Annual Report

For the year ended **30 June 2019**

DECMIL

INFRASTRUCTURE
RENEWABLES
RESOURCES

Decmil Group Limited ABN 35 111 210 390 and Controlled Entities

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 2019 Annual General Meeting (AGM) will be held on 6th November 2019 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 2019.

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 2018 to 30 June 2019, 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

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About us

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.

▲ Waiheke School Redevelopment | Waiheke Island, NZ

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.

Our Sectors
Infrastructure

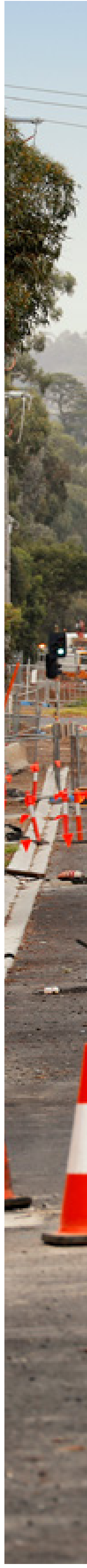
Decmil has significant experience in infrastructure engineering and construction, delivering multidisciplinary projects in sectors such as transport, utilities, water, defence, corrections, health and education.

Our capabilities include bulk earthworks, road construction and maintenance, bridgeworks and environmental remediation and engineering.

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

▲ Drysdale Bypass Upgrade | Drysdale, VIC

Our Sectors
Infrastructure



▲ Waiheke School Redevelopment | Waiheke Island, NZ

▲ Rapid Deployment Prisons | Tongariro, Rolleston, Christchurch NZ

▲ Reid Highway Upgrade | Perth, WA

▲ Plenty Road Upgrade | Greater Melbourne, VIC

Our Sectors
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.

▲ Sunraysia Solar Farm | Balranald, NSW

Our Sectors
Renewables

▲ Gullen Solar Farm | Southern Tablelands, NSW

▲ Sunraysia Solar Farm | Balranald, NSW

Our Sectors
Resources

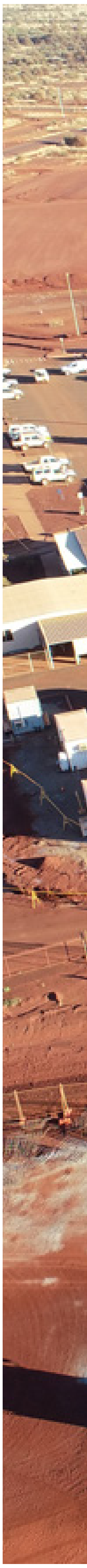
Decmil has an extensive history of achievement in the delivery of large-scale resource projects.

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

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.

▲ Amrun NPI | Weipa, QLD

Our Sectors
Resources



▲ QGC Wellsite Installation | Surat Basin, QLD

▲ Fortescue Metals Group Tug Pens | Port Hedland, WA

▲ Amrun NPI | Weipa, QLD

▲ Mulla Mulla Village Expansion | Pilbara, WA

Chairman's Letter

It is with great pleasure that I present the 2019 annual report of Decmil.

Much has been achieved in the 2019 financial year, culminating in substantial top line revenue growth in the business and a return to profitability and the payment of dividends to our shareholders.

Decmil has become a diverse business and operations in the 2019 financial year reflected that diversity.

Key highlights include:

- Strong safety performance with a total recordable injury frequency rate of approximately 5.
- Extension and expansion of a project for BHP at its South Flank mine in relation to the upgrade of the Mulla Mulla village;
- Extension of the relationship with QGC with a new three-year framework agreement for operational works across the Surat Basin;
- Growth of the Decmil business in New Zealand including the construction of a multi-site Corrections project for rapidly deployable prisons;
- The award to Decmil's Victorian business unit of over $216 million of new transport infrastructure construction work;
- The award of a $277 million EPC contract in relation to the Sunraysia solar project; and
- Entering the wind sector as a balance of plant contractor with two projects worth $151 million at the Warradarge and Yandin wind farms in WA and a developing partnership with Danish wind giant Vestas.

Several key appointments were also made to the Executive Leadership Team team in 2019, including Dickie Dique moving into an executive role overseeing our Western Australia and Queensland business, the appointment of Michael Learmonth as Executive General Manager for our Victorian and New Zealand business, the appointment of Kate Strack as Executive General Manager for People and Damian Kelliher as Executive General Manager for Commercial and Risk. These appointments substantially strengthen the business in several key areas.

Financial Performance & Position

In the 2019 financial year Decmil generated a substantial top line revenue growth, with the core Construction & Engineering business unit growing revenue by 96% year on year as the Company secured several new and larger contracts. With strong top line revenue growth and managed overheads, the business generated EBITDA of $24.1 million and profit after tax of $14.0 million.

Our financial position remained sound and at 30 June 2019 the Group's balance sheet reflected an overall net cash position of $83.5 million and net assets of $235 million.

I am also pleased to report that following the strong performance in FY19, the Decmil Board has recommended paying dividends, returning a 1 cent interim and 2 cent final dividend to shareholders. This is inline with the Board long term target of a 40-60 percent dividend payout ratio.

Strategy and Outlook

The business continues to focus on the Infrastructure, Resources and Renewable Energy sectors in line with the strategy set in 2017.

Positive market conditions exist across all of our key sectors including significant opportunity across Australia in the transport infrastructure sector where the Group is actively pursuing new road and bridge construction projects as both head contractor and in joint ventures. Continuing sustaining capital works and new projects in the WA Iron Ore sector, together with renewed upcoming activity in the onshore LNG sector, also present significant opportunities for Decmil.

As Chairman of the Decmil Board I can say that we are also very focused on risk management. Engineering construction requires a wide variety of physical, technical and commercial risks to be managed to ensure long term success in the industry. In that regard Decmil has also enhanced its project control and commercial risk management practices, with enhanced procedures, systems and people in key areas.

Conclusion

Decmil continues to grow as a diverse and sustainable national engineering construction business. We are engaged on some of the most significant capital works projects in Australia and New Zealand.

The Company is proud of the contribution it makes to the Australian and New Zealand community, both as a preferred employer and a constructor of many key infrastructure projects.

In closing, the Board and executive team believe that the business is 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 contribution and dedication to Decmil.

David Saxelby
Chairman

People & Culture

We continue to attract high-calibre and skilled talent to drive an inclusive, high-performing culture that is aligned to our business strategy.

Decmil has a proud history of project delivery since 1978 and whilst our business has seen many changes, our foundations and vision remain the same. Our success is driven by our people and we aim to attract, develop and retain a diverse high-performing workforce. Our proven track record, distinctive capabilities and ability to manage risk and volatility are underpinned by more than 40 years of experience, making us a partner of choice.

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', continues to align our people and is essential for success across Decmil.

Decmil's success is the result of a diverse team who shares the values of:

- **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.

Our recruitment 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 focused on hiring local and indigenous employees to secure a diverse and all-encompassing workforce.

Annual Overview

At 30 June 2019 Decmil had 554 employees: 405 salaried employees and 149 wages employees. Decmil maintains that our people are critical to strong and sustainable business growth. Our diverse portfolio of projects aids our ability to attract and retain quality employees with varying backgrounds, skills & expertise.

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, Renewables and Resources.

Employing people across Australia and New Zealand has allowed us to implement several initiatives during the year including an employee engagement survey, excellence awards and a refresh of our performance review and KPI setting process.

From a resourcing perspective we have found success from our internal referral program and with the implementation of a resourcing system, PageUp, we have been able to ensure candidate experience is seamless and personalised.

We have an increased focus on inclusion and diversity – next year we will be excited to launch our first Reconciliation Action Plan and a Gender Diversity strategy. Decmil recognises that an inclusive culture that promotes diversity and respect is critical to our success. During the year, several of our projects focused on Indigenous engagement within our workforce with key achievements on our Mulla Mulla Village Expansion project and FMG Tug Pen project.

Outlook

Next year, we will continue to focus on growing the capability within our teams, driving inclusive and diverse high-performing teams and increasing our collaboration across regions and projects. Our attention will also be on increasing our learning and development offering in order to ensure a high-performing culture.


SHIELD
SEAMUS

Health, Safety & Environment

SHIELD

Keeping our people and our projects safe is central to everything we do at Decmil. Our award-winning program, Safety and Health In Every Level at Decmil (SHIELD) empowers our people to create a safe workplace.

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 nine years ago, the SHIELD program has assisted significantly in reducing Total Recordable Injury Frequency Rates (TRIFR) across all project sites.

Work Health & Safety

During the 2019 financial year Decmil recorded a slight deterioration with its safety performance results compared to the previous year as measured by the TRIFR. The TRIFR was approx. 5 for this period. Within this result, an outstanding TRIFR performance of 'Zero' was achieved by the Decmil Western Region.

We have achieved platinum certification in the IFAP Safe Way Awards and have been successful in transitioning Work, Health & Safety processes (specifically field leadership activities) from paper based to on-line templates and workflows for real-time reporting and action management.

Over the next 12 months we are focused on a range of key initiatives to support the safety and well-being of our people. These include continued development of our SHIELD program and Safety Foundations with a focus on critical risk management and safety leadership. We also plan to review our health promotion activities with a focus on mental health.

Environment & Sustainability

Environmental management is a key focus of Decmil with exceptional performance reported for the 2019 financial year. There were no regulatory breaches or significant environmental impacts recorded with Decmil's operations. We have continued to focus on carbon emission reduction schemes, and improving environmental training, resources and systems.

Over the coming year we will be launching the 'Second Nature' program to focus on the integration of sustainability practices across Decmil; recognising the inextricable link between sustainability and our business objectives.

Our Second Nature program is about:

- Demonstrating sustainability leadership and engagement;
- Driving efficiencies through innovation and continual improvement;
- Protecting our natural environment and reducing our carbon footprint;
- Stimulating positive change through our business and our supply chains; and
- Encouraging meaningful, productive relationships with our employees, clients and partners.

At Decmil, we believe Second Nature will create new opportunities and enhance long-term social and environmental outcomes to deliver lasting benefits for all our stakeholders.

Community

We develop relationships within our communities through a broad and inclusive process that spans from project initiation to project completion.

At Decmil, we encourage our people to participate in organised charity events. Over the past year the Company has been involved in a number of 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.

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.

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

Mental Health

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

Decmil has continued our longstanding association with Beyond Blue and the Mental Health Foundation of NZ as official Corporate Supporters. Decmil is proud to promote these independent, not-for-profit organisations which aim to increase awareness of anxiety and depression and to reduce the associated social stigma.

We actively fundraise for these organisations to help understanding of mental health issues, empowering people to seek help, and supporting their recovery, management and resilience. Fundraising activities include the sale of Entertainment books and the donation of proceeds from our annual Christmas raffles.

Indigenous Engagement

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 indigenous businesses and suppliers to:

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

Local Communities

Decmil is proud of the positive contributions we make 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.

We maintain regular and open communication with local officials and community leaders to promote friendly and proactive dialogue, and we encourage community members to reach out if they have any issues to discuss. Building these partnerships provides a foundation for positive socioeconomic outcomes for both our company and our communities.

▲ QGC Wellsite Installation | Chinchilla Melon Festival | Surat Basin

▲ Sunraysia | Balranald Cup Day | Balranald, NSW

▲ Drysdale Bypass | Drysdale Bowling and Croquet Club | Drysdale, VIC

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.

Other Directorships:

- Australian Rail Track Corporation
- Office of Projects Victoria

Former Directorships:

- None

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 held a variety of roles within Decmil Australia including Construction Manager, Estimator, Business Development Manager and Area Manager.

Other Directorships:

- None

Former Directorships:

- None

Bill Healy

Non-Executive Director

Bill Healy was appointed as Non-Executive Director in April 2009 and appointed as Non-Executive Chairman in July 2014.

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.

Other Directorships:

- None

Former Directorships:

- None

Our people approach comprises of strategic objectives that create an agile, leadership-driven and high performance culture to enable us to rise to the challenge.

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.

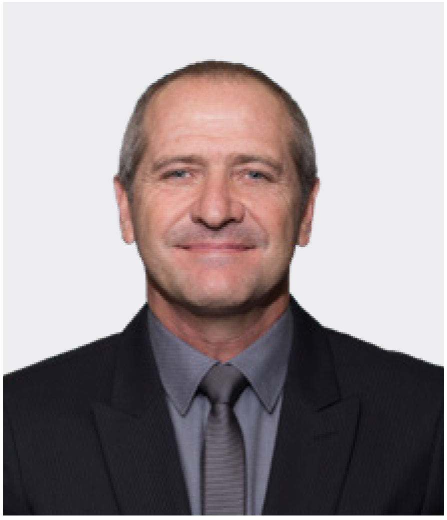
Don holds a Bachelor of Commerce degree, is a Certified Practising Accountant and a Fellow of the Australian Institute of Company Directors.

Other Directorships:

- None

Former Directorships:

- Ausdrill Limited



Dickie Dique

Executive Director

Dickie was appointed as Non-Executive Director of Decmil in July 2018. In February 2019, he joined us as Executive General Manager – North West.

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 in a number of states in Australia, Dickie's experience covers the commercial, civil, residential, mining and modular sectors. Dickie is very familiar with the Decmil business, having held the roles of General Manager and Chief Operating Officer for the Decmil Group until 2011, and was a key driver to significant periods of growth during his tenure with the Group. Prior to re-joining Decmil, Dickie was a Director at Pindan Contracting.

Other Directorships:

- Go2 People Limited

Former Directorships:

- None

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

FOR THE YEAR ENDED 30 JUNE 2019

Principal Activities

Decmil provides engineering construction services 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; and
- Road and bridge civil engineering projects.

Resources

- Construction of non-process infrastructure, including industrial buildings, workshops and storage facilities;
- Coal Seam Gas 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

- EPC and balance of plant works for remote wind and solar projects.

Operating Results

The consolidated entity reported a statutory profit after providing for income tax expense of $14,018,000 (2018: loss of $6,131,000).

Dividends Paid or Recommended

The company announced a fully franked 2.0 cent per share final dividend with a record date of 6 September 2019 and payment date of 27 September 2019.

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

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.

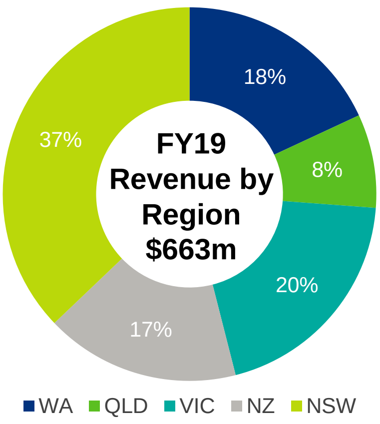
The business has three key sector pillars that form the base of the business. These three pillars of focus are summarised in the below table:

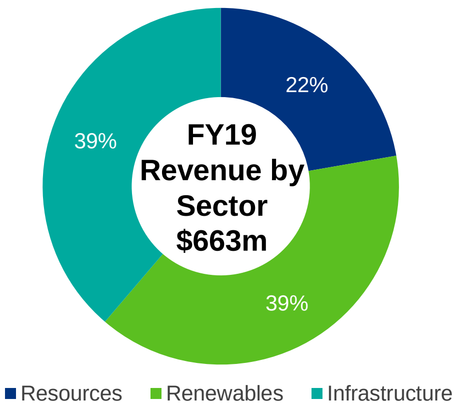
Infrastructure	Resources	Renewables
Roads and Bridges	Iron Ore (civil, NPI)	Solar PV (EPC)
Education	Coal Seam Gas	Wind (balance of plant)
Defence	LNG (civil, NPI, maintenance)	Hybrid (including storage)
Corrections		
Immigration		
Health		

Operations

Operations reflected the diversity of the Group, with project activity spanning public sector infrastructure projects in Australia and New Zealand, non-process infrastructure for the WA Iron Ore and LNG sectors, Queensland coal seam gas maintenance; and in recent years renewable energy.

The Group's revenue for the financial year ended 30 June 2019 by sector and geography is presented below:





Operational highlights include:

- Strong safety performance with a total recordable injury frequency rate of approximately 5, with 0 for the Western region;
- Extension and expansion of a project for BHP at its South Flank mine in relation to the upgrade of the Mulla Mulla village;
- Completion of projects for Fortescue in relation to its Port Hedland tug harbor and non-process infrastructure for Rio Tinto at its Amrun mine;
- Extension of the relationship with QGC with a new three-year framework agreement for operational works across the Surat Basin;
- Growth of the Decmil business in New Zealand including the construction of a multi-site Corrections project for rapidly deployable prisons;
- The award to Decmil's Victorian business unit of over $216 million of new transport infrastructure construction work;
- Award of a $277 million EPC contract in relation to the Sunraysia solar project in New South Wales;

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Operations (Cont'd)

- Award of $63 million of new transport infrastructure projects in Western Australia (Reid Highway) and Queensland (Warrego Highway); and
- Entering the wind sector as a balance of plant contractor with two projects worth $151 million at the Warradarge and Yandin wind farms in WA and a developing partnership with leading Danish wind company Vestas.

Financial Performance & Position

Revenue grew by 94% to $663 million for the twelve months ended 30 June 2019 and represents record revenue growth for the Company. This was due to the Company securing several new and larger contracts in the 2018 and 2019 calendar years as market conditions improved in the Infrastructure sector.

Administrative expenses grew by 17% for the twelve months ended 30 June 2019 and at a slower rate than growth in revenue. This resulted in the Company reporting improved profit results, with earnings before interest, tax and depreciation increasing by 411% in the 2019 financial year to $24 million.

Cashflow was also strong, with the Company generating $22 million of operating cashflow and $67 million of net cashflow for the twelve months ended 30 June 2019.

In August 2018 the Company raised $50 million of new equity capital at an issue price of 80 cents per share to fund growth associated with new and larger infrastructure projects. The capital raising and positive operating cashflow resulted in the Group's balance sheet reflecting an overall net cash position of $83.5 million at 30 June 2019, with no drawn senior secured debt and net tangible assets of $160 million.

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

On 28 August 2019, the Company proposed a fully franked 2.0 cent per share final dividend with a record date of 6 September 2019 and payment date of 27 September 2019. The total amount of this dividend payment will be $4.766 million. After this dividend payment, the Australian franking account balance will be $54.783 million.

Except for the matters disclosed above, 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 2019

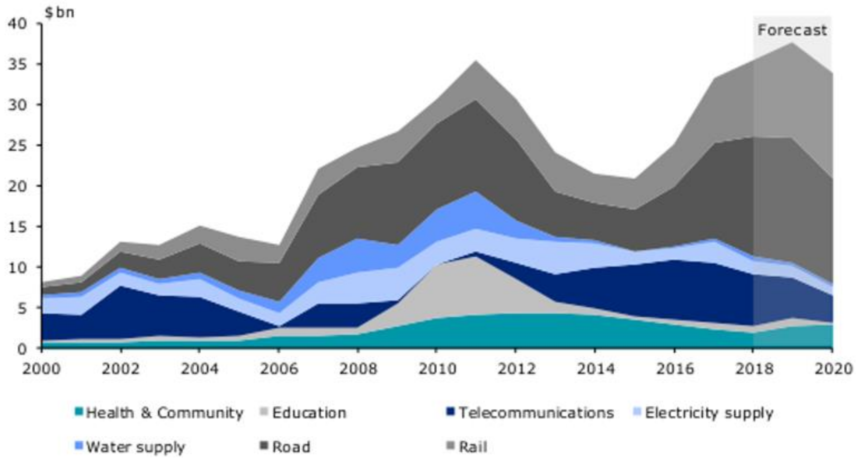
Likely Developments and Outlook

Several of Decmil's key sectors are experiencing strong market conditions.

These sectors and their drivers are summarised below:

- **Iron Ore (WA):** replacement tonnage projects being developed by BHP, Rio Tinto and Fortescue continuing and ramping up and expected to continue until at least 2021/2022. The Fortescue high grade magnetite concentrate project (Iron Bridge) is also expected to commence in 2020;
- **LNG (WA):** several new LNG projects are at the FEED and FID stages and should present opportunities to the WA contractor market from 2020. These include Woodside projects such as Pluto LNG Train 2, the development of Browse with onshore processing, the development of Scarborough with onshore processing and other projects such as new power projects (dual gas/solar project for the purposes of carbon offsets);
- **Coal Seam Gas (QLD):** renewed investment in upstream CSG which is likely to create new opportunities for Decmil given its established position in that market;
- **Transport Infrastructure (VIC):** a significant spend in transport infrastructure over the coming 3-4 years has been announced by the Victorian State in their recent budget. In addition to Decmil's existing capability in road and bridge construction, there are also opportunities to expand into rail construction;
- **New Zealand:** on the back of successful projects in Education and Corrections, Decmil is establishing itself as a reputable constructor of modular buildings and this market continues to offer opportunities in existing sectors but also new sectors such as social housing and commercial accommodation. There is also the opportunity to enter the horizontal civil market in NZ; and
- **Renewables (National):** high levels of capital spend in connection with renewable energy projects with the shift towards a decarbonised economy. Decmil has now established a presence in both solar (Gullen and Sunraysia) and wind (Warradarge and Yandin).

Infrastructure investment by sector ($ billion)



Source: Deloitte Access Economics Investment Monitor

As at the date of this report the Company has approximately $900 million of work in hand (contracted and preferred extending to FY22). Accordingly, the Company expects revenue to continue to grow in the financial year ended 30 June 2020 and is either shortlisted or a preferred contractor on several large contracts across all its core sectors.

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Material Business Risks

The key challenges for the Group going into the 2020 financial year are:

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

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 or 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 affect 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 2019

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.

In late 2018 a new Commercial & Risk function was also added to the Group to cover critical areas such as legal, commercial, procurement, project controls and quality to aid in the management of risk and business governance required at project level.

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 drawn senior debt.

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
Don Argent	10	9	4	4	2	2
Denis Criddle	3	3	1	1	-	-
Scott Criddle	10	10	-	-	-	-
Dickie Dique	10	9	2	2	-	-
Bill Healy	10	10	4	4	2	2
David Saxelby	10	10	1	1	2	2

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report – Audited

This Remuneration Report for the year ended 30 June 2019 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	
Non-Executive Directors (NEDs)	
Mr David Saxelby – Chairman of the Board	Appointed May 2016 and as Chairman in March 2018
Mr Bill Healy – Chairman of the Audit & Risk and Remuneration Committees	Appointed 23 April 2009
Mr Don Argent	Appointed 1 March 2018
Mr Denis Criddle	Retired 31 October 2018
Mr Dickie Dique	Appointed 1 July 2018 (transferred to Executive Director in February 2019)
Executive Directors	
Mr Scott Criddle – Managing Director and CEO	Appointed as CEO in July 2009 and Managing Director in April 2010
Mr Dickie Dique – Director and Executive General Manager – Western and Northern	Appointed as Director in July 2018 and Executive General Manager – Western and Northern in February 2019
Executives (Other KMP)	
Mr Tony Radalj – Chief Operating Officer	Resigned 18 December 2018
Mr Craig Amos – Chief Financial Officer	Appointed CFO in March 2014

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 2019

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
Fixed remuneration	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.
STI	The STI component of the KMP remuneration is paid in cash.	Rewards executives for short term achievement of: ▪ financial and operational key performance indicators; ▪ progress with the delivery of the Company's business plan and strategic objectives; and ▪ specific goals in relation to the development of people within the Company and its profile within the business community.	Examples of key performance indicators include: ▪ Achievement of financial targets such as Group revenue and EBITDA or NPAT; ▪ Achievement of target work in hand levels at 30 June of each year to ensure the sustainability of revenue in subsequent years; ▪ Overhead and cost control targets; ▪ 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 ▪ Targets set for safety performance based on Total Recordable Injury Frequency Rates.
LTI	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 2019

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 between the 50th and 75th percentile of salary bands based on major industry surveys produced by AON Hewitt and Mercer. This ensures 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% (subject to the statutory cap), 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	
How is it paid	Generally, in cash. The CEO STI award can be satisfied by the issue of restricted rights.
How much can executives earn?	Executives can earn up to a maximum of 50% of their total fixed remuneration as an STI incentive.
How is performance measured?	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.
When is it paid?	In September or October of the financial year after the target year.
What happens if an executive leaves or there is a change of control?	The payment of any accrued or part STI benefit in these circumstances is at the discretion of the Board.

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.

Remuneration Report (Cont'd)

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.

General Terms of the LTI Plan	
How is it paid?	The Company uses performance rights and restricted shares in its long term incentive plan.
How much can be earned (i.e. maximum opportunity)?	The CEO can earn up to 150% and other executives up to 50% of total fixed remuneration converted into performance rights at the 60 day VWAP to 30 June.
How is performance measured?	Vesting hurdles for performance rights for executives are based on absolute TSR (40%), EPS (40%) and continuous employment (20%).
When is performance measured?	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.
What happens if an executive leaves or there is a change of control?	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. 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. 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. 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.
Are executives eligible for dividends?	Performance rights do not accrue dividends. The retention grant of restricted shares to the CEO accrues dividends which become payable upon vesting.

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report (Cont'd)

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.

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 2019:

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 2015 and later

These performance rights are subject to the following vesting conditions:

a. 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;
b. 40% of performance rights are subject to EPS CAGR performance; and
c. 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%

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report (Cont'd)

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 performance rights. 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 market expectations and inclusion of a retention hurdle relating to continuous employment with the Group.

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:

Notice Period	Three month written notice unless in relation to certain circumstances such as serious misconduct or gross neglect of duty
Term	Ongoing until terminated
Restraint Period	Three months after termination of employment
Total Fixed Remuneration	Reviewed and established annually by the Remuneration Committee
Long Term Incentive Scheme	The Decmil Group Limited LTI scheme applies
Short Term Incentive Scheme	The Decmil Group Limited STI scheme applies
Termination Benefits	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.

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report (Cont'd)

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.

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 2019 (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.

6. Details of remuneration

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	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
David Saxelby	2019	129,600	-	-	-	-	**129,600**	-	100.0
	2018	91,799	-	-	-	-	**91,799**	-	100.0
Don Argent[1]	2019	66,575	6,325	-	-	-	**72,900**	-	100.0
	2018	22,192	2,108	-	-	-	**24,300**	-	100.0
Denis Criddle[2]	2019	22,192	2,108	-	-	-	**24,300**	-	100.0
	2018	66,575	6,325	-	-	-	**72,900**	-	100.0
Dickie Dique[3]	2019	42,525	-	-	-	-	**42,525**	-	100.0
	2018	-	-	-	-	-	**-**	-	-
Bill Healy	2019	81,370	7,730	-	-	-	**89,100**	-	100.0
	2018	106,027	10,073	-	-	-	**116,100**	-	100.0
Lee Verios[4]	2019	-	-	-	-	-	**-**	-	-
	2018	24,658	2,342	-	-	-	**27,000**	-	100.0
Total	**2019**	**342,262**	**16,163**	**-**	**-**	**-**	**358,425**	**-**	**100.0**
	2018	**311,251**	**20,848**	**-**	**-**	**-**	**332,099**	**-**	**100.0**

Executive Directors ($)	Year	Salary and Fees	Superannuation	STI Paid in Relation to Prior Year	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
Scott Criddle	2019	604,734	20,531	-	192,727	-	**817,992**	23.6	76.4
	2018	500,000	20,049	-	227,976	-	**748,025**	30.5	69.5
Dickie Dique[5]	2019	189,718	10,266	-	-	-	**199,984**	-	100.0
	2018	-	-	-	-	-	**-**	-	-
Total	**2019**	**794,452**	**30,797**	**-**	**192,727**	**-**	**1,017,976**	**18.9**	**81.1**
	2018	**500,000**	**20,049**	**-**	**227,976**	**-**	**748,025**	**30.5**	**69.5**

Other Executives ($)	Year	Salary and Fees	Superannuation	STI Paid in relation to Prior Year	Fair Value of Incentive Securities Awarded	Other	Total	Total Performance Related %	Total Fixed Remuneration %
Tony Radalj[6]	2019	364,519	10,266	-	-	-	**374,785**	-	100.0
	2018	421,186	16,605	-	187,500	-	**625,291**	30.0	70.0
Craig Amos	2019	429,738	20,531	-	70,830	-	**521,099**	13.6	86.4
	2018	350,000	20,049	-	83,784	-	**453,833**	18.5	81.5
Total	**2019**	**794,257**	**30,797**	**-**	**70,830**	**-**	**895,884**	**7.9**	**92.1**
	2018	**771,186**	**36,654**	**-**	**271,284**	**-**	**1,079,124**	**25.1**	**74.9**

[1] Don Argent was appointed to the board of directors on 1 March 2018
[2] Denis Criddle retired from the board of directors on 31 October 2018
[3] Dickie Dique was appointed to the board of directors on 1 July 2018
[4] Lee Verios resigned from the board of directors on 1 November 2017
[5] Dickie Dique joined the Executive Leadership Team on 1 February 2019
[6] Tony Radalj left the Executive Leadership Team on 18 December 2018

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report (Cont'd)

Options issued as part of remuneration for the year ended 30 June 2019

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 2019, the following performance rights were granted.

Grant Date	Number of Rights Granted	Fair Value of Rights Granted
1 July 2018	1,387,139	$263,556

During the year ended 30 June 2019, 633,616 performance rights were vested.

During the year ended 30 June 2019, 805,574 of performance rights lapsed due to their vesting criteria not being met.

The following rights have been granted but remain unvested at 30 June 2019:

Grant Date	Number of Unvested Rights	Fair Value of Unvested Rights
1 July 2012	282,536	$28,819
1 July 2015	823,073	$115,230
1 July 2016	2,006,769	$306,032
1 July 2017	1,676,126	$311,759
1 July 2018	1,387,139	$263,556
Total	**6,175,643**	**$1,025,396**

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2019 are summarised below:

	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
Revenue	663,276	349,255	305,124	301,644	666,915
EBITDA	24,100	(1,722)	(31,240)	(75,926)	62,696
EBIT	21,439	(4,736)	(36,867)	(82,902)	55,894
Profit/(loss) after income tax	14,018	(6,131)	(28,347)	(58,236)	40,280

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

	2019	2018	2017	2016	2015
Share price at financial year end ($)	0.91	0.97	0.93	0.72	1.16
Total dividends paid (cents per share)	1.0	-	4.0	10.5	13.0
Basic earnings per share (cents per share)	6.27	(0.10)[1]	(2.65)[2]	6.10[2]	23.91

[1] Based on continuing operations
[2] Based on adjusted earnings

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

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 2019	Balance 1.07.2018	Received as Part of Remuneration	Additions	Disposals/ Other[1]	Balance 30.06.2019
Directors:					
Don Argent	-	-	-	-	-
Denis Criddle[2]	22,379,145	-	4,875,000	(27,254,145)	-
Scott Criddle	5,641,268	441,592	-	(1,136,878)	4,945,982
Dickie Dique	-	-	150,000	8,721	158,721
Bill Healy	600,190	-	25,000	-	625,190
David Saxelby	50,000	-	37,500	-	87,500
Key management personnel:					
Craig Amos	109,521	85,076	-	-	194,597
Tony Radalj[3]	325,000	168,966	-	(493,966)	-
Total	**29,105,124**	**695,634**	**5,087,500**	**(28,876,268)**	**6,011,990**

Option holdings

There were no options held by directors or KMP at 30 June 2019.

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 2019	Balance 1.07.2018	Granted as Remuneration	Vested During the Period	Expired/ Other[1]	Balance 30.06.2019
Directors:					
Scott Criddle	4,930,524	1,014,352	(441,592)	(749,571)	4,753,713
Key management personnel:					
Craig Amos	1,079,806	372,787	(85,076)	-	1,367,517
Tony Radalj[3]	172,414	-	(68,966)	(103,448)	-
	6,182,744	**1,387,139**	**(595,634)**	**(853,019)**	**6,121,230**

[1] Other includes shares included upon appointment or excluded upon retirement/resignation
[2] Denis Criddle retired on 31 October 2018
[3] Tony Radalj resigned on 18 December 2018

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Remuneration Report (Cont'd)

Other transactions with directors, KMP and their related parties:

	2019 $000
(a) Director Related Transactions[1]	
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	196
Consulting fees for Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest	200
Consulting fees for Cald Investments Pty Ltd, an entity in which Mr Dickie Dique has a beneficial interest	8
(b) Director Related Balances	
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 2019 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, 259,036 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

[1] Transactions relating to directors' fees are included in the Directors' Report details of remuneration

Directors' Report Cont'd

FOR THE YEAR ENDED 30 JUNE 2019

Proceedings on Behalf of Company (Cont'd)

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.

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 2019:

	$
Taxation compliance services	22,400
Accounting assistance	14,500
Total	**36,900**

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 2019

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

28 August 2019

RSM Australia Partners

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GPO Box R1253 Perth WA 6844

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F +61 (0) 8 9261 9111

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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 2019, 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.

RSM

RSM AUSTRALIA PARTNERS

Perth, WA
Dated: 28 August 2019

TUTU PHONG
Partner

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated Entity	
	Note	2019 $000	2018 $000
Revenue from continuing operations	4	**663,276**	341,608
Cost of sales		**(603,960)**	(305,927)
Gross profit		**59,316**	35,681
Administration expenses		**(33,677)**	(28,719)
Equity based payments		**(1,539)**	(2,248)
Earnings from continuing operations before interest, tax, depreciation and amortisation & impairments		**24,100**	4,714
Interest received	4(a)	**428**	32
Borrowing costs	5	**(2,338)**	(1,493)
Depreciation and amortisation expense	5, 17	**(2,661)**	(2,903)
Profit before income tax expense		**19,529**	350
Income tax expense	6	**(5,511)**	(521)
Net profit/(loss) from continuing operations		**14,018**	(171)
Loss after tax from discontinued operations	7	**-**	(5,960)
Net profit/(loss) for the year		**14,018**	(6,131)
Other comprehensive income			
Other comprehensive income		**-**	-
Total comprehensive income for the year		**14,018**	(6,131)
Overall Operations			
Basic earnings per share (cents per share)	10a	**6.27**	(3.54)
Diluted earnings per share (cents per share)	10a	**6.27**	(3.54)
Continuing Operations			
Basic earnings per share (cents per share)	10b	**6.27**	(0.10)
Diluted earnings per share (cents per share)	10b	**6.27**	(0.10)
Discontinuing Operations			
Basic earnings per share (cents per share)	10c	**-**	(3.44)
Diluted earnings per share (cents per share)	10c	**-**	(3.44)

The accompanying notes form part of these financial statements

Statement of Financial Position

FOR THE YEAR ENDED 30 JUNE 2019

Consolidated Entity

	Note	2019 $000	2018 $000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	**12**	**83,481**	16,755
Trade and other receivables	**13**	**74,272**	43,672
Work in progress	**14**	**65,102**	28,882
Other current assets	**20**	**6,648**	8,561
TOTAL CURRENT ASSETS		**229,503**	97,870
NON-CURRENT ASSETS			
Investment property	**18**	**92,449**	92,410
Property, plant and equipment	**17**	**9,994**	7,565
Deferred tax assets	**24**	**30,771**	30,329
Intangible assets	**19**	**75,482**	75,482
TOTAL NON-CURRENT ASSETS		**208,696**	205,786
TOTAL ASSETS		**438,199**	303,656
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	**21**	**190,194**	88,223
Current tax payable	**22**	**1,698**	1,596
Borrowings	**23**	**1,611**	387
Provisions	**25**	**6,150**	5,623
TOTAL CURRENT LIABILITIES		**199,653**	95,829
NON-CURRENT LIABILITIES			
Deferred tax liabilities	**24**	**191**	544
Borrowings	**23**	**2,845**	472
Provisions	**25**	**380**	498
TOTAL NON-CURRENT LIABILITIES		**3,416**	1,514
TOTAL LIABILITIES		**203,069**	97,343
NET ASSETS		**235,130**	206,313
EQUITY			
Issued capital	**26**	**216,858**	165,832
Retained earnings		**18,272**	40,481
TOTAL EQUITY		**235,130**	206,313

The accompanying notes form part of these financial statements

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2019

Consolidated Entity	Note	Issued Capital $000	Retained Earnings $000	Total $000
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
Balance at 30 June 2018		**165,832**	**40,481**	**206,313**

Balance at 30 June 2018		**165,832**	**40,481**	**206,313**
Opening balance adjustment on application of AASB15		-	(33,846)	(33,846)
Balance at 1 July 2018		**165,832**	**6,635**	**172,467**
Net profit for the year		-	14,018	14,018
Total comprehensive income for the year		**165,832**	**20,653**	**186,485**
Shares issued for the period		51,465	-	51,465
Transaction costs net of tax benefit		(1,512)	-	(1,512)
Equity based payments		1,539	-	1,539
Dividends paid	**11**	-	(2,381)	(2,381)
Performance rights converted to shares		(466)	-	(466)
Balance at 30 June 2019		**216,858**	**18,272**	**235,130**

The accompanying notes form part of these financial statements

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2019

		Consolidated Entity	
		2019	**2018**
	Note	**$000**	**$000**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**564,656**	315,662
Payments to suppliers and employees		**(535,556)**	(313,573)
		29,100	2,089
Interest received		**428**	34
Finance costs paid		**(2,338)**	(1,496)
Income taxes paid		**(5,521)**	-
Net cash provided by operating activities	**29(a)**	**21,669**	627
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,283)**	(1,775)
Proceeds from sale of subsidiary	**29(b)**	**-**	919
Proceeds from sale of non-current assets		**257**	259
Net cash used in investing activities		**(1,026)**	(597)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net repayment of borrowings		**(339)**	(380)
Net proceeds from share issue		**48,803**	200
Dividends paid	**11**	**(2,381)**	-
Net cash provided by/(used in) in financing activities		**46,083**	(180)
Net increase/(decrease) in cash held		**66,726**	(150)
Cash at beginning of the financial year		**16,755**	16,905
Cash at end of the financial year	**12**	**83,481**	16,755

The accompanying notes form part of these financial statements

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

The financial statements of Decmil Group Limited ('the Company') for the year ended 30 June 2019 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 27 August 2019.

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

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

(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 2019

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 2019

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.

For the purpose of impairment testing and since the acquisition date of the business combination, goodwill is allocated to each cash-generating unit, or groups of cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree were assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes and is not larger than a segment.

(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 2019

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) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

(n) 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.

(o) Revenue and Other Income

The financial reporting standard on revenue from contracts with customers establishes a five-step model to account for revenue arising from contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. An asset (goods or services) is transferred when or as the customer obtains control of that asset.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

Revenue from Construction Activities:

For long-term service contracts and projects for constructing, manufacturing or developing an asset the customer value is created over time during the contract period and it is accounted for as a single performance obligation that is satisfied over time. This is because the customer simultaneously receives and consumes the benefits of the entity's performance in processing each transaction as and when each transaction is processed; the performance creates or enhances an asset (for example, work in progress) that the customer controls as the asset is created or enhanced; or the performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date. The revenue is recognised over time by using the input method.

For the input method the revenue is recognised on the basis of the efforts or inputs to the satisfaction of a performance obligation such as resources consumed, labour hours expended and costs incurred, relative to the total expected inputs to the satisfaction of that performance obligation.

Services:

Revenue from service orders and term projects is recognised when the entity satisfies the performance obligation at a point in time generally when the significant acts have been completed and when transfer of control occurs or for services that are not significant transactions revenue is recognised as the services are provided.

Interest income:

Interest income is recognised using the effective interest method.

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

(p) 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.

(q) 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.

(r) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

(s) 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.

(t) 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.

(u) Financial Instruments

Recognition and derecognition of financial instruments:

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the entity becomes party to the contractual provisions of the instrument. All other financial instruments are recognised and derecognised, as applicable, using trade date accounting or settlement date accounting. A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the entity neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset. A financial liability is removed from the statement of financial position when, and only when, it is extinguished, that is, when the obligation specified in the contract is discharged or cancelled or expires. At initial recognition the financial asset or financial liability is measured at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Classification and measurement of financial assets:

Financial assets classified as measured at amortised cost: A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at fair value through profit or loss, that is (a) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Typically trade and other receivables, bank and cash balances are classified in this category.

Financial assets that are a debt asset instrument classified as measured at fair value through other comprehensive income: There were no financial assets classified in this category at reporting year end date.

Financial assets that are an equity investment classified as measured at fair value through other comprehensive income: There were no financial assets classified in this category at reporting year end date.

Financial assets classified as measured at fair value through profit or loss: There were no financial assets classified in this category at reporting year end date.

Classification and measurement of financial liabilities:

Financial liabilities are classified as at fair value through profit or loss in either of the following circumstances: the liabilities are managed, evaluated and reported internally on a fair value basis; or the designation eliminates or significantly reduces an accounting mismatch that would otherwise arise. All other financial liabilities are carried at amortised cost using the effective interest method. Reclassification of any financial liability is not permitted.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

(v) 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.

The trade receivables and contract assets are subject to the expected credit loss model under the financial reporting standard on financial instruments. The methodology applied for impairment loss is the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets. The expected lifetime losses are recognised from initial recognition of these assets. These assets are grouped based on shared credit risk characteristics and the days past due for measuring the expected credit losses. The allowance matrix is based on its historical observed default rates over a period of 36 months over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed. The loss allowance was determined as nil for both trade receivables and contract assets.

(w) 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.

(x) 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.

(y) 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

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).

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.

(z) 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.

(aa) Comparative Figures

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

(ab) 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 amount of goodwill is tested annually for impairment. This annual impairment test is based on assumptions that are affected by expected future market or economic conditions. As a result, judgement is required in evaluating the assumptions and methodologies used by management, in particular those relating to the forecasted revenue growth and profit margins. The disclosures about goodwill are included in note 19, which explains that small changes in the key assumptions used could give rise to an impairment of the goodwill balance in the future. Actual outcomes could vary from these estimates.

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.

Revenue recognised over time:

The entity has revenue where the performance obligation is satisfied over time. Revenue is recognised over time by measuring the progress toward complete satisfaction of that performance obligation. A single method is applied consistently for measuring progress for each performance obligation satisfied over time. Judgment is required when selecting a method (output or input methods) for measuring progress toward complete satisfaction of a performance obligation.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

Assessing the satisfaction of performance obligations over time requires judgment and the consideration of many criteria that should be met to qualify such as whether the customer presently is obligated to pay for an asset, whether the customer has legal title, whether the entity has transferred physical possession of the asset, whether the customer has assumed the significant risks and rewards of ownership of the asset, and whether the customer has accepted the asset. Events and circumstances frequently do not occur as expected. Even if the events anticipated under the assumptions occur, actual results are still likely to be different from the estimates since other anticipated events frequently do not occur as expected and the variation may be material. The related account balances at the end of the reporting year are disclosed in the notes 4 and 14 on revenues and contract assets and contract liabilities.

Contract modifications:

A contract with a customer is accounted for as a separate contract if (1) the scope of the contract increases because of the addition of promised goods or services that are distinct and (2) the price of the contract increases by an amount of consideration that reflects the entity's stand-alone selling prices of the additional promised goods or services. In order to faithfully depict the entity's rights and obligations arising from a modified contract, the modifications may be accounted for some prospectively and others on a cumulative catch-up basis. The accounting for the modification depends on whether the additional promised goods or services are distinct. The accounting for contract modification requires judgement. In addition, if the entity has not yet determined the price, management has to estimate the change to the transaction price arising from the contract modification using the variable consideration guidance in the financial reporting standard. Contract modifications may have a significant impact on the entity's ability to record revenue. The related account balances at the end of the reporting year are disclosed in the notes 4 and 14 on revenues and contract assets and liabilities.

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.

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

The deferred tax relating to an asset is recognised when the entity expects to recover the carrying amount of the asset through use or sale. Judgement is required for assessment of whether recovery will be through use or through sale when the asset is measured using the fair value model for investment property or when the revaluation model is required or permitted by a financial reporting standard for a non-financial asset. Management has taken the view that as there is clear evidence that the entity will consume the relevant asset economic benefits throughout its economic life. The amount is detailed in note 24.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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.

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 has adopted this standard from 1 July 2018 but with no impact to the consolidated entity.

AASB 15 Revenue from Contracts with Customers

In the current year, the consolidated entity has applied AASB 15 Revenue from Contracts with Customers which has come into effect 1 January 2018. Details of the new requirements of AASB 15 as well as their impact on the Group's consolidated financial statements are described below.

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.

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 was previously 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.

Under AASB 111 Construction Contracts, costs incurred during the tender process were able to be capitalised within other current assets when it was deemed probable the contract would 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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

The consolidated entity has applied AASB 15 retrospectively with the cumulative effect of initially applying the standards as an adjustment to the opening balance of equity and comparative figures are therefore not restated.

Adoption of AASB 15

Shareholder equity of $206.3 million at 1 July 2018 reduced by $33.8 million upon adoption of all requirements of the new standard.

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 2019. 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 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.

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 and its impact on adoption is expected to result in total assets increasing by $12,183,000, total liabilities increasing by $13,086,000 and net assets decreasing by $558,000.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 3: Parent Entity Information

	Parent Entity	
	2019 $000	**2018 $000**
Statement of profit or loss and other comprehensive income		
Loss for the year	**(24,111)**	(27,725)
Total comprehensive income for the year	**(24,111)**	(27,725)
Statement of financial position		
ASSETS		
Current assets	**100,682**	86,543
Non-current assets	**86,099**	87,175
TOTAL ASSETS	**186,781**	173,718
LIABILITIES		
Current liabilities	**148,096**	158,083
Non-current liabilities	**271**	652
TOTAL LIABILITIES	**148,367**	158,735
EQUITY		
Issued capital	**218,552**	168,628
Retained earnings	**(180,138)**	(153,645)
TOTAL EQUITY	**38,414**	14,983

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 2019

NOTE 4: Revenue

	Consolidated Entity	
	2019 $000	2018 $000
From continuing operations		
Construction and engineering revenue	**659,118**	335,901
Accommodation revenue	**4,158**	5,952
Other revenue		
- rentals	**-**	(245)
Total revenue from continuing operations	**663,276**	341,608
(a) Interest revenue		
Interest revenue from:		
- other persons	**428**	32
Total interest revenue	**428**	32

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Consolidated Entity	
	2019 $000	2018 $000
Sectors		
Infrastructure	**252,564**	119,688
Resources	**154,271**	215,322
Renewables	**252,080**	630
Accommodation	**4,158**	5,952
Other	**203**	16
	663,276	341,608
Geographical regions		
Australia	**551,534**	293,236
New Zealand	**111,742**	48,372
	663,276	341,608

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 5: Expenses

	Consolidated Entity	
	2019 $000	**2018 $000**
From continuing operations		
Profit/(loss) before income tax includes the following specific expenses:		
Employee benefits costs	**92,404**	73,323
Finance costs	**2,338**	1,493
Depreciation and amortisation of non-current assets:		
- plant and equipment owned	**2,181**	2,792
- plant and equipment leased	**480**	109
- building	**-**	2
Total depreciation	**2,661**	2,903
Rental expense on operating leases	**2,675**	2,847

NOTE 6: Income Tax Expense

		Consolidated Entity	
	Note	**2019 $000**	**2018 $000**
Income tax (expense)/benefit is attributable to:			
Profit from continuing operations		**(5,511)**	(521)
Loss from discontinued operations	**7**	**-**	589
		(5,511)	68
The components of income tax (expense)/benefit comprise:			
Current tax		**(5,622)**	(1,564)
Deferred tax	**24**	**234**	2,183
Under provision for tax in prior year		**(123)**	(551)
		(5,511)	68
The prima facie tax benefit on profit/loss before income tax is reconciled to the income tax benefit as follows:			
Prima facie tax (expense)/benefit on profit/loss before income tax at 29% (2018: 30%)		**(5,744)**	1,992
Adjusted by the tax effect of:			
- equity based payments		**(160)**	(93)
- deductible capital raising costs		**659**	3
- non-deductible items		**3,459**	(855)
- research and development tax offset (non-refundable)		**(3,602)**	(428)
- under provision for tax in prior year		**(123)**	(551)
Income tax (expense)/benefit attributable to profit/loss before income tax		**(5,511)**	68
The applicable weighted average effective tax rates are as follows:		**28%**	1%

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: 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	2019 $000	2018 $000
Other services revenue		-	7,647
Interest received		-	1
Total revenue		-	7,648
Cost of sales		-	(8,644)
Administration expenses		-	(2,002)
Borrowing costs		-	(2)
Depreciation and amortisation expense		-	(111)
Loss on disposal of subsidiaries	**29(b)**	-	(3,438)
Total expenses		-	(14,197)
Loss before income tax expense		-	(6,549)
Income tax benefit	**6**	-	589
Loss after income tax expense from discontinued operations		-	(5,960)

(b) Financial position information

	Consolidated Entity	
	2019 $000	2018 $000
Current Assets		
Cash and cash equivalents	-	10
Trade and other receivables	-	20
Other current assets	-	752
Total Current Assets	-	782
Total Assets	-	782
Current Liabilities		
Trade and other payables	-	32
Total Current Liabilities	-	32
Total Liabilities	-	32
Net Assets	-	750

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 7: Discontinued Operations (Cont'd)

(c) Cash flow information **Consolidated Entity**

	2019 $000	2018 $000
Net cash used in operating activities	-	(991)
Net cash provided by investing activities	-	962
Net cash used in financing activities	-	(1)
Net decrease in cash and cash equivalents from discontinued operations	-	(30)

NOTE 8: 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

Denis Criddle (retired 31 October 2018)

Scott Criddle

Dickie Dique (appointed 1 July 2018)

Bill Healy

David Saxelby

Key Management Personnel

Tony Radalj: Chief Operating Officer (resigned 18 December 2018)

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:

	2019 $000	2018 $000
Short-term employee benefits	**2,009**	1,660
Equity-based payments	**264**	499
	2,273	2,159

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 2019

NOTE 9: Auditors' Remuneration

	Consolidated Entity 2019 $000	Consolidated Entity 2018 $000
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	**275**	228
- taxation services	**22**	29
- accounting assistance	**15**	10
	312	267

NOTE 10: Earnings Per Share

		Consolidated Entity 2019 $000	Consolidated Entity 2018 $000
(a)	**Reconciliation of earnings to profit or loss from overall operations**		
	Profit/(loss) after income tax	**14,018**	(6,131)
	Earnings used to calculate basic and dilutive EPS	**14,018**	(6,131)
(b)	**Reconciliation of earnings to profit or loss from continuing operations**		
	Profit/(loss) after income tax	**14,018**	(171)
	Earnings used to calculate basic and dilutive EPS	**14,018**	(171)
(c)	**Reconciliation of earnings to profit or loss from discontinuing operations**		
	Loss after income tax	**-**	(5,960)
	Earnings used to calculate basic and dilutive EPS	**-**	(5,960)

		No.	No.
(d)	**Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS**	**223,473,242**	173,223,027
	Weighted average number of dilutive options outstanding	**-**	-
	Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**223,473,242**	173,223,027

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 11: Dividends

	Consolidated Entity	
	2019 $000	**2018 $000**
Distributions Paid		
Final dividend for the year ended 30 June 2018 of nil cents (2017: nil cents)	**-**	-
Interim dividend for the year ended 30 June 2019 of 1 cent (2018: nil cents) per share fully franked at the tax rate of 30%	**2,381**	-
	2,381	-
Balance of Australian franking account at year end	**56,825**	54,244
Balance of New Zealand imputation account at year end	**1,482**	-

NOTE 12: Cash and Cash Equivalents

	Consolidated Entity	
	2019 $000	**2018 $000**
Cash at bank and in hand	**83,481**	16,755
	83,481	16,755
Reconciliation of cash		
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:		
Cash and cash equivalents	**83,481**	16,755

NOTE 13: Trade and Other Receivables

	Consolidated Entity	
	2019 $000	**2018 $000**
CURRENT		
Trade receivables	**74,272**	43,672
Less: Provision for impairment of receivables	**-**	-
	74,272	43,672
Movement in the provision for impairment of receivables are as follows:		
Opening balance	**-**	-
Additional provisions recognised	**-**	399
Written off during the year as uncollectable	**-**	(399)
Closing balance	**-**	-

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 13: Trade and Other Receivables (Cont'd)

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

			Past due but not impaired (days overdue)				
	Gross amount $000	Within initial trade terms $000	31-60 $000	61-90 $000	91-120 $000	>120[1] $000	Past due and impaired $000
2019							
Trade receivables	74,272	65,491	6,621	16	633	1,511	-
Total	**74,272**	**65,491**	**6,621**	**16**	**633**	**1,511**	**-**
2018							
Trade receivables	43,672	42,472	547	13	2	638	-
Total	**43,672**	**42,472**	**547**	**13**	**2**	**638**	**-**

Allowance for expected credit loss:

There is no allowance for expected credit losses recognised as at 30 June 2019.

NOTE 14: Work in Progress

		Consolidated Entity	
	Note	2019 $000	2018 $000
CURRENT			
Construction and engineering contracts			
Cost incurred to date plus profit recognised		**998,642**	566,798
Consideration received and receivables as progress billings		**(969,002)**	(545,732)
		29,640	21,066
Advanced billings to customers	**21**	**(35,462)**	(7,816)
Unbilled amounts due from customers		**65,102**	28,882
		29,640	21,066

[1] Includes contractor's retention withheld by customers of $612,000 (2018: nil)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: Controlled Entities

(a) Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2019	2018
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%
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%
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%
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 Services Pty Ltd:			
Decmil Telecom Pty Ltd	Australia	-	100%

(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.

Notes to the Financial Statements

NOTE 15: Controlled Entities (Cont'd)

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

		2019 $000	2018 $000
Financial information in relation to:			
(i)	**Statement of profit or loss and other comprehensive income:**		
	Profit/(loss) before income tax	**2,528**	(19,151)
	Income tax benefit	**(2,094)**	1,210
	Profit/(loss) after income tax	**434**	(17,941)
(ii)	**Retained Earnings:**		
	Retained earnings at the beginning of the year	**(956)**	16,985
	Opening balance adjustment on application of AASB15	**(33,321)**	-
	Profit/(loss) after income tax	**434**	(17,941)
	Dividends recognised for the period	**(2,381)**	-
	Retained earnings at the end of the year	**(36,224)**	(956)

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 15: Controlled Entities (Cont'd)

	2019 $000	2018 $000
(iii) Statement of Financial Position:		
Current Assets		
Cash and cash equivalents	**50,606**	3,662
Trade and other receivables	**51,154**	24,176
Work in progress	**53,921**	27,821
Current tax receivable	**2,290**	820
Other assets	**1,344**	6,829
Total Current Assets	**159,315**	63,308
Non-current Assets		
Investment property	**92,449**	92,410
Property, plant and equipment	**5,536**	3,658
Deferred tax assets	**29,803**	29,375
Intangible assets	**71,061**	71,061
Other financial assets	**6,218**	6,218
Total Non-current Assets	**205,067**	202,722
Total Assets	**364,382**	266,030
Current Liabilities		
Trade and other payables	**176,200**	96,512
Borrowings	**1,208**	173
Provisions	**3,885**	3,427
Total Current Liabilities	**181,293**	100,112
Non-current Liabilities		
Deferred tax liabilities	**182**	544
Borrowings	**1,912**	-
Provisions	**361**	498
Total Non-current Liabilities	**2,455**	1,042
Total Liabilities	**183,748**	101,154
Net Assets	**180,634**	164,876
Equity		
Issued capital	**216,858**	165,832
Retained earnings	**(36,224)**	(956)
Net Equity	**180,634**	164,876

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: Joint Arrangements

Interest in Joint Operations

	Country of Incorporation	2019	2018
Mordialloc JV	Australia	40%	-
Decmil BESIX JV	Australia	50%	50%
TCDC JV	New Zealand	50%	50%
Decmil Balance JV	Australia	25%	25%
Decmil Balance JV	Australia	67%	67%
DASSH JV	Australia	45%	45%

The following material Joint Operations are disclosed as follows:

Mordialloc JV

In March 2019, Major Roads Projects Victoria, a Victorian state government department, awarded Decmil Southern Pty Ltd, in joint venture with McConnell Dowell Constructors (Aust) Pty Ltd (Mordialloc JV), a $25m contract for an early works package for the Mordialloc Freeway project. The early works package involves detailed design work of the freeway link with the main works expected to be awarded by the end of 2019 upon Environmental Planning Approval. The principal place of business of the joint operation is Australia.

Under the joint venture agreement Decmil Southern Pty Ltd has a 40% participation interest in all the assets used, revenues generated and the expenses incurred by the joint arrangement. Decmil Southern Pty Ltd is also liable for 40% of any liabilities incurred by the joint arrangement. In addition, Decmil Southern 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).

Mordialloc JV is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Southern 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 Mordialloc JV that are included in the consolidated financial statements are as follows:

	2019 $000	2018 $000
CURRENT ASSETS		
Cash and cash equivalents	**2,842**	-
Other assets	**1,572**	-
TOTAL CURRENT ASSETS	**4,414**	-
TOTAL ASSETS	**4,414**	-
CURRENT LIABILITIES		
Trade and other payables	**2,862**	-
TOTAL CURRENT LIABILITIES	**2,862**	-
TOTAL LIABILITES	**2,862**	-
Revenue	**3,925**	-
Expenses	**(2,373)**	-
Profit for the year	**1,552**	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 16: Joint Arrangements (Cont'd)

Decmil BESIX JV

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:

	2019 $000	2018 $000
CURRENT ASSETS		
Cash and cash equivalents	**359**	520
Other assets	**2**	3,671
TOTAL CURRENT ASSETS	**361**	4,191
TOTAL ASSETS	**361**	4,191
CURRENT LIABILITIES		
Trade and other payables	**1,530**	3,939
TOTAL CURRENT LIABILITIES	**1,530**	3,939
TOTAL LIABILITES	**1,530**	3,939
Revenue	**4,229**	12,014
Expenses	**(6,258)**	(11,718)
Profit/(loss) for the year	**(2,029)**	296

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:

	2019 $000	2018 $000
Guarantees given for satisfactory contract performance	**2,005**	4,677

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 17: Property, Plant and Equipment

	Consolidated Entity 2019 $000	Consolidated Entity 2018 $000
LAND AND BUILDING (Secured)		
Freehold land, at cost	**554**	554
	554	554
PLANT AND EQUIPMENT		
Plant and Equipment:		
At cost	**41,060**	40,352
Accumulated depreciation	**(35,605)**	(33,944)
	5,455	6,408
Leased Plant and Equipment (Secured)	**5,164**	1,427
Accumulated depreciation	**(1,179)**	(824)
	3,985	603
Total Property, Plant and Equipment	**9,994**	7,565

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
Balance at 1 July 2018	554	6,408	603	7,565
Additions	-	1,243	3,937	5,180
Transfer between categories	-	75	(75)	-
Disposals	-	(90)	-	(90)
Depreciation expense	-	(2,181)	(480)	(2,661)
Balance at 30 June 2019	554	5,455	3,985	9,994

	Land and Building $000	Owned Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2017	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)
Balance at 30 June 2018	554	6,408	603	7,565

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 18: Investment Property

	Consolidated Entity	
	2019 $000	2018 $000
Balance at beginning of year	**92,410**	92,400
Additions	**39**	10
Balance at the end of the year	**92,449**	92,410

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	
	2019 $000	2018 $000
Goodwill at cost	**75,482**	75,482
Total intangible assets	**75,482**	75,482
Movements in Carrying Amounts		
Goodwill		
Balance at the beginning and end of the year	**75,482**	75,482
Allocation of Goodwill to CGU's		
Construction & Engineering	**75,482**	75,482
Balance at the end of the year	**75,482**	75,482

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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.

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

The following key assumptions were used in the discounted cash flow model for each CGU:

a. 12.9% (2018: 12.9%) pre-tax discount rate;
b. 5% (2018: 5%) per annum projected revenue growth rate;
c. 2.5% (2018: 2.5%) per annum increase in operating costs and overheads; and
d. 2.5% (2018: 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 CGU 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 the CGU would need to decrease by more than 4.5% before goodwill would need to be impaired, with all other assumptions remaining constant.
b. Overheads for the CGU would need to increase by more than 16.0% 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 CGU's goodwill is based would not cause the carrying amount to exceed its recoverable amount.

NOTE 20: Other Current Assets

	Consolidated Entity	
	2019 $000	**2018 $000**
CURRENT		
Prepayments	**870**	1,170
Others	**5,778**	7,391
	6,648	8,561

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 21: Trade and Other Payables

	Note	Consolidated Entity 2019 $000	2018 $000
CURRENT			
Unsecured Liabilities			
Trade payables		**62,038**	33,620
Advance billings to customers	**14**	**35,462**	7,816
Sundry payables and accrued expenses		**92,694**	46,787
		190,194	88,223

NOTE 22: Current Income Tax

	Consolidated Entity 2019 $000	2018 $000
Current tax payable		
- provision for income tax	**1,698**	1,596
	1,698	1,596

NOTE 23: Borrowings

	Consolidated Entity 2019 $000	2018 $000
CURRENT		
Secured liabilities		
Hire purchase liability	**1,399**	214
Insurance premium funding	**212**	161
Software subscription funding	**-**	12
Total current borrowings	**1,611**	387
NON-CURRENT		
Secured liabilities		
Hire purchase liability	**2,845**	472
Total non-current borrowings	**2,845**	472
Total borrowings	**4,456**	859

Hire purchase agreements have an average term of 3.6 years. The average interest rate implicit in the hire purchase is 4.46% (2018: 4.51%). 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 2019

NOTE 24: Other Deferred Tax

Consolidated Entity	1 July 2018 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 2019 Closing Balance $000
2019						
Deferred tax assets on:						
Transaction costs on equity issue	8	-	-	-	524	532
Provisions – employee benefits	2,136	(16)	-	520	-	2,640
Investment due diligence costs	5	-	-	16	-	21
Other provisions and accruals	464	(133)	-	355	-	686
Tax losses and carry forward tax credits	16,246	110	-	750	-	17,106
Property, plant and equipment	10,303	(9)	-	(1,525)	-	8,769
Research and development tax offset (non-refundable)	1,167	(150)	-	-	-	1,017
Total deferred tax assets	**30,329**	**(198)**	**-**	**116**	**524**	**30,771**
Deferred tax liabilities on:						
Foreign currency translation	-	-	-	9	-	9
Prepayments	17	-	-	4	-	21
Equity based payments	452	-	-	(215)	(160)	77
Accrued income	75	(75)	-	84	-	84
Total deferred tax liabilities	**544**	**(75)**	**-**	**(118)**	**(160)**	**191**

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
2018						
Deferred tax assets on:						
Transaction costs on equity issue	7	-	-	4	(3)	8
Provisions – employee benefits	1,578	315	(312)	555	-	2,136
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
Total deferred tax assets	**28,693**	**(453)**	**(313)**	**2,405**	**(3)**	**30,329**
Deferred tax liabilities on:						
Prepayments	(17)	98	-	(64)	-	17
Equity based payments	333	-	-	212	(93)	452
Accrued income	-	-	-	75	-	75
Total deferred tax liabilities	**316**	**98**	**-**	**223**	**(93)**	**544**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 25: Provisions

		Consolidated Entity	
	Note	2019 $000	2018 $000
CURRENT			
Employee entitlements	**25a**	**6,150**	5,623
Total current provisions		**6,150**	5,623
NON CURRENT			
Employee entitlements	**25a**	**380**	498
Total non-current provisions		**380**	498
Total provisions		**6,530**	6,121

(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	
	2019 $000	2018 $000
Movement in provision		
Balance at beginning of year	**6,121**	5,056
Additional provision	**7,444**	6,169
Disposals through disposal of controlled entity	**-**	(740)
Amounts used	**(7,035)**	(4,364)
Balance at the end of the year	**6,530**	6,121

Notes to the Financial Statements

NOTE 26: Issued Capital

	Consolidated Entity	
	2019 $000	2018 $000
238,310,204 (2018: 173,811,927) fully paid ordinary shares	**216,858**	165,832

(a) Ordinary Shares

	2019		2018	
	No.	$000	No.	$000
At the beginning of reporting period	**173,811,927**	**165,832**	171,736,697	163,384
Shares issued during the year	**259,036**	**115**	213,490	118
Issue of retention shares	**-**	**-**	1,577,500	-
Performance rights converted to shares	**633,616**	**-**	284,240	-
Issue of shares for capital raising	**63,605,625**	**50,884**	-	-
Equity based payments	**-**	**1,539**	-	2,248
Transaction costs of issue	**-**	**(1,512)**	-	82
At the end of the reporting date	**238,310,204**	**216,858**	173,811,927	165,832

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. Shares allocated to employees stay in the trust and vest to employees after two years of continuous employment from the date of grant. In October 2017, 1,577,500 ordinary shares were issued into the trust and allocated to employees. The allocation made to employees during the year ended 30 June 2019 was made from unallocated shares already held within the trust.

Also, during the year ended 30 June 2019, 259,036 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, 633,616 shares were issued to executives upon vesting of performance rights during the year ended 30 June 2019.

(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 2019

NOTE 27: Commitments

	Consolidated Entity	
	2019 $000	**2018 $000**
(a) Hire Purchase Commitments[1]		
Payable – minimum HP payments		
Not later than 1 year	**1,560**	242
Between 1 and 5 years	**2,983**	512
Minimum HP payments	**4,543**	754
Less future finance charges	**(299)**	(68)
Present value of minimum HP payments	**4,244**	686
(b) Insurance Premium Funding Commitments		
Payable – minimum payments		
Not later than 1 year	**216**	161
Minimum payments	**216**	161
Less future finance charges	**(4)**	(2)
Present value of minimum payments	**212**	159
(c) Software Subscription Funding Commitments		
Payable – minimum payments		
Not later than 1 year	**-**	12
Minimum payments	**-**	12
Less future finance charges	**-**	-
Present value of minimum payments	**-**	12
(d) Operating Leases Payable		
Non-cancellable operating leases contracted for but not recognised as liabilities		
Payable – minimum lease payments		
Not later than 1 year	**2,807**	2,683
Between 1 and 5 years	**6,660**	8,028
More than 5 years	**-**	1,176
	9,467	11,887
(e) Operating Leases Receivable		
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	**132**	128
Between 1 and 5 years	**-**	132
	132	260

[1] Hire purchase commitments include contracted amounts for various plant and equipment with a written down value of $3,983,986 (2018: $603,252) 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 2019

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;
- Decmil Construction NZ Limited – construction arm of Decmil located in New Zealand;
- Decmil Southern Pty Ltd – civil engineering and infrastructure construction services;
- Decmil Infrastructure Pty Ltd – an entity used for tendering large infrastructure projects and Public Private Partnerships (PPPs);
- Eastcoast Development Engineering Pty Ltd – acquired business now integrated into the Decmil Australia Pty Ltd entity;
- Decmil Engineering Pty Ltd – acquired business now integrated into Decmil Australia Pty Ltd entity;
- Decmil PNG Limited – dormant construction arm of Decmil located in Papua New Guinea; 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 – 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 – discontinued mining communications and managed services business.

The consolidated entity is domiciled in Australia. 83% of revenue from external customers is generated from Australia.

The consolidated entity derives 36%, 18% and 15% (2018: 26%, 20% and 14%) 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 2019

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 2019	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
External sales	659,118	4,158	-	663,276
Total segment revenue	**659,118**	**4,158**	**-**	**663,276**
Segment earnings before interest, tax, depreciation and amortisation & impairments	26,504	(1,611)	(257)	24,636
Net interest	(1,915)	1	4	(1,910)
Depreciation & amortisation expense	(2,514)	(147)	-	(2,661)
Segment result	**22,075**	**(1,757)**	**(253)**	**20,065**
Other unallocated expenses				(536)
Income tax expense				(5,511)
Profit for the period				**14,018**

Segment Performance 2018	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
External sales	336,622	5,952	6,681	349,255
Total segment revenue	**336,622**	**5,952**	**6,681**	**349,255**
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)
Segment result	**1,649**	**(1,217)**	**(6,247)**	**(5,815)**
Other unallocated expenses				(384)
Income tax benefit				68
Loss for the period				**(6,131)**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 28: Segment Reporting (Cont'd)

(b) Segment Assets 2019	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current assets	208,949	789	6	209,744
Non-current assets	83,907	92,710	-	176,617
Other unallocated assets	-	-	-	51,838
Total segment assets	**292,856**	**93,499**	**6**	**438,199**
Total assets includes:				
Acquisition of non-current assets	5,156	62	-	5,218

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

(c) Segment Liabilities 2019	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current liabilities	194,669	600	-	195,269
Non-current liabilities	3,084	53	-	3,137
Other unallocated liabilities	-	-	-	4,663
Total segment liabilities	**197,753**	**653**	**-**	**203,069**

Segment Liabilities 2018	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current liabilities	90,545	1,132	-	91,677
Non-current liabilities	863	-	-	863
Other unallocated liabilities	-	-	-	4,803
Total segment liabilities	**91,408**	**1,132**	**-**	**97,343**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29: Cash Flow Information

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

	Consolidated Entity	
	2019 $000	**2018 $000**
Profit/(loss) after income tax	**14,018**	(6,131)
Adjustments for:		
Depreciation and amortisation	**2,661**	3,014
Equity based payments	**1,539**	2,248
(Profit)/loss on sale of non-current assets	**(167)**	126
Loss on disposal of subsidiaries	**-**	3,438
Bad debts written off	**-**	399
Cash generated from operations before working capital changes	**18,051**	3,094
Changes in assets and liabilities		
Trade receivables	**(30,598)**	(9,969)
Other assets	**1,913**	(2,802)
Work in progress	**(70,066)**	(20,860)
Trade payables and accruals	**102,653**	29,468
Current tax liabilities	**102**	1,547
Deferred tax assets	**(442)**	(1,948)
Deferred tax liabilities	**(353)**	228
Provisions	**409**	1,869
Change in working capital balances	**3,618**	(2,467)
Net cash generated from operating activities	**21,669**	627

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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	919
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)
	3,688
Loss on disposal	(2,769)
Sale consideration	919

(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)
	669
Loss on disposal	(669)
Sale consideration	-

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 29: Cash Flow Information (Cont'd)

(c) Non-cash Financing and Investing Activities

	Consolidated Entity	
	2019 $000	**2018 $000**
Finance leases to acquire plant and equipment	**3,936**	206

(d) Credit Standby Facilities with Banks

	Consolidated Entity	
	2019 $000	**2018 $000**
Credit facilities	**346,296**	272,000
Amount utilised		
Bank overdraft	**-**	-
Limited recourse receivables funding	**(7,959)**	(16,688)
Loan facility	**-**	-
Equipment finance	**(4,244)**	(686)
Guarantees and surety bond facilities	**(209,893)**	(68,949)
	124,200	185,677
The credit facilities are summarised as follows:		
Bank overdraft and/or limited recourse receivables funding facility	**35,000**	25,000
Loan facility	**25,000**	25,000
Equipment finance	**8,000**	3,000
Guarantee and surety bond facilities	**286,296**	219,000
	354,296	272,000

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 facility of $25 million, a limited recourse receivables funding facility of $35 million and a market loan facility of $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% (2018: 1.55%) which equates to 2.84% as at 30 June 2019 (2018: 3.73%).

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 $8 million with Toyota Finance; and
- Surety bond facilities of $100 million with Asset Insure, $35 million with Vero, $50 million with BCC Surety, $25 million with Liberty and $71.3 million (USD$50 million) with AIG Australia.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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
Performance rights outstanding as at 30 June 2017	**5,790,762**
Granted	1,676,126
Vested	(284,240)
Lapsed	(851,506)
Performance rights outstanding as at 30 June 2018	**6,331,142**
Granted	1,387,139
Forfeited	(103,448)
Vested	(633,616)
Lapsed	(805,574)
Performance rights outstanding as at 30 June 2019	**6,175,643**

The fair value of the performance rights granted during the financial year was $263,556. 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 $0.190 (2018: $0.186). 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:	2.25%
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	**2019 $000**	**2018 $000**
Expenses	**891**	1,403
Written back due to forfeiting	**(12)**	-
Written back due to lapsing	**(59)**	(152)
Written back on reassessment of probabilities	**-**	(270)
	820	981

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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
Unvested incentive shares as at 30 June 2017	**1,370,000**
Granted	1,762,500
Vested	(165,000)
Forfeited	(412,500)
Unvested incentive shares as at 30 June 2018	**2,555,000**
Granted	660,000
Vested	(1,027,000)
Forfeited	(663,000)
Unvested incentive shares as at 30 June 2019	**1,525,000**

The fair value of the incentive shares granted during the financial year was $359,040. Incentive shares are valued using the share price at the date of grant. The fair value has been discounted by 20% to reflect the probability of not meeting the continuous employment vesting condition.

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

	Consolidated Entity	
Incentive Shares	2019 $000	2018 $000
Expenses	**1,155**	1,441
Written back due to forfeiting	**(436)**	(174)
	719	1,267

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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 8 and the Remuneration Report in the Directors' Report.

Transactions with related parties

The following transactions occurred with related parties:

	Consolidated Entity	
	2019 $000	**2018 $000**
(a) Director Related Transactions[1]		
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	**196**	190
Consulting fees for Saxelby Associates Pty Ltd, an entity in which Mr David Saxelby has a beneficial interest	**200**	200
Consulting fees for Cald Investments Pty Ltd, an entity in which Mr Dickie Dique has a beneficial interest	**8**	-
(b) Director Related Balances		
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**	27

[1] 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 2019

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

Financial assets that are potentially subject to concentrations of credit risk and failures by counterparties to discharge their obligations in full or in a timely manner are subject to credit risk. These arise principally from cash balances with banks, cash equivalents, receivables and other financial assets. The maximum exposure to credit risk is the total of the fair value of the financial assets at the end of the reporting year. Credit risk on cash balances with banks and any other financial instruments is limited because the counter-parties are entities with acceptable credit ratings. For expected credit losses (ECL) on financial assets, a simplified approach is permitted by the financial reporting standards on financial instruments for financial assets that do not have a significant financing component, such as trade receivables. On initial recognition, a day-1 loss is recorded equal to the 12 month ECL (or lifetime ECL for trade receivables), unless the assets are considered credit impaired.

For credit risk on trade receivables an ongoing credit evaluation is performed on the financial condition of the debtors and an impairment loss is recognised in profit or loss. Reviews and assessments of credit exposures in excess of designated limits are made. Renewals and reviews of credits limits are subject to the same review process.

Note 12 discloses the maturity of the cash and cash equivalents balances. Cash and cash equivalents are also subject to the impairment requirements of the standard on financial instruments.

There are no material amounts of collateral held as security at 30 June 2019.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 32: Financial Instruments (Cont'd)

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.

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
2019					
Financial Assets					
Cash and cash equivalents	1.5	-	83,481	-	83,481
Receivables	-	74,272	-	-	74,272
		74,272	83,481	-	157,753
Financial Liabilities					
Payables	-	(190,194)	-	-	(190,194)
Borrowings	4.3	-	(1,611)	(2,845)	(4,456)
		(190,194)	(1,611)	(2,845)	(194,650)
2018					
Financial Assets					
Cash and cash equivalents	1.5	-	16,755	-	16,755
Receivables	-	43,672	-	-	43,672
		43,672	16,755	-	60,427
Financial Liabilities					
Payables	-	(88,223)	-	-	(88,223)
Borrowings	3.9	-	(387)	(472)	(859)
		(88,223)	(387)	(472)	(89,082)

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 2019

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 2019, 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 2019, 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	
	2019 $000	2018 $000
Change in profit		
Increase in labour costs by 5% (CPI assumption)	**(4,620)**	(3,666)
Change in equity		
Increase in labour costs by 5% (CPI assumption)	**(4,620)**	(3,666)

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 2019

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
Consolidated 2019				
Assets				
Investment property	-	-	92,449	92,449
Total assets	**-**	**-**	**92,449**	**92,449**
Consolidated 2018				
Assets				
Investment property	-	-	92,410	92,410
Total assets	**-**	**-**	**92,410**	**92,410**

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
Balance at 30 June 2017	**92,400**	**92,400**
Additions	10	10
Balance at 30 June 2018	**92,410**	**92,410**
Additions	39	39
Balance at 30 June 2019	**92,449**	**92,449**

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

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	
	2019 $000	2018 $000
Guarantees given to external parties for satisfactory contract performance for the consolidated entity	**209,893**	68,949

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.

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2019

NOTE 35: Subsequent Events

On 28 August 2019, the Company proposed a fully franked 2.0 cent per share final dividend with a record date of 6 September 2019 and payment date of 27 September 2019. The total amount of this dividend payment will be $4.766 million. After this dividend payment, the Australian franking account balance will be $54.783 million.

Except for the matters disclosed above, 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 2019

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 2019 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

28 August 2019

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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 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial 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 2019 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.

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.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed this matter</th></tr>
<tr><td colspan="2">Impairment of Intangible Assets
Refer to Note 19 in the financial statements</td></tr>
<tr><td>The carrying amount of goodwill as at 30 June 2019 is $75,482,000.

Management performs an annual impairment test on the recoverability of the goodwill as required by Australian Accounting Standards.

We determined this area to be a key audit matter as management's assessment of the value-in-use of the cash generating unit (CGU) involves judgement about the future cash flow projections, expected revenue growth rates and the discount rate.</td><td>Our audit procedures included:
Assessing management's determination that the goodwill should be allocated to one CGU based on the nature of the Group's business;
Engaging our Corporate Finance specialists to conduct a review of the appropriateness of the model and the discount rate used;
Challenging the reasonableness of key assumptions, including the future cash flow projections, expected revenue growth rates and the discount rate;
Reviewing management's sensitivity analysis over the key assumptions used in the model; and
Checking the mathematical accuracy of the model and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of the budget.</td></tr>
<tr><td colspan="2">Recognition of Deferred Tax Assets
Refer to Note 24 in the financial statements</td></tr>
<tr><td>The Group has recognised on the statement of financial position deferred tax assets of $30,771,000 as at 30 June 2019.

Management has performed an assessment on the recoverability of the deferred tax assets by using the Group's forecast for the year ended 30 June 2020 and beyond to satisfy the probability criteria that future taxable profits will be available to utilise these tax assets.

We determined this area to be a key audit matter as management's assessment involves judgement about the future profitability of the Group.</td><td>Our audit procedures included:
Reviewing of the Group's forecast for 5 years from 1 July 2019 and assessing management's assumptions and inputs for reasonableness;
Engaging our Taxation specialists to conduct a review of the tax effect calculations; and
Checking the mathematical accuracy of the forecast and reconciling input data to supporting evidence, such as approved budgets and considering the reasonableness of the budget.</td></tr>
<tr><td colspan="2">Recognition of Revenue and Profits on Long Term Contracts
Refer to Note 4 in the financial statements</td></tr>
<tr><td>The Group's largest source of revenue is from construction and engineering, which amounted to $659,118,000 for the year ended 30 June 2019. As disclosed in Note 1(o), these revenues are recognised over time as performance obligations are fulfilled.</td><td>Our audit procedures included:
Reviewed contractual terms with customers and substantiated project revenues and costs incurred against underlying supporting documents;</td></tr>
</table>

Construction and engineering revenue is recognised by management after assessing all factors relevant to each contract, including specifically assessing the following as applicable: • Determination of stage of completion and measurement of progress towards performance obligations; • Estimation of total contract revenue and costs including the estimation of cost contingencies; • Determination of contractual entitlement and assessment of the probability of customer approval of variations and acceptance of claims; and • Estimation of project completion date. 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.	• Assessed management's assumptions in determining the stage of completion, total transaction price and total budgeted cost estimated; • Checked mathematical accuracy of revenue and profit recognised during the year based on the stage of completion; • Reviewed customers and subcontractor correspondences and discussed the progress of the projects with project managers for any potential disputes, variation order claims, known technical issues or significant events that could impact the estimated contract costs; • Discussed with project personnel and management on the rationale for revisions made to budgeted costs and checked supporting documentation; • Checked the mathematical accuracy of the revenue recognised based on the input method calculations; • Reviewed management's assessment and assessed the reasonableness of the provision for onerous contracts provided by management; and • Evaluated management's assessment of the impact to revenue recognition from the adoption of AASB 15 *Revenue from Contracts with Customers* and reviewed the quantification of the transitional adjustments made to the financial statements.
Fair Valuation of Investment Property **Refer to Note 18 in the financial statements**	
The Group owns an investment property in the Homeground Accommodation Village in Gladstone, Queensland. At 30 June 2017, the fair value of the investment property was independently valued by an external valuer. The primary valuation method used by the external valuer was a discounted cash flow (DCF) model. We determined this area to be a key audit matter as there are judgements involved in the preparation of the DCF model such as the useful life of the asset, estimated occupancy rates over the useful life, estimated growth rates and an appropriate post-tax discount rate.	Our audit procedures included: • Assessing management's determination of whether there are any impairment indicators; • Assessing the valuation methodology used by the external valuer; • Assessing the competency of the external valuer; • Assessing the appropriateness of relying on the independent valuation undertaken in July 2017 and whether the assumptions utilised in the valuation were still appropriate as at 30 June 2019; and • Reviewing the independent valuation and assessing the assumptions and inputs used for reasonableness.

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 2019 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and 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.

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 2019.

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

Responsibilities

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

RSM

RSM AUSTRALIA PARTNERS

TUTU PHONG
Partner

Perth, WA
Dated: 28 August 2019

Additional Information for Listed Public Companies

FOR THE YEAR ENDED 30 JUNE 2019

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 30 June 2019 are:

	Shares	%
Denis Criddle	27,679,145	11.61
Thorney Investments Group	26,024,227	10.92
Commonwealth Bank Group	20,466,031	8.59
BlackRock, Inc.	16,520,645	6.93
Paradice Investment Management Pty Ltd	15,358,597	6.44

The following information is made up as at 31 July 2019:

2. Distribution of shareholdings

	No. of shareholders	No. of ordinary shares	%
1 – 1,000	1,409	708,946	0.30
1,001 – 5,000	1,673	4,794,293	2.01
5,001 – 10,000	647	5,001,560	2.10
10,001 – 100,000	713	19,199,529	8.06
100,001 and over	87	208,605,876	87.53
Total	**4,529**	**238,310,204**	**100.00**

There are 797 shareholders with an unmarketable parcel totalling 183,883 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 2019

4. Twenty largest shareholders

The names of the twenty largest registered shareholders of fully paid ordinary shares in the Company as at 31 July 2019 are:

	No. of Ordinary Fully Paid Shares Held	%
HSBC Custody Nominees (Australia) Ltd	40,382,743	16.95
J P Morgan Nominees Australia Ltd	32,180,903	13.50
Citicorp Nominees Pty Ltd	29,458,843	12.36
Broadway Pty Ltd – Decmil Australia Fund A/C	10,475,000	4.40
Bond Street Custodians Limited – Salter D64848 A/C	8,326,365	3.49
UBS Nominees Pty Ltd	7,929,133	3.33
Broadway Pty Ltd – Decmil Australia A/C	7,824,666	3.28
BNP Paribas Nominees Pty Ltd – Agency Lending DRP A/C	7,252,267	3.04
National Nominees Ltd	5,928,374	2.49
Scadden Pty Ltd	5,200,000	2.18
L, M & R Franco – The LMR Franco Unit A/C	5,000,000	2.10
Sandhurst Trustees Ltd – Endeavor Asset Mgmt A/C	4,855,054	2.04
Zero Nominees Pty Ltd	3,245,382	1.36
AMP Life Ltd	3,145,513	1.32
BNP Paribas Noms Pty Ltd – DRP	2,506,527	1.05
Delauney Pty Ltd – The Franco Family A/C	2,300,000	0.97
Farview Pty Ltd – Ernesto Franco Family A/C	2,300,000	0.97
Mrs Nola Criddle – Criddle Investment Fund A/C	2,247,827	0.94
CPU Share Plans Pty Limited – DCG IPS Control A/C	1,925,000	0.81
Neweconomy Com Au Nominees Pty Ltd – 900 Account	1,507,788	0.63
Total	**183,991,385**	**77.21**

Corporate Directory

FOR THE YEAR ENDED 30 JUNE 2019

Directors

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

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

Perth
Level 6, 20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877

Brisbane
Level 5, 60 Edward Street
Brisbane QLD 4000
Telephone: 07 3640 4600

Auckland
Level 12, 16 Kingston Street
Auckland 1010
Telephone: +64 9 443 4443

Melbourne
Level 3, 850 Collins Street
Docklands VIC 3008
Telephone: 1300 332 645

Auditor

RSM Australia Partners
Level 32, Exchange Tower
2 The Esplanade
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
Website: 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 Infrastructure Pty Ltd
Decmil Group Limited Employee Share Plan Trust

ASX Code

DCG