contract for the provision of tug infrastructure and service facilities including fuel, lighting, electrical and water services at Anderson Point, Port Hedland in Western Australia. The principal place of business of the joint operation is Australia.

Under the joint venture agreement Decmil Australia Pty Ltd has a 50% participation interest in all the assets used, revenues generated and the expenses incurred by the joint arrangement. Decmil Australia Pty Ltd is also liable for 50% of any liabilities incurred by the joint arrangement. In addition, Decmil Australia Pty Ltd has voting rights in the joint arrangement, which generally require unanimity on most decisions save for certain urgent matters which may initially be determined by the Project Manager (and can be subsequently disputed by either party).

Decmil BESIX JV is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Australia Pty Ltd's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of the Decmil BESIX JV that are included in the consolidated financial statements are as follows:

	2018	2017
	\$000	\$000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	520	100
Other assets	3,671	673
<b>TOTAL CURRENT ASSETS</b>	<b>4,191</b>	<b>773</b>
<b>TOTAL ASSETS</b>	<b>4,191</b>	<b>773</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	3,939	728
<b>TOTAL CURRENT LIABILITIES</b>	<b>3,939</b>	<b>728</b>
<b>TOTAL LIABILITIES</b>	<b>3,939</b>	<b>728</b>
Revenue	12,014	592
Expenses	(11,718)	(529)
<b>Profit for the year</b>	<b>296</b>	<b>63</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 16: Joint Arrangements (Cont'd)

In August 2016, Decmil Construction NZ Limited, a controlled entity of Decmil Group Limited entered into a 50% participation interest in the Stanley Decmil Joint Venture with joint venture partner Stanley Construction Limited to construct the Thames Indoor Sports Facility for the Thames Coromandel District Council located in Thames, New Zealand valued at NZD\$3.4m. The principal place of business of the joint operation is New Zealand.

Under the joint venture agreement Decmil Construction NZ Limited has a 50% participation in all the assets used, the revenues generated and the expenses incurred by the joint arrangement. Decmil Construction NZ Limited is also liable for 50% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint venture agreement, Decmil Construction NZ Limited has 50% of the voting rights in relation to the Stanley Decmil Joint Venture.

Stanley Decmil Joint Venture is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Construction NZ Limited's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of the Stanley Decmil Joint Venture that are included in the consolidated financial statements are as follows:

	2018	2017
	\$000	\$000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	95	58
Other assets	256	92
<b>TOTAL CURRENT ASSETS</b>	<b>351</b>	150
<b>TOTAL ASSETS</b>	<b>351</b>	150
<b>CURRENT LIABILITIES</b>		
Trade and other payables	315	114
<b>TOTAL CURRENT LIABILITIES</b>	<b>315</b>	114
<b>TOTAL LIABILITES</b>	<b>315</b>	114
Revenue	432	1,556
Expenses	(432)	(1,506)
Profit for the year	-	50



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 16: Joint Arrangements (Cont'd)

Decmil Australia Pty Ltd, a controlled entity of Decmil Group Limited, is a participant in two unincorporated joint ventures with Balance Utility Solutions Pty Ltd. The first is a 50% participation interest in the delivery of a battery energy storage system for Western Power in Perenjori, Western Australia valued at \$1.6m. The second is a 67% participation interest in the construction of a 10MW solar farm in Goulburn, New South Wales and a two-year operation and maintenance contract for Gullen Solar Pty Ltd valued at \$19.2m.

Under the joint venture agreements entered into in 2016, Decmil Australia Pty Ltd has the respective participation interests stated above, which reflects its percentage share of assets, distribution of funds and percentage liability for costs and expenses incurred by the joint arrangement (whether by way of return of capital or distribution of surplus funds). Those participation interests are supported by cross indemnities from Decmil and its joint venture partner. Decmil Australia Pty Ltd has voting rights in each joint arrangement, which generally require unanimity on most decisions save for certain urgent matters that only require a majority.

Each of the arrangements described above are unincorporated entities and are classified as joint operations. Accordingly, Decmil Australia Pty Ltd's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of Decmil Balance JV that are included in the consolidated financial statements are as follows:

	2018 \$000	2017 \$000
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	6	499
Other assets	742	1,955
<b>TOTAL CURRENT ASSETS</b>	<b>748</b>	<b>2,454</b>
<b>TOTAL ASSETS</b>	<b>748</b>	<b>2,454</b>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	417	1,898
<b>TOTAL CURRENT LIABILITIES</b>	<b>417</b>	<b>1,898</b>
<b>TOTAL LIABILITIES</b>	<b>417</b>	<b>1,898</b>
Revenue	570	12,957
Expenses	(892)	(12,162)
Profit/(loss) for the year	(322)	795

## Contingent Liabilities in Respect of Joint Arrangements

The consolidated entity is liable for the following contingent liabilities owing from its participation interests in the joint arrangements if and when they arise:

	2018 \$000	2017 \$000
Guarantees given for satisfactory contract performance	4,677	18,757

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 17: Property, Plant and Equipment

	Consolidated Entity	
	2018 \$000	2017 \$000
<b>LAND AND BUILDING (Secured)</b>		
Freehold land, at cost	554	554
Building:		
At cost	-	216
Accumulated depreciation	-	(22)
	<b>554</b>	<b>748</b>
<b>PLANT AND EQUIPMENT</b>		
Plant and Equipment:		
At cost	40,352	42,145
Accumulated depreciation	(33,944)	(32,973)
	<b>6,408</b>	<b>9,172</b>
Leased Plant and Equipment (Secured)	1,427	1,221
Accumulated depreciation	(824)	(716)
	<b>603</b>	<b>505</b>
<b>Total Property, Plant and Equipment</b>	<b>7,565</b>	<b>10,425</b>

### Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Building \$000	Owned Plant and Equipment \$000	Leased Plant and Equipment \$000	Total \$000
<b>Balance at 1 July 2017</b>	748	9,172	505	10,425
Additions	-	1,768	207	1,975
Transfer between categories	(192)	192	-	-
Disposals	-	(388)	-	(388)
Disposals on divestment of subsidiary	-	(1,433)	-	(1,433)
Depreciation expense	(2)	(2,903)	(109)	(3,014)
<b>Balance at 30 June 2018</b>	<b>554</b>	<b>6,408</b>	<b>603</b>	<b>7,565</b>

	Land and Building \$000	Owned Plant and Equipment \$000	Leased Plant and Equipment \$000	Total \$000
<b>Balance at 1 July 2016</b>	24,232	13,180	341	37,753
Additions	222	994	353	1,569
Transfer between leased and owned	-	109	(109)	-
Disposals	(23,189)	(257)	-	(23,446)
Depreciation expense	(517)	(4,854)	(80)	(5,451)
<b>Balance at 30 June 2017</b>	<b>748</b>	<b>9,172</b>	<b>505</b>	<b>10,425</b>

On 23 June 2017, a commercial building located at 20 Parkland Road, Osborne Park, Western Australia was sold for \$27.5 million. The written down value at the date of sale was \$23.189 million. The profit recognised on sale was \$2.213 million net of selling costs.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 18: Investment Property

### Consolidated Entity

	2018 \$000	2017 \$000
Balance at beginning of year	92,400	111,032
Additions	10	131
Fair value adjustment	-	(18,763)
<b>Balance at the end of the year</b>	<b>92,410</b>	<b>92,400</b>

The investment property comprises the Homeground Gladstone Accommodation Village located in Gladstone, Queensland. The investment property is carried at fair value, with fair value being determined using a discounted cash flow valuation model based on assumptions made by the consolidated entity as detailed in note 33.

## NOTE 19: Intangible Assets

### Consolidated Entity

	2018 \$000	2017 \$000
Goodwill at cost	75,482	86,169
Goodwill written off	-	(10,687)
	<b>75,482</b>	<b>75,482</b>

Customer contracts, at cost	-	176
Accumulated amortisation	-	(176)
	-	-
<b>Total intangible assets</b>	<b>75,482</b>	<b>75,482</b>

### Movements in Carrying Amounts

#### Goodwill

Balance at the beginning of the year	75,482	86,169
Goodwill written off	-	(10,687)
<b>Balance at the end of the year</b>	<b>75,482</b>	<b>75,482</b>

#### Customer Contracts

Balance at the beginning of the year	-	176
Amortisation	-	(176)
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

### Allocation of Goodwill to CGU's

Construction & Engineering	75,482	-
Decmil Australia Pty Ltd	-	69,343
Cut and Fill Pty Ltd	-	4,422
Scope Australia Pty Ltd	-	1,717
<b>Balance at the end of the year</b>	<b>75,482</b>	<b>75,482</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 19: Intangible Assets (Cont'd)

The recoverable amount of the consolidated entity's goodwill has been determined by value-in-use calculations using discounted cash flow models, based on a 1-year budget approved by the Board and extrapolated for a further 4 years using a steady rate, together with a terminal value.

During the year residual goodwill values associated with Scope Australia and Decmil Southern (formerly Cut and Fill) were amalgamated with the goodwill of Decmil Australia as certain activities and operations of these businesses was integrated into Decmil's principal construction and engineering business unit.

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for each cash-generating unit:

- a. 12.9% (2017: 12.9%) pre-tax discount rate;
- b. 5% (2017: 5%) per annum projected revenue growth rate;
- c. 2.5% (2017: 2.5%) per annum increase in operating costs and overheads; and
- d. 2.5% (2017: 2.5%) per annum increase in terminal value.

The discount rate of 12.9% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 5% revenue growth rate and 2.5% increase in operating costs and overheads is justified based on past experience and current market outlook. Management also believes that a 2.5% increase in the terminal value of each cash-generating unit is prudent and appropriate based on current market conditions.

At the date of this report there has been no reason to adjust these assumptions.

### *Sensitivity*

As disclosed above, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- a. Revenue for Decmil Australia Pty Ltd would need to decrease by more than 6.2% before goodwill would need to be impaired, with all other assumptions remaining constant.
- b. Overheads for Decmil Australia Pty Ltd would need to increase by more than 17.1% before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of each cash-generating unit's goodwill is based would not cause the carrying amount to exceed its recoverable amount.

## NOTE 20: Other Current Assets

		Consolidated Entity	
	Note	2018 \$000	2017 \$000
CURRENT			
Prepayments		1,170	1,258
Others		7,391	4,458
		<b>8,561</b>	<b>5,716</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 21: Trade and Other Payables

		Consolidated Entity	
	Note	2018 \$000	2017 \$000
<b>CURRENT</b>			
Unsecured Liabilities			
Trade payables		33,620	24,817
Advance billings to customers	14	7,816	11,513
Sundry payables and accrued expenses		46,787	23,828
		<b>88,223</b>	60,158

## NOTE 22: Current Income Tax

		Consolidated Entity	
	Note	2018 \$000	2017 \$000
Current tax payable			
- provision for income tax		1,596	49
		<b>1,596</b>	49

## NOTE 23: Borrowings

		Consolidated Entity	
		2018 \$000	2017 \$000
<b>CURRENT</b>			
Secured liabilities			
Hire purchase liability		214	107
Insurance premium funding		161	186
Software subscription funding		12	57
Total current borrowings		<b>387</b>	350
<b>NON-CURRENT</b>			
Secured liabilities			
Hire purchase liability		472	474
Total non-current borrowings		<b>472</b>	474
<b>Total Borrowings</b>		<b>859</b>	824

Hire purchase agreements have an average term of 5 years. The average interest rate implicit in the hire purchase is 4.51% (2017: 4.54%). The hire purchase liability is secured by a charge over the underlying hire purchase assets.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 24: Other Deferred Tax

Consolidated Entity	1 July 2017 Opening Balance \$000	Under- provision in Prior Year \$000	Disposed on Disposal of Subsidiary \$000	Charged to Income \$000	Charged Directly to Equity \$000	30 June 2018 Closing Balance \$000
<b>2018</b>						
<b>Deferred tax assets on:</b>						
Transaction costs on equity issue	7	-	-	4	(3)	8
Provisions – employee benefits	1,578	315	(312)	555	-	2,136
Restructuring costs	-	-	-	-	-	-
Investment due diligence costs	12	-	-	(7)	-	5
Other provisions and accruals	843	(490)	-	111	-	464
Tax losses and carry forward tax credits	12,630	139	-	3,477	-	16,246
Property, plant and equipment	12,028	(417)	(1)	(1,307)	-	10,303
Research and development tax offset (non-refundable)	1,595	-	-	(428)	-	1,167
<b>Total deferred tax assets</b>	<b>28,693</b>	<b>(453)</b>	<b>(313)</b>	<b>2,405</b>	<b>(3)</b>	<b>30,329</b>
<b>Deferred tax liabilities on:</b>						
Prepayments	(17)	98	-	(64)	-	17
Equity based payments	333	-	-	212	(93)	452
Accrued income	-	-	-	75	-	75
<b>Total deferred tax liabilities</b>	<b>316</b>	<b>98</b>	<b>-</b>	<b>223</b>	<b>(93)</b>	<b>544</b>

Consolidated Entity	1 July 2016 Opening Balance \$000	Under- provision in Prior Year \$000	Disposed on Disposal of Subsidiary \$000	Charged to Income \$000	Charged Directly to Equity \$000	30 June 2017 Closing Balance \$000
<b>2017</b>						
<b>Deferred tax assets on:</b>						
Transaction costs on equity issue	6	-	-	-	1	7
Provisions – employee benefits	1,949	-	-	(371)	-	1,578
Restructuring costs	4	-	-	(4)	-	-
Investment due diligence costs	34	-	-	(22)	-	12
Other provisions and accruals	430	332	-	81	-	843
Tax losses and carry forward tax credits	9,130	(276)	-	3,776	-	12,630
Property, plant and equipment	7,281	113	-	4,634	-	12,028
Research and development tax offset (non-refundable)	703	-	-	892	-	1,595
<b>Total deferred tax assets</b>	<b>19,537</b>	<b>169</b>	<b>-</b>	<b>8,986</b>	<b>1</b>	<b>28,693</b>
<b>Deferred tax liabilities on:</b>						
Prepayments	-	-	-	(17)	-	(17)
Equity based payments	-	-	-	287	46	333
<b>Total deferred tax liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>270</b>	<b>46</b>	<b>316</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 25: Provisions

Consolidated Entity			
	Note	2018 \$000	2017 \$000
<b>CURRENT</b>			
Employee entitlements	25a	5,623	3,931
Onerous lease		-	86
Total current provisions		5,623	4,017
<b>NON CURRENT</b>			
Employee entitlements	25a	498	1,125
Onerous lease		-	-
Total non-current provisions		498	1,125
<b>Total Provisions</b>		<b>6,121</b>	<b>5,142</b>

### (a) Provision for Employee Entitlements

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

Consolidated Entity			
	Note	2018 \$000	2017 \$000
Movement in provision			
Balance at beginning of year		5,056	5,722
Additional provision		6,169	6,162
Disposals through disposal of controlled entity		(740)	-
Amounts used		(4,364)	(6,828)
<b>Balance at the end of the year</b>		<b>6,121</b>	<b>5,056</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 26: Issued Capital

	Consolidated Entity	
	2018	2017
	\$000	\$000
173,811,927 (2017: 171,736,697) fully paid ordinary shares	<b>165,832</b>	163,384

### (a) Ordinary Shares

	2018		2017	
	No.	\$000	No.	\$000
At the beginning of reporting period	<b>171,736,697</b>	<b>163,384</b>	169,892,219	162,254
Shares issued during the year	<b>213,490</b>	<b>118</b>	124,478	54
Options exercised during the year	-	-	-	-
Issue of retention shares	<b>1,577,500</b>	-	1,470,000	-
Performance rights converted to shares	<b>284,240</b>	-	250,000	-
Equity based payments	-	<b>2,248</b>	-	1,030
Transaction costs of issue/buy-back	-	<b>82</b>	-	46
<b>At the end of the reporting date</b>	<b>173,811,927</b>	<b>165,832</b>	171,736,697	163,384

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

During the year ended 30 June 2017, the Decmil Group Limited Employee Share Plan Trust was established. In November 2016, 1,470,000 ordinary shares were issued into the trust on an allocated basis for 58 employees. In October 2017, a further 1,577,500 ordinary shares were issued into the trust on an allocated basis for 80 employees. These ordinary shares will vest to employees after two years of continuous employment from the date of grant.

Also, during the year ended 30 June 2018, 213,490 shares were issued under the Decmil Employee Share Purchase Plan. Under this plan, employees who purchased up to \$1,000 of shares had those shares matched by the Company. The matched shares are subject to a trade restriction until the earlier of three years or cessation of employment with the Company.

In addition to the above share issues, 284,240 shares were issued to executives upon vesting of performance rights during the year ended 30 June 2018.

### (b) Capital Management

Management controls the capital of the consolidated entity in order to maintain an optimal debt to equity ratio, provide shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities (including bank guarantee and surety bonding facilities), supported by financial assets.

Management manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. This includes the management of debt levels, distributions to shareholders and the requirement for further equity funding in the consolidated entity. The deployment of capital to the consolidated entity's assets and business units is also reviewed regularly and managed to ensure rates of return continue to be at an acceptable level. Where necessary, management may consider redeploying capital within the consolidated entity or alternatively returning capital to shareholders.



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 27: Commitments

		Consolidated Entity	
Note		2018 \$000	2017 \$000
<b>(a) Hire Purchase Commitments<sup>1</sup></b>			
Payable – minimum HP payments			
Not later than 1 year		242	131
Between 1 and 5 years		512	515
Minimum HP payments		754	646
Less future finance charges		(68)	(65)
Present value of minimum HP payments		686	581
<b>(b) Insurance Premium Funding Commitments</b>			
Payable – minimum payments			
Not later than 1 year		161	188
Minimum payments		161	188
Less future finance charges		(2)	(2)
Present value of minimum payments		159	186
<b>(c) Software Subscription Funding Commitments</b>			
Payable – minimum payments			
Not later than 1 year		12	61
Minimum payments		12	61
Less future finance charges		-	(4)
Present value of minimum payments		12	57
<b>(d) Operating Leases Payable</b>			
Non-cancellable operating leases contracted for but not recognised as liabilities			
Payable – minimum lease payments			
Not later than 1 year		2,683	3,380
Between 1 and 5 years		8,028	8,393
More than 5 years		1,176	1,176
		11,887	12,949
<b>(e) Operating Leases Receivable</b>			
Future minimum rentals receivable for operating leases at the end of the reporting period but not recognised as assets			
Receivable – minimum lease receipts			
Not later than 1 year		128	167
Between 1 and 5 years		132	642
		260	809

<sup>1</sup> Hire purchase commitments include contracted amounts for various plant and equipment with a written down value of \$603,252 (2017: \$505,770) secured under hire purchase contracts expiring within one to five years. Under the terms of the hire purchase contracts, the consolidated entity has the option to acquire the assets under finance for predetermined residual values on the expiry of the contracts.

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 28: Segment Reporting

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The consolidated entity operates as three segments.

### 1. Construction and Engineering

- Decmil Australia Pty Ltd – multi-discipline design, civil engineering and construction services;
- Eastcoast Development Engineering Pty Ltd – fabrication and installation of high pressure pipes, vessels and tanks;
- Decmil PNG Limited – construction arm of Decmil located in Papua New Guinea;
- Decmil Engineering Pty Ltd – civil construction including roads and bridges primarily for the Government sector;
- Decmil Construction NZ Limited – construction arm of Decmil located in New Zealand;
- Decmil Southern Pty Ltd (formerly Cut and Fill Pty Ltd) – civil engineering company focussed on civil infrastructure works across the South Eastern seaboard of Australia; and
- Scope Australia Pty Ltd – discontinued business specialising in the delivery of study, project management, engineering and design consultancy services to the mining, resources, government and construction sectors.

### 2. Accommodation

- Homeground Villages Pty Ltd – build-own-operation of the Homeground Gladstone Accommodation Village located in Gladstone, Queensland.

### 3. Other

- Decmil Properties Pty Ltd – former owner and manager of a commercial office building located at 20 Parkland Road, Osborne Park, Western Australia which derived internal and external revenue;
- SC Services Pty Ltd – discontinued business specialising in the design, installation, commissioning and maintenance services to telecommunications network owners, manufacturers and NBN service providers; and
- Decmil Telecom Pty Ltd trading as SAS Telecom – the discontinued mining communications and managed services business.

The consolidated entity is domiciled in Australia. 86% of revenue from external customers is generated from Australia.

The consolidated entity derives 26%, 20% and 14% (2017: 14%, 10% and 10%) of its revenues from the top three external customers. All of the consolidated entity's assets are located in Australia.

Basis of accounting for purposes of reporting by operating segments

#### a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the consolidated entity

#### b. Intersegment transactions

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the consolidated entity. Management believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

#### c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 28: Segment Reporting (Cont'd)

### d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

### e. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- income tax expense;
- deferred tax assets and liabilities; and
- current tax liabilities.

(a) Segment Performance	Construction & Engineering	Accommodation	Other	Total
2018	\$000	\$000	\$000	\$000
External sales	336,622	5,952	6,681	349,255
<b>Total segment revenue</b>	<b>336,622</b>	<b>5,952</b>	<b>6,681</b>	<b>349,255</b>
Segment earnings before interest, tax, depreciation and amortisation & impairments	5,463	(693)	(6,109)	(1,339)
Net interest	(1,418)	(20)	(24)	(1,462)
Depreciation & amortisation expense	(2,396)	(504)	(114)	(3,014)
Impairment of intangible assets	-	-	-	-
Investment property fair value adjustment	-	-	-	-
<b>Segment result</b>	<b>1,649</b>	<b>(1,217)</b>	<b>(6,247)</b>	<b>(5,815)</b>
Other unallocated expenses				(384)
Income tax benefit				68
<b>Loss for the period</b>				<b>(6,131)</b>

Segment Performance	Construction & Engineering	Accommodation	Other	Total
2017	\$000	\$000	\$000	\$000
External sales	263,584	14,486	27,054	305,124
<b>Total segment revenue</b>	<b>263,584</b>	<b>14,486</b>	<b>27,054</b>	<b>305,124</b>
Segment earnings before interest, tax, depreciation, amortisation & impairments	(2,783)	3,298	(1,563)	(1,048)
Net interest	(839)	(45)	(366)	(1,250)
Depreciation & amortisation expense	(3,738)	(1,024)	(866)	(5,628)
Impairment of intangible assets	-	-	(10,687)	(10,687)
Investment property fair value adjustment	-	(18,763)	-	(18,763)
<b>Segment result</b>	<b>(7,360)</b>	<b>(16,534)</b>	<b>(13,482)</b>	<b>(37,376)</b>
Other unallocated expenses				(741)
Income tax benefit				9,770
<b>Loss for the period</b>				<b>(28,347)</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 28: Segment Reporting (Cont'd)

(b) Segment Assets	Construction & Engineering	Accommodation	Other	Total
2018	\$000	\$000	\$000	\$000
Current assets	94,973	1,162	386	96,521
Non-current assets	81,284	92,795	-	174,079
Other unallocated assets				33,056
<b>Total segment assets</b>	<b>176,257</b>	<b>93,957</b>	<b>386</b>	<b>303,656</b>
Total assets includes:				
Acquisition of non-current assets	1,841	198	66	2,105

Segment Assets	Construction & Engineering	Accommodation	Other	Total
2017	\$000	\$000	\$000	\$000
Current assets	57,515	1,732	9,612	68,859
Non-current assets	82,497	93,240	1,698	177,435
Other unallocated assets				30,191
<b>Total segment assets</b>	<b>140,012</b>	<b>94,972</b>	<b>11,310</b>	<b>276,485</b>
Total assets includes:				
Acquisition of non-current assets	849	314	537	1,700

(c) Segment Liabilities	Construction & Engineering	Accommodation	Other	Total
2018	\$000	\$000	\$000	\$000
Current liabilities	90,545	1,132	-	91,677
Non-current liabilities	863	-	-	863
Other unallocated liabilities				4,803
<b>Total segment liabilities</b>	<b>91,408</b>	<b>1,132</b>	<b>-</b>	<b>97,343</b>

Segment Liabilities	Construction & Engineering	Accommodation	Other	Total
2017	\$000	\$000	\$000	\$000
Current liabilities	56,734	1,200	5,017	62,951
Non-current liabilities	1,093	-	-	1,093
Other unallocated liabilities				2,445
<b>Total segment liabilities</b>	<b>57,827</b>	<b>1,200</b>	<b>5,017</b>	<b>66,489</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 29: Cash Flow Information

### (a) Reconciliation of Cash Flow from Operations with (Loss)/Profit after Income Tax

	Consolidated Entity	
	2018	2017
	\$000	\$000
Loss after income tax	(6,131)	(28,347)
Adjustments for:		
Depreciation and amortisation	3,014	5,627
Equity based payments	2,248	1,030
Impairment of investment property	-	18,763
Impairment of intangible assets	-	10,687
(Profit)/loss on sale of non-current assets	126	(2,615)
Loss on disposal of subsidiaries	3,438	-
Bad debts written off	399	-
Cash generated from operations before working capital changes	3,094	5,145
Changes in assets and liabilities		
Trade receivables	(9,969)	(5,433)
Other assets	(2,802)	2,215
Work in progress	(20,860)	3,932
Trade payables and accruals	29,468	(3,133)
Current tax liabilities	1,547	722
Deferred tax assets	(1,948)	(9,859)
Deferred tax liabilities	228	316
Provisions	1,869	(857)
Change in working capital balances	(2,467)	(12,097)
Net cash generated from/(used in) operating activities	627	(6,952)



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 29: Cash Flow Information (Cont'd)

### (b) Disposal of Entities

- (i) On 1 November 2017, SC Holdings Pty Ltd and its subsidiaries SC Services Pty Ltd and SC Equipment Holdings Pty Ltd were divested.

Goodwill associated with the SC Holdings entities amounting to \$10,687,000 was previously impaired at 30 June 2017.

The divestment excluded pre-completion cash and accounts receivable balances, which accrued to the benefit of Decmil.

Residual net assets (excluding pre-completion cash and accounts receivable) were divested for a consideration of \$919,055.

	Fair Value
	\$000
Sale consideration	919
Less: deferred consideration	-
Cash inflow on disposal	<u>919</u>
Assets and liabilities held at disposal date:	
Work in progress	3,892
Plant and equipment	1,361
Deferred tax assets	221
Payables & accruals	(1,133)
Provisions	(653)
	<u>3,688</u>
Loss on disposal	(2,769)
Sale consideration	<u>919</u>

- (ii) On 1 November 2017, residual components of Scope Australia Pty Ltd were divested.

	Fair Value
	\$000
Assets and liabilities held at disposal date:	
Receivables	848
Plant and equipment	72
Deferred tax assets	92
Payables & accruals	(106)
Provisions	(237)
	<u>669</u>
Loss on disposal	(669)
Sale consideration	<u>-</u>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 29: Cash Flow Information (Cont'd)

### (c) Non-cash Financing and Investing Activities

	Consolidated Entity	
	2018	2017
	\$000	\$000
Finance leases to acquire plant and equipment	206	382

### (d) Credit Standby Facilities with Banks

	Consolidated Entity	
	2018	2017
	\$000	\$000
Credit facilities	272,000	187,000
<i>Amount utilised</i>		
Bank overdraft	-	(233)
Limited recourse receivables funding	(16,688)	(3,059)
Loan facility	-	-
Equipment finance	(686)	(581)
Bank guarantees and surety bond facilities	(68,949)	(63,516)
	185,677	119,611
<i>The credit facilities are summaries as follows:</i>		
Bank overdraft and/or limited recourse receivables funding facility	25,000	20,000
Loan facility	25,000	25,000
Equipment finance	3,000	2,000
Bank guarantee and surety bond facilities	219,000	140,000
	272,000	187,000

The majority of credit facilities are provided by National Australia Bank Limited and comprise a \$65 million multi-option facility and a \$0.5 million corporate credit card facility. The \$65 million multi-option facility encompasses a bank guarantee facility, letter of credit facility, overdraft and/or limited recourse receivables funding facility capped at \$25 million and a market loan facility capped at \$25 million.

The bank market loan facility expires in January 2020. The interest charged is calculated at Bank Bill Rate plus a margin of 1.55% (2017: 1.45%) which equates to 3.73% as at 30 June 2018 (2017: 3.30%).

Security for the National Australia Bank facilities comprises the following:

- General Security granted by Decmil Group Limited and its controlled entities (other than Decmil PNG Ltd and Homeground Karratha Pty Ltd);
- Negative pledge in relation to Homeground Gladstone Pty Ltd; and
- First registered mortgage over property situated at 101 Calliope River Road, Calliope, Queensland.

In addition to the National Australia Bank facilities, the consolidated entity also has the following facilities:

- Equipment finance of \$3 million with Toyota Finance; and
- Surety bond facilities of \$80 million with Asset Insure, \$35 million with Vero, \$35 million with New Surety and \$54 million (USD\$40 million) with AIG Australia.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 30: Equity Based Payments

### Performance Rights Plan

The Board believes that the long term incentive offered to key executives forms a key part of their remuneration and assists to align their interests with the long term interests of Shareholders. For details of the Long Term Incentive Plan, refer to the Directors' Report.

A summary of the movements of all performance rights issued is as follows:

	Number
<b>Performance rights outstanding as at 30 June 2016</b>	<b>6,466,779</b>
Granted	3,634,749
Forfeited	(4,060,766)
Vested	(250,000)
Lapsed	-
<b>Performance rights outstanding as at 30 June 2017</b>	<b>5,790,762</b>
Granted	1,676,126
Forfeited	-
Vested	(284,240)
Lapsed	(851,506)
<b>Performance rights outstanding as at 30 June 2018</b>	<b>6,331,142</b>

The fair value of the performance rights granted during the financial year was \$311,760. Performance rights are valued using various valuation methodologies, including Black-Scholes option pricing models and Monte Carlo simulations where performance rights have market based vesting conditions. Expected life is based on management's best estimate at the time of valuation of vesting criteria being achieved. The fair value has been discounted to reflect the probability of not meeting the vesting conditions. The discount factors were determined through an analysis of relative share price to the date of grant, dividends paid and likelihood of rights being forfeited prior to vesting.

The weighted average fair value of performance rights granted during the year was \$0.186 (2017: \$0.305). These values were calculated using a Black-Scholes option pricing model applying the following inputs:

Expected vesting period for the performance rights to vest:	2, 3 and 4 years
Expected share price volatility:	30%
Risk-free interest rate:	2.75%
Dividend yield	0.0%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements. Expenses arising from equity-based payment transactions recognised during the year were as follows:

	Consolidated Entity	
Performance Rights	2018	2017
	\$000	\$000
Expenses	1,403	1,442
Written back due to forfeiting	-	(381)
Written back due to lapsing	(152)	-
Written back on reassessment of probabilities	(270)	(397)
	<b>981</b>	<b>664</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 30: Equity Based Payments (Cont'd)

### Incentive Shares Plan

During the year the Board approved an Incentive Shares Plan whereby ordinary shares are issued into the Decmil Group Limited Employee Share Plan Trust on an allocated basis for employees. These ordinary shares will vest to employees after two years of continuous employment from the date of grant. In the event an employee resigns or Decmil terminates their employment due to misconduct or performance related reasons prior to vesting, the shares are forfeited.

A summary of the movements of all incentive shares issued is as follows:

	Number
<b>Unvested incentive shares as at 30 June 2016</b>	-
Granted	1,475,000
Forfeited	(105,000)
<b>Unvested incentive shares as at 30 June 2017</b>	<b>1,370,000</b>
Granted	1,762,500
Vested	(165,000)
Forfeited	(412,500)
<b>Unvested incentive shares as at 30 June 2018</b>	<b>2,555,000</b>

The fair value of the incentive shares granted during the financial year was \$1,478,906. Incentive shares are valued using the share price at the date of grant. The fair value has been discounted by 25% to reflect the probability of not meeting the continuous employment vesting condition.

During the year ended 30 June 2018 the Board used their discretion to vest incentive securities totalling 165,000 to staff who were employed by the SC Services and Scope Australia business units which were discontinued during the financial year.

Expenses arising from the incentive shares plan transactions recognised during the year were as follows:

	Consolidated Entity	
	2018	2017
Incentive Shares	\$000	\$000
Expenses	1,441	387
Written back due to forfeiting	(174)	(21)
	<b>1,267</b>	<b>366</b>

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 31: Related Party Transactions and Balances

### *Parent entity*

Decmil Group Limited is the parent entity.

### *Controlled entities*

Interests in controlled entities are set out in note 15.

### *Key management personnel*

Disclosures relating to KMP are set out in note 7 and the Remuneration Report in the Directors' Report.

### *Transactions with related parties*

The following transactions occurred with related parties:

	Consolidated Entity	
	2018	2017
	\$000	\$000
<b>(a) Director Related Transactions</b>		
Rent of various properties used by Decmil Australia Pty Ltd paid to Broadway Pty Ltd, an entity in which Mr Denis Criddle has a beneficial interest	190	196
Consulting fees for Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest	200	200
<b>(b) Director Related Balances<sup>1</sup></b>		
Amounts owing to Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest, for directors' fees and consulting fees	27	23

<sup>1</sup> Transactions relating to directors' fees are included in the Directors' Report details of remuneration



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 32: Financial Instruments

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings.

The only derivatives used by the consolidated entity relate to forward foreign exchange contracts in relation to offshore procurement. The consolidated entity does not speculate in the trading of derivative instruments.

### (i) Financial Risk Management Policies

The Chief Financial Officer and other senior finance executives regularly analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the consolidated entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Treasury functions are performed in accordance with policies approved by the Board of Directors. Risk management policies are approved and reviewed by the Board on a regular basis.

### (ii) Specific Financial Risk Exposures and Management

The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, price risk and foreign exchange risk.

#### Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

#### Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

#### Credit risk

The maximum exposure to credit risk, at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2018.

In respect of the parent entity, credit risk also incorporates the exposure of Decmil Group Limited to the liabilities of all the parties to the deed of cross guarantee. Credit risk is managed on a consolidated basis and reviewed regularly by finance executives and the Board. It arises from exposures to customers as well as through deposits with financial institutions. The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

#### Price risk

The consolidated entity is exposed to price risks associated with labour costs and to a lesser extent, fuel and steel prices. Wherever possible, the consolidated entity contracts out such exposures or allows for the rise and fall for changes in prices or provides sufficient contingencies to cover for such price risks.

# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 32: Financial Instruments (Cont'd)

### Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the Australian Dollar (AUD) functional currency of the consolidated entity. This risk is managed predominantly through forward foreign exchange contracts.

### (iii) Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate %	Non- Interest Bearing \$000	Within 1 year \$000	1 to 5 Years \$000	Carrying Amount \$000
<b>2018</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1.5	-	16,755	-	16,755
Receivables	-	43,672	-	-	43,672
		43,672	16,755	-	60,427
<b>Financial Liabilities</b>					
Payables	-	(88,223)	-	-	(88,223)
Borrowings	3.9	-	(387)	(472)	(859)
		(88,223)	(387)	(472)	(89,082)
<b>2017</b>					
<b>Financial Assets</b>					
Cash and cash equivalents	1.5	-	16,905	-	16,905
Receivables	-	34,950	-	-	34,950
		34,950	16,905	-	51,855
<b>Financial Liabilities</b>					
Payables	-	(60,158)	-	-	(60,158)
Borrowings	3.6	-	(350)	(474)	(824)
		(60,158)	(350)	(474)	(60,982)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

### (iv) Net Fair Values of financial instruments

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 32: Financial Instruments (Cont'd)

### (v) Sensitivity Analysis

#### Interest Rate Risk and Price Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk, price risk and foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

#### Interest Rate Sensitivity Analysis

The consolidated entity's cash and cash equivalents and borrowings are subject to interest rate sensitivities. At 30 June 2018, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant is immaterial.

#### Price Risk Sensitivity Analysis

At 30 June 2018, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2018 \$000	2017 \$000
<b>Change in profit</b>		
Increase in labour costs by 5% (CPI assumption)	<b>(3,666)</b>	(3,557)
<b>Change in equity</b>		
Increase in labour costs by 5% (CPI assumption)	<b>(3,666)</b>	(3,557)

In the opinion of the consolidated entity's management, the majority of the above increase in labour cost, had it been incurred, would have been negated by an increase in the price of services offered by the consolidated entity.

The above sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

#### Foreign Exchange Sensitivity Analysis

The effect on profit and equity as a result of changes in foreign exchange rates, with all other variables remaining constant, is immaterial.

# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018



## NOTE 33: Fair Value Measurement

### Fair value hierarchy

The following tables detail the consolidated entity's assets measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the consolidated entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset, either directly or indirectly

Level 3: Unobservable inputs for the asset

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Consolidated 2018</b>				
<b>Assets</b>				
Investment property	-	-	92,410	92,410
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>92,410</b>	<b>92,410</b>
<b>Consolidated 2017</b>				
<b>Assets</b>				
Investment property	-	-	92,400	92,400
<b>Total assets</b>	<b>-</b>	<b>-</b>	<b>92,400</b>	<b>92,400</b>

There were no transfers between levels during the financial year.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Investment property has been valued using a discounted cash flow model.

Movements in level 3 assets during the current and previous financial year are set out below:

Consolidated	Investment Properties \$000	Total \$000
<b>Balance at 30 June 2016</b>	111,032	111,032
Additions	131	131
Revaluation	(18,763)	(18,763)
<b>Balance at 30 June 2017</b>	<b>92,400</b>	<b>92,400</b>
Additions	10	10
Revaluation	-	-
<b>Balance at 30 June 2018</b>	<b>92,410</b>	<b>92,410</b>



# Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

## NOTE 33: Fair Value Measurement (Cont'd)

In July 2017, the Group's investment property, being the Homeground Gladstone Accommodation Village located near Gladstone, Queensland, was revalued by an independent valuer (Ernst & Young). The primary valuation method utilised by the valuer was a discounted cash flow model.

Key assumptions utilised by the valuer in the preparation of its valuation included:

- Useful life of the asset in the range of 20 to 30 years with no terminal value;
- Various occupancy assumptions over the estimated useful life based on expected accommodation demand (low of 15% to high of 98%);
- Room rate growth in the range of 0% to 2.0%; and
- A nominal post-tax discount rate range of 11.0% to 12.0%.

As a result of the independent valuation, the Homeground Gladstone investment property was revalued to \$92,400,000.

The fair value is sensitive to long term changes to key assumptions disclosed above. Any material change within the range for any individual assumption or any combination of assumptions will likely have a material impact on the fair value as follows:

Assumption	Increase in Assumption	Decrease in Assumption
Useful life	Positive impact	Negative impact
Occupancy	Positive impact	Negative impact
Room rate growth	Positive impact	Negative impact
Discount rate	Negative impact	Positive impact

## NOTE 34: Contingent Liabilities

	Consolidated Entity	
	2018 \$000	2017 \$000
Guarantees given to external parties for satisfactory contract performance for the consolidated entity	68,949	63,614

In or around August 2012, Steel Building Systems (SBS) was engaged as a subcontractor by Decmil Australia Pty Ltd ("Decmil") to construct the Gladstone Village in Queensland. SBS' scope of work was the design, manufacture and supply of modular buildings, as well as miscellaneous on-site works associated with the modular buildings. On 17 November 2017, the liquidators of SBS commenced proceedings against Decmil Australia Pty Ltd in the NSW Supreme Court for alleged unpaid contract sums of \$3.3 million and alleged lost profit on works removed from SBS' scope of works. Decmil rejects the claims brought by the liquidators of SBS and denies it is indebted to SBS as claimed. Decmil's current position is that SBS is in fact indebted to Decmil for a similar sum due to defective works and associated rectification costs, incomplete works, overheads incurred by Decmil in connection with the defects and rectification works, expert costs and fees. Decmil has filed a defence in relation to the liquidator's claims and will file a cross claim for the sum Decmil alleges it is owed by SBS.

On 1 May 2017 the Company received an advice from AusIndustry, the agency that oversees technical elements of the Australian Tax Office's Research and Development Incentive Scheme ("R&D Scheme"), disputing the eligibility of certain engineering activities submitted by the Company in relation to the 2014 financial year for the R&D Scheme. R&D Scheme benefits received by the Company in relation to the 2014 financial year for the disputed engineering activities amounts to approximately \$3.4 million. The Company does not agree with the advice received from AusIndustry and under the relevant legislation has requested an independent review of the matter. As at the date of this report, the independent review had not been completed. The Company is also considering further review options available to it, including submission to the Australian Administrative Tribunal.



# Notes to the Financial Statements



FOR THE YEAR ENDED 30 JUNE 2018

## **NOTE 34: Contingent Liabilities (Cont'd)**

During the year ended 30 June 2017 the liquidators for Forge Group Ltd (in liquidation)(receivers and managers appointed) commenced an action in the Supreme Court of Western Australia against Eastcoast Development Engineering Pty Ltd (“EDE”), a subsidiary of the Company, for the repayment of \$2.5 million for what they consider constitute unfair preference payments. The liquidators have commenced claims against a number of parties which are joined with EDE in the same action. EDE denies that it has any liability for repayment of any sums previously paid to EDE. Decmil has filed a defence in this matter.

Certain contractual claims arising out of engineering and construction contracts have been made by, or against, controlled entities in the ordinary course of business. The Directors do not presently consider the outcome of any of these claims will be materially different to the position taken in the financial accounts of the Company.

Apart from the above there are no further contingent liabilities relating to the consolidated entity.

## **NOTE 35: Subsequent Events**

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.



# Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2018

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 30 June 2018 and of its performance for the financial year ended on that date;
- there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group identified in note 15(b) 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.

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

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

**David Saxelby**  
Chairman

31 July 2018

**RSM Australia Partners**

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**INDEPENDENT AUDITOR'S REPORT  
To the Members of Decmil Group Limited**

**Opinion**

We have audited the financial report of Decmil Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2018, 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 statements, 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 2018 and of its financial performance for the year then ended; 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 auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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.

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## 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.

Key Audit Matter	How our audit addressed this matter
<b>Recognition of Deferred Tax Assets</b> <b>Refer to Note 24 in the financial statements</b>	
<p>The Group has deferred tax assets of \$30.329 million relating mainly to tax losses and temporary differences.</p> <p>For the year ended 30 June 2018, management has performed an assessment on the recoverability of the deferred tax assets by using the Group's forecast for 2019 and beyond to satisfy the probability criteria that future taxable profits will be available against which the balance can be utilised.</p>	<p>Our audit procedures in relation to management's recognition of deferred tax assets included:</p> <ul style="list-style-type: none"> <li>• Reviewing of the Group's forecast for 5 years from 2019 and assessing management's assumptions and inputs for reasonableness; and</li> <li>• Assessing the recoverability of deferred tax assets, and the manner in which timing differences would be reversed and losses utilised. This was based on the same forecasts used in the intangible asset valuation model (refer below) and were therefore assessed in conjunction with our audit procedures over intangible assets.</li> </ul>
<b>Impairment of Intangible Assets</b> <b>Refer to Note 19 in the financial statements</b>	
<p>The Group has goodwill of \$75.482 million relating to the Construction and Engineering cash generating unit ("CGU") as disclosed in note 19. We focused on this area due to the size of the goodwill balance, and because the directors' assessment of the 'value in use' of the cash generating unit ("CGU") involves judgements about the future underlying cash flows of the business and the discount rates applied to them.</p> <p>During the year, the Group disposed of SC Services Pty Ltd and Scope Pty Ltd (refer to note 29 (b)). The goodwill of SC Services Pty Ltd was written off in the previous year. The goodwill of Scope Pty Ltd was integrated into the Construction &amp; Engineering CGU, as the part of the business associated with the goodwill was restructured into the Construction &amp; Engineering CGU.</p> <p>During the year, Decmil Southern Pty Ltd (formerly Cut &amp; Fill Pty Ltd) was included in the Construction &amp; Engineering CGU after a restructure and reorganisation of this business unit to integrate into the broader Construction &amp; Engineering business.</p>	<p>Our audit procedures in relation to management's impairment assessment included:</p> <ul style="list-style-type: none"> <li>• Assessing the appropriateness of the integration of the Decmil Southern Pty Ltd (formerly Cut &amp; Fill Pty Ltd) and Scope goodwill into the Construction &amp; Engineering CGU in compliance with the requirements of <i>AASB 136 Impairment</i></li> <li>• Assessing the valuation methodology used and reconciling input data to supporting evidence, such as approved forecasts, then reviewing these forecasts against actual current and previous performance;</li> <li>• Challenging the reasonableness of key assumptions used in the valuation model, including the cash flow forecast and discount rates used;</li> <li>• Reviewing management's sensitivity analysis on revenue growth rates and overheads used in the valuation model to determine the extent of headroom for the CGU; and</li> </ul>

<p>For the year ended 30 June 2018, management has performed an impairment assessment over the restructured Construction and Engineering CGU goodwill balance by:</p> <ul style="list-style-type: none"> <li>calculating the value in use for the CGU using a discounted cash flow model. This model used cash flows (revenues, expenses and capital expenditure) for the CGU for 5 years, with a terminal growth rate applied to the 5th year. These cash flows were then discounted to net present value using the Group's weighted average cost of capital (WACC); and</li> <li>comparing the resulting value in use of the CGU to its book value.</li> </ul>	<ul style="list-style-type: none"> <li>Reviewing the adequacy of disclosures against the requirements of AASB 136.</li> </ul>
<p><b>Recognition of Revenue and Profits on Long Term Contracts</b>  <b>Refer to Note 14 in the financial statements</b></p>	
<p>The Group's largest source of revenue is from construction and engineering.</p> <p>Construction and engineering revenues are derived from contracts where revenue is recognised based on the stage of completion. This is measured as the percentage of work performed up to the reporting date with respect to the total anticipated contract work to be performed. Construction and engineering revenue is recognised by management after assessing all factors relevant to each contract, including specifically assessing the following as applicable:</p> <ul style="list-style-type: none"> <li>Determination of stage of completion</li> <li>Estimation of total contract revenue and costs including the estimation of cost contingencies</li> <li>Determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims</li> <li>Estimation of project completion date</li> <li>Provision for loss making contracts</li> </ul> <p>We focused on this area as a key audit matter due to the number and type of estimation events over the course of the contract life, the unique nature of individual contract conditions, leading to complex and judgmental revenue recognition from contracts.</p>	<p>Our audit procedures in relation to recognition of revenue and profits on long term contracts included:</p> <ul style="list-style-type: none"> <li>Evaluating and assessing the operating effectiveness of internal controls over the accuracy and timing of revenue recognised in the financial report, including: <ul style="list-style-type: none"> <li>Transactional controls in the revenue and billing cycles</li> <li>Transactional controls in the underlying contract related cost balances in the purchase and payroll cycles</li> </ul> </li> <li>For material contracts with a delivery schedule of greater than 12 months, we performed the following procedures: <ul style="list-style-type: none"> <li>Understanding the performance and status of the contracts through enquiries of personnel with responsibility for contract management.</li> <li>Assessing the Group's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins.</li> <li>Assessing the provisions for loss making contracts and whether these appropriately reflected the expected contractual provisions.</li> <li>Evaluating the probability of recovery of outstanding amounts by reference to the status of negotiations, historical recoveries and other supporting documentation.</li> </ul> </li> </ul>



**Other Information**

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2018, 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 accordingly 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 have 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 at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar2.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf). This description forms part of our auditor's report.

## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2018.

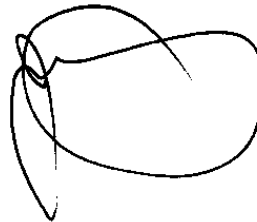
In our opinion, the Remuneration Report of Decmil Group Limited, for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

### *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.



RSM AUSTRALIA PARTNERS



J A KOMNINOS  
Partner

Perth, WA  
Dated: 31 July 2018



# Additional Information for Listed Public Companies

FOR THE YEAR ENDED 30 JUNE 2018

Additional information required by the Australian Securities Exchange and not shown elsewhere in this report is as follows.

## 1. Substantial shareholders

The names of substantial beneficial shareholders listed on the Company's register as at 31 May 2018 are:

	Shares	%
Denis Criddle	22,479,145	12.93
Commonwealth Bank Group	20,677,928	11.90
Paradice Investment Management Pty Ltd	16,363,304	9.41
Thorney Investments Group	13,080,260	7.53
Franco Family Holdings (Retail Group)	12,675,000	7.29

The following information is made up as at 30 June 2018:

## 2. Distribution of shareholdings

	No. of shareholders	No. of ordinary shares	%
1 – 1,000	1,494	778,531	0.45
1,001 – 5,000	1,735	5,014,979	2.89
5,001 – 10,000	606	4,729,018	2.72
10,001 – 100,000	591	15,699,485	9.03
100,001 and over	73	147,589,914	84.91
<b>Total</b>	<b>4,499</b>	<b>173,811,927</b>	<b>100.00</b>

There are 795 shareholders with an unmarketable parcel totalling 185,024 shares.

## 3. Voting rights

All ordinary shares issued by Decmil Group Limited carry one vote per share without restriction.



# Additional Information for Listed Public Companies (Cont'd)

FOR THE YEAR ENDED 30 JUNE 2018

## 4. Twenty largest shareholders

The names of the twenty largest registered shareholders of fully paid ordinary shares in the Company as at 30 June 2018 are:

	No. of Ordinary Fully Paid Shares Held	%
Citicorp Nominees Pty Ltd	31,088,746	17.89
HSBC Custody Nominees (Australia) Ltd	21,450,860	12.34
National Nominees Ltd	18,251,689	10.50
J P Morgan Nominees Australia Ltd	12,769,525	7.35
Broadway Pty Ltd – Decmil Australia Fund A/C	10,475,000	6.03
Broadway Pty Ltd – Decmil Australia A/C	7,824,666	4.50
L, M & R Franco – The LMR Franco Unit A/C	5,000,000	2.88
Sandhurst Trustees Ltd – Endeavor Asset Mgmt A/C	3,703,991	2.13
CPU Share Plans Pty Limited	2,555,000	1.47
Delauney Pty Ltd – The Franco Family A/C	2,300,000	1.32
Farview Pty Ltd – Ernesto Franco Family A/C	2,300,000	1.32
BNP Paribas Noms Pty Ltd – DRP	1,966,520	1.13
Mrs Nola Criddle – Criddle Investment Fund A/C	1,947,827	1.12
AMP Life Ltd	1,894,036	1.09
BNP Paribas Nominees Pty Ltd – IB AU Noms Retailclient DRP	1,571,411	0.90
SJ & AC Criddle Holdings Pty Ltd – SJ & AC Criddle Family A/C	1,386,573	0.80
SJ & AC Criddle Holdings Pty Ltd – SJ & AC Criddle Family A/C	1,250,000	0.72
SJ & AC Criddle Holdings Pty Ltd – SJ & AC Criddle Family A/C	1,132,195	0.65
Mr Mario Franco + Mrs Immacolata Franco – The Mario Franco S/F	1,100,000	0.63
Neweconomy Com Au Nominees Pty Ltd – 900 Account	1,052,637	0.61
<b>Total</b>	<b>131,020,676</b>	<b>75.38</b>

# Corporate Directory

FOR THE YEAR ENDED 30 JUNE 2018



## Directors

David Saxelby, Non-Executive Chairman  
Scott Criddle, Managing Director  
Don Argent, Non-Executive Director  
Denis Criddle, Non-Executive Director  
Dickie Dique, Non-Executive Director  
Bill Healy, Non-Executive Director

## Executive Team

Scott Criddle, Chief Executive Officer  
Tony Radalj, Chief Operating Officer  
Craig Amos, Chief Financial Officer

## Company Secretary

Alison Thompson

## Australian Business Number

35 111 210 390

## Principal Registered Address

20 Parkland Road  
Osborne Park WA 6017  
Telephone: 08 9368 8877  
Facsimile: 08 9368 8878

## Postal Address

PO Box 1233  
Osborne Park WA 6916

## Operational Offices

Decmil Australia Pty Ltd  
Level 6, 20 Parkland Road  
Osborne Park WA 6017  
Telephone: 08 9368 8877

Decmil Australia Pty Ltd &  
Homeground Villages Pty Ltd  
Level 5, 60 Edward Street  
Brisbane QLD 4000  
Telephone: 07 3640 4600

Decmil Construction NZ Limited  
Level 6, 16 Kingston Street  
Auckland 1010  
Telephone: +64 9 443 4443

Decmil Southern Pty Ltd  
Level 3, 850 Collins Street  
Docklands VIC 3008  
Telephone: 1300 332 645

## Auditor

RSM Australia Partners  
8 St Georges Terrace  
Perth WA 6000  
Telephone: 08 9261 9100

## Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Terrace  
Perth WA 6000  
Telephone: 08 9323 2000  
Email: [www-au.computershare.com/Investor/Contact](http://www-au.computershare.com/Investor/Contact)  
Website: [www.computershare.com](http://www.computershare.com)

## Bankers

National Australia Bank Ltd  
100 St Georges Terrace  
Perth WA 6000  
Telephone: 13 10 12

## Controlled Entities

Decmil Australia Pty Ltd  
Decmil Engineering Pty Ltd  
Decmil PNG Limited  
Decmil Construction NZ Limited  
Decmil Southern Pty Ltd  
Eastcoast Development Engineering Pty Ltd  
Homeground Villages Pty Ltd  
Homeground Gladstone Pty Ltd ATF  
Homeground Gladstone Unit Trust  
Decmil Properties Pty Ltd  
Decmil Infrastructure Pty Ltd  
Decmil Services Pty Ltd  
Decmil Telecom Pty Ltd  
Decmil Group Limited Employee Share Plan Trust

## ASX Code

DCG





Operating across Australia & New Zealand  
Perth | Melbourne | Brisbane | Auckland

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