2017 ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2017

SRG LIMITED

MAKING THE COMPLEX SIMPLE

ANNUAL GENERAL MEETING

10:30am - 15 November 2017
River Room, Royal Perth Yacht Club,
Australia II Drive, Crawley WA 6009

SRG Limited ABN: 57 006 413 574

BRING US YOUR IMPOSSIBLE

We are an Australian complex services company. We solve the challenging and difficult problems that others can't. Our vision is to make the complex simple for our customers.

We have people working across Australia and the world bringing our unique blend of innovation, precision, technical excellence and safety to every civil, mining and building project we touch.

We are not afraid to challenge what is considered possible.

FY17 - A YEAR OF SOLID PROGRESS

It is my pleasure to open the 2017 annual report, following a year in which SRG took another major step toward its ambition of leading the market.

On behalf of my fellow directors, and the entire SRG team, we continue to offer our thoughts and sincere condolences to the friends and family of Nathan Beesley, whose life was tragically lost in a significant land slide at a mine site earlier this year. Our resolve around Zero Harm is greater than ever and we continue to drive a strong safety culture across all parts of our business.

DRIVING IMPROVEMENT AND GROWTH

Together with our focus on Zero Harm and on further embedding the values and culture established within the Foundational Phase of our business strategy, the SRG team took steps to drive further growth for shareholders in FY17, in the Development Phase of our strategy.

We continue to deliver growth in the Australian operations of our business and we commenced investing in our international expansion program with positive early signs. During the period we opened offices in Hong Kong and New Zealand and as a result secured a major international project in Kuwait with one of our key client partners. It is this partnership approach that will continue to drive our international expansion program.

We delivered the world's largest and most complex dam anchors to stabilise the Hazelmere Dam in South Africa as well as delivering crusher pockets in Panama for First Quantum.

Looking ahead, we are well positioned in Hong Kong to secure contracts for 2018. Further to our Kuwait win, we are refocusing in the Middle East and are starting to look more closely at a number of opportunities which exist in the North America market.

During FY17, the international business represented approximately 9% of overall revenues. This number will increase as we continue grow our international operations as a key plank of the Development Phase of our strategy.

We continue to evaluate M&A opportunities that complement what we do or provide vehicles for our international expansion and anticipate further activity in this area in FY18.

We will continue to take a disciplined and strategic approach to the assessment of M&A opportunities to ensure that they add value to shareholders.

GROWING SHAREHOLDER RETURNS

The full year saw a 25% increase in our Net Profit Before Tax (NPBT) result to $11.6 million, compared with the NPBT of $9.2 million in the prior period. The Board has declared a final fully franked dividend of 4 cents per share (cps), with a record date of 13 September 2017 and payment date of 13 October 2017. This brings the total dividends declared for FY17 to 7 cps (up 16.7% on the 6 cps in FY16.)

PERFORMANCE AND INCREASED OUTREACH LEADS TO STRONGER INVESTOR RELATIONSHIPS

During the year, the market again recognised SRG's strong performance with the share price increasing 33% from $0.98 per share on 1 July 2016 to a close of $1.30 per share on 30 June 2017. We have significantly outperformed the market in terms of growing SRG's value. Looking back three years from 30 June 2017, our market capitalisation had grown 2.3 times to $83.4m.

FOUNDATION 2015	DEVELOPMENT 2016-2019	MARKET LEADERSHIP 2020+
Develop vision / strategy ✓	Execute strategy	Zero Harm industry leader
Drive Zero Harm ✓	Projects delivered above green sheet	Global complex service partner of choice
Right structure / capability ✓	Secure specialised civil projects of scale	Strong brand
Develop brand / value proposition ✓	Organic growth in target markets	Employer of choice
Rigorous review mechanisms in place ✓	Growth in complementary services / markets	ASX top 200
Formalise relationships with key stakeholders ✓	Selective acquisitions to accelerate growth	Consistent performance
Drive improvement / efficiency ✓	Brand recognition	Above market returns
Resolve legacy issues ✓		Diversified international specialist contractor

"AN ABSOLUTE COMMITMENT TO SUCCEED HAS ENABLED US TO MEET OUR TARGETS"

Our increasing valuation and record of strong financial performance has captured investor interest. We now have over 50 institutions interested in tracking our progress and the investor relations program that we've established over the past two years has developed a strengthening institutional register.

One significant event that occurred during the period was the change in status at Hunter Hall, which was a substantial shareholder in SRG. As the fund was transitioned across to new custodian Pengana, portfolio rebalancing brought some short term downward pressure into the SRG share price. Due to strong interest, the stock was taken up by new and existing holders.

Formal analyst coverage of SRG is being written by original supporter, Hartleys Limited and during the year Patersons and Bell Potter both initiated coverage on SRG. Many broking houses continue to have us on their watch lists, favouring the fact that SRG is developing a track record of delivering both growth and yield to their clients.

COMMITTED TO SUCCESS

Relentless pursuit of improvement and growth under Managing Director and CEO, David Macgeorge's leadership drove the SRG team to deliver a strong outcome at the end of FY17. A lot of hard work from the team, strategy at all levels within the business and an absolute commitment to succeed has enabled us to meet our targets.

On behalf of my fellow directors, I would like to sincerely thank David and his team for their passionate commitment to delivering against the targets we set to drive returns for shareholders. It has been a massive effort, which has involved teamwork across the whole business. Fierce discipline, rigour and accountability has been necessary for a successful outcome. As has innovation for both ourselves and our customers, which has led to new IP and increased labour efficiencies.

IN CLOSING

FY15 and FY16 were all about laying the foundations to run a successful business. While the foundational work is, to a certain extent, never quite finished, in FY17 we reinforced those foundations while progressing further into the Development phase of our strategy, which saw us start to uncover substantial sustainable growth both domestically and internationally. This has been underscored by the investment we made into our international business, the significant wins we have started securing offshore and the larger contracts won domestically, such as the $100 million agreement with BGC Contracting.

Overall in FY18, we expect to make further solid progress in the Development Phase of our strategy and remain firmly on track to enter the Market Leadership Phase of our strategy in 2020 and beyond. Continued focus on our strategy will enable us to deliver on the vision of making the complex simple – both at home and offshore.

In closing, I'd like to thank our shareholders for their support during the year. We look forward to keeping you across our progress as we move towards the Market Leadership phase.

Peter McMorrow
Chairman

CORPORATE HIGHLIGHTS FY17

ZERO HARM CONTINUED IMPROVEMENT

- LTIFR IMPROVED 62%
- TRIFR IMPROVED 11%
- INNOVATION
  - EQUIPMENT
  - PROCESS

FINANCIAL RESULT

- FY17 REVENUE UP 29%
- FY17 NPBT UP 25%
- FY17 EPS UP 24% TO 12.24 CPS
- POSITIVE TREND IN ASSET EFFICIENCY

SHAREHOLDERS

- CASH IN HAND $24.4M
- NO NET DEBT
- FULL DIVIDEND OF 7 CPS
- FY17 SHARE PRICE UP 33%
- INCREASED ANALYST COVERAGE

WORK WINNING

- NEW MINING CONTRACTS
- DAMS AND BRIDGES
- INTERNATIONAL WINS
- LNG TANKS
- SERVICES GROWTH

WORK IN HAND (WIH)

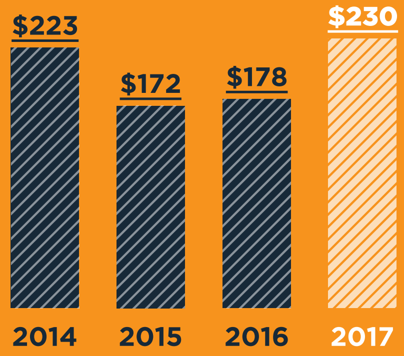
- WIH UP 41% TO $338M
- WIH FOR FY18 OF $160M
- $1.25B PIPELINE
- POSITIVE TREND
- INTERNATIONAL GROWING

EXPANSION

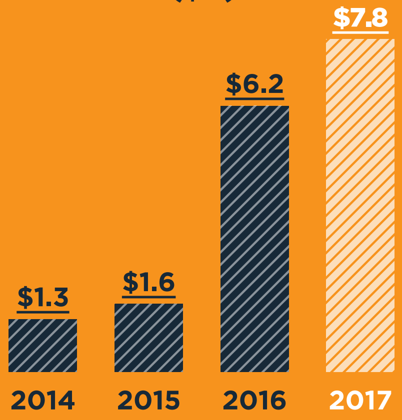
- INTERNATIONAL INVESTMENT
- KEY CLIENT FOCUS
- HONG KONG PIPELINE
- US / CANADA
- M&A PIPELINE

HOW ARE WE DOING?

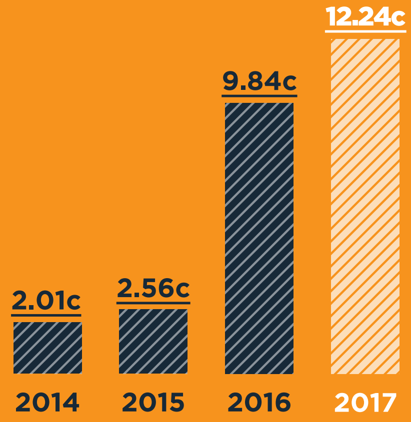
REVENUE
($M)



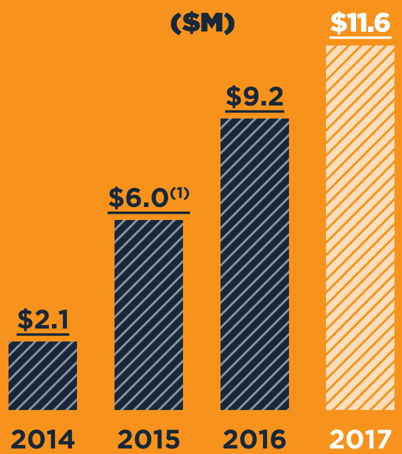
NET PROFIT AFTER TAX
($M)



EARNINGS PER SHARE
(CENTS)

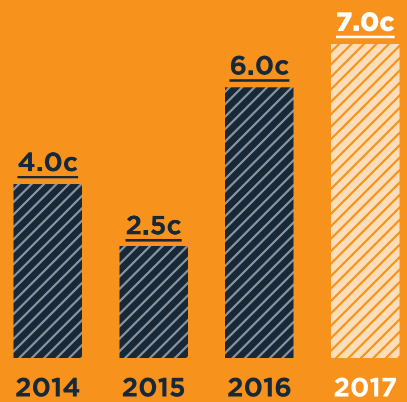


NET PROFIT BEFORE TAX
($M)



(1) Adjusted for ETP dispute settlement

DIVIDEND DECLARED
(CENTS PER SHARE)



WE SOLVE THE COMPLEX PROBLEMS THAT OTHERS CAN'T

Anchoring the Snowy Mountain Scheme in 1961 gave us our start. A global company built to take on the infrastructure and mining projects others consider too challenging or complex.

Who we are

We are an ASX listed Australian complex services company.

Our story began in 1961 with our first contract to install rock anchors for the Snowy Mountain Scheme.

Since then we have gone on to work on many iconic stadiums, skyscrapers, bridges, dams, structures and mining projects, both here in Australia, and in Asia, Europe, Africa and the Middle East.

Today, our technical capability is second to none and thinking outside the box is ingrained in our DNA.

Some of the best civil, mining and building problem solvers and technical experts can be found working within our business.

Our vision is to make the complex simple for our customers, underpinned by the five values that define us which are Zero Harm, Innovation, Integrity, Teamwork and Excellence.

What we do

We solve the challenging and difficult problems that others can't.

We have people working across Australia and the world bringing our unique blend of innovation, precision, technical excellence and safety to every mining, civil and building project we undertake.

Few complex services companies have amassed the same knowledge, developed as many innovations or worked on as many world-class projects as we have over the past 50 years.

When you need people who are not afraid to challenge what is considered possible, you can call on us.

We bring a solution driven culture to every project and we do so as one company, united by our values and culture of innovation, with a single set of safety and quality standards.

CIVIL

Dam Strengthening
Bridge Construction
Bridge Maintenance
Tank and Silo Construction
Heavy Lifting
Load Handling
Slipform
Stay Cable Systems
Ground Anchors

MINING

Drill and Blast
Ground Support
Engineering
Technical Access
Mine Infrastructure
Underground
Open Pit
Civil
Monitoring

BUILDING

Post-Tensioning
Slab on Ground
Industrial Pavements
Multistorey Post-Tensioning
Post-Tensioning Design
Slipform
Reinforcement
Remedial

SERVICES

Remedial Diagnosis and Investigation
Concrete Repair
Structural Strengthening
Waterproofing
Precision Grouting
Facade Restoration
Architectural Restoration
Cathodic Protection

PRODUCTS

SureLok™
Macalloy Bar
Concrete Canvas
Rock Mesha
Ground Support Products
Geotechnical Equipment
Ducting and Duct Chairs
Barrels and Wedges
Castings

LEARN ABOUT OUR SERVICES
SRGLIMITED.COM.AU

MINING

- STRONG PERFORMANCE
- HIGH ASSET UTILISATION
- SIGNIFICANT WINS
- NEW CUSTOMERS
- NEW COMMODITIES

CIVIL

- BRIDGE WINS
- DAM WINS
- SOLID PIPELINE
- FOCUS ON EXECUTION
- MORE SCALE REQUIRED

BUILDING

- CHALLENGING FY17
- GOOD FY18 WIH
- FOCUS ON EFFICIENCY
- DRIVE PERFORMANCE THROUGH INNOVATION

PRODUCTS

- POSITIVE FY17 FOR MONITORING BUSINESS
- UPGRADED SURELOK™
- SURELOK™ - 15,000 SOLD AND GOOD PIPELINE
- SALES AND M&A FOCUS

SERVICES

- SOLID PERFORMANCE
- NSW / QLD ENTRY
- TARGET RECURRING REVENUE
- KEY CLIENT FOCUS

INTERNATIONAL

- SIGNIFICANT PROJECT WIN
- NEW ZEALAND ENTRY
- HONG KONG PIPELINE
- US / CANADA FOCUS
- POSITIVE FY18 RETURNS

INVESTING IN OUR FUTURE AND DELIVERING

In FY17 we did what we said we would do. We further embedded our strong values across the business, delivered top and bottom line growth, better embedded relationships with customers and investors whilst we invested in our international expansion program and increased total shareholder returns in the process.

Our work is not done though – we are firmly focused on delivering against our targets in the Development Phase of our strategy as we progress towards the Market Leadership Phase.

IN MEMORY OF NATHAN BEESLEY AND THE ONGOING IMPORTANCE OF ZERO HARM

Further to Chairman Peter McMorrow's words, I'd like to open my review by remembering our colleague, Nathan Beesley who tragically lost his life on a work site in 2017. Our deepest sympathies go to Nathan's family, his friends and to all our people.

Zero Harm is a journey that never ends and we continue to invest in initiatives to drive safety in our business. These initiatives include a combination of leadership programs, training and education as well as innovative technology, equipment and process enhancements.

Whilst our safety record is improving across a number of our metrics, there is still much to do and safety will in perpetuity remain a critical priority for this business.

TAKING ANOTHER STEP TOWARDS THE COMPANY WE KNOW WE CAN BE

In FY15 and FY16 we set the foundations for the business. During FY17, we took further steps toward becoming the company we ultimately want to be as we move through the Development Phase of the business strategy we announced two years ago.

We worked hard to deliver against our objectives in FY17 and I'm pleased to report that we have delivered a good result.

We continue to drive further scale in our business with "Work in Hand" of $338m – a record number and 41% higher than this time last year.

We invested in our International expansion program in FY17. This will translate to positive returns to shareholders in FY18 and beyond. We are also becoming better recognised by clients and investors for the work that we do and our strong reputation for delivery.

We continued to invest in leadership, with a focus on work winning and customer relationships. This initiative followed on from the SRG Leadership Forum which was held in October 2016 and has contributed to what is now a record work in hand number, which is testament to both the effort of the team and the strong relationships we've developed with customers.

Our International investment program has been the most significant initiative of the last 12 months, and numerous examples point to the fact that this strategy is starting to bear fruit – the most recent being the announcement that we had been selected by Hyundai Electrical and Engineering to deliver 8 LNG tanks on a major infrastructure project in Kuwait. This $26.5 million win follows a number of international contract wins in New Zealand, Panama, South Africa and other countries, and provides early validation of our investment into the international business.

During the period we assessed a number of potential acquisition targets with the objective of further accelerating growth. We've invested in our capability in this area and have a solid pipeline of potential acquisitions moving through the review process at any point in time. In line with our rigorous and disciplined approach to everything we do, each potential acquisition target is evaluated to determine its ability to fit into the framework of the SRG business and deliver sustainable growth. Work is ongoing to find the right acquisitions to bring that growth into the business and we feel positive about the potential of these activities to deliver further shareholder growth.

While FY17 has been rewarding, it has also been a challenging year, driven by a number of factors, including weather and a tough industrial relations and competitive environment. Despite that, we've managed to deliver further improvement as we pride ourselves "on taking on the difficult and challenging problems that others can't."

CULTURE, COLLABORATION AND VALUES

Many examples from FY17 demonstrated SRG's values in action. However in any business there is the need to ensure the foundations remain reinforced - we are working at all levels to see that the team executes within the framework we've built.

ZERO HARM

Zero harm is the glass ball that you can never drop. It is a value and part of the culture that is critical to delivering our vision of "making the complex simple".

As mentioned earlier, we continue to invest in this area through a combination of training and enhancement in technology, equipment and process

INNOVATION

The ability to innovate is not just a core value, but one of our team's strengths and some great examples of innovation came through the business in FY17. We continued to develop and improve the SureLok product range, including the launch of the SureLok Basement Retention System during the period. A new "Bent Duct" product was also introduced via the Products division which saves time and expense for customers. Both of these innovations have been developed by our Products division and are now being specified into both our own work and by customers for their own jobs. New products like this add to our intellectual property portfolio and expand our incremental product sales.

We continue to introduce proprietary equipment in the dam space which further cements our market leadership position and competitive advantage.

In addition to these inventions, we took a closer look at the strong synergies between our Products and Building divisions, and took steps to further encourage cross selling and product innovation by unifying the two teams under one leader.

INTEGRITY

We've made it a key part of our business to do what we said we would in delivery to all stakeholders. Several of SRG's customer relationships were strengthened during the period as a result of this focus and one good example of this was the $100 million contract extension we announced in May 2017 with BGC, under which SRG is delivering drill and blast operations to the South Middleback Ranges and Iron Knob sites in Whyalla, owned by Arrium.

Delivering against our objectives comes through not just in our customer relationships, but also in delivering value to investors. We've kept our eye on the objective of delivering across the financials and strengthening our balance sheet and the business is well positioned with solid foundations and a strong bottom line.

TEAM WORK

Cross selling initiatives across the business are key and saw many examples of our teams working together to bring a better offering to customers. The depth of our customer base's understanding of what we do has only been strengthened in these examples where multiple SRG teams have collaborated to deliver contracts for the benefit of the customer.

EXCELLENCE

From a total shareholder return perspective it's been a positive 12 months. Our share price increased a further 33% during the period and we've again been able to announce a full year dividend of 7 cents per share.

Continuing the theme of excellence in financial performance, SRG posted a 25% improvement in profit, an improvement in our key safety indicators and a record work in hand number of $338 million. We also continue to drive and optimise our assets with our utilisation rates at record levels.

Thanks to a strong team with a specialist skillset and proven track record, we are leading the way in the dam anchoring space and executing jobs using world-record breaking dam anchors. SRG is also starting to become a real presence in the LNG tank space internationally, delivering large and difficult projects with precision.

Finally, it was pleasing during the year to see our Victorian Services team recognised by industry peers with the receipt of two Awards for Excellence from the Australasian Concrete Repair Association (ACRA) in both the Strengthening and Building categories on two high profile jobs. This was a fantastic achievement and one which reinforces our commitment to excellence in delivery of everything we do.

YEAR ON YEAR GROWTH

Revenues for FY17 were up 29% from $178 million in FY16 to $230 million in FY17. Once again, the composition of our growth has improved, leading to stronger profitability. Several significant wins were posted during the year, particularly across Mining, Civil and Services. The focus remains targeting profitable growth and we will continue to maintain rigour and discipline in this area.

FY17 FINANCIALS

Net profit before tax was $11.6 million, representing an increase of 25% on the FY16 NPBT. Earnings per share increased 24% to 12.24 cents per share

ZERO HARM INITIATIVES DELIVERED FURTHER IMPROVEMENT IN KEY METRICS

THE FOLLOWING INITIATIVES WERE IMPLEMENTED ACROSS THE SRG BUSINESS IN THE LAST 12 MONTHS:

- 11% REDUCTION IN THE TRIFR RATE
- 62% REDUCTION IN THE LTIFR RATE
- DEVELOPED AND IMPLEMENTED NEW ZERO HARM STRATEGY
- MAINTAINED ISO CERTIFICATION OHSAS 18001 SAFETY, ISO9001 ENVIRONMENTAL AND ISO14001 QUALITY
- MAINTAINED FEDERAL SAFETY COMMISSION ACCREDITATION
- MANUFACTURED AND SUPPLIED 15 EARLY WARNING DEVICES FOR ELEVATED WORK PLATFORMS FOR THE CONSTRUCTION INDUSTRY
- DEVELOPED AND IMPLEMENTED SKILLS IN WORK HEALTH AND SAFETY TRAINING PACKAGE IN CONJUNCTION WITH ACCREDITED TRAINING PROVIDER. 152 LEADERS WITHIN THE BUSINESS HAVE NOW COMPLETED THIS TRAINING
- COMMENCED IMPLEMENTATION OF SKILLS IN RISK FUNDAMENTALS TRAINING PACKAGE, DESIGNED FOR WORKERS TO GAIN GREATER UNDERSTANDING OF BASIC RISK MANAGEMENT PRINCIPLES
- DEVELOPED MONOSTRAND POST-TENSIONING TRAINING PACKAGE IN CONJUNCTION WITH ACCREDITED TRAINING PROVIDER
- SUCCESSFULLY INTRODUCED HEALTH AND WELLBEING PROGRAM - NO STRETCH NO PLAY - FOR INJURY PREVENTION

and this measure clearly shows the strong performance of the company in what are challenging market conditions.

The Group finished the year with a very strong cash position and no net debt. Cash flow from operations was $7.0 million. In 2017, $4.5 million in dividends were paid which includes the 2016 final and 2017 interim dividend. Dividends declared for the year totalled 7 cents per share fully franked and represents a 16.7% increase.

At year end, the work in hand for the Group increased 41% to $338 million, up from $240 million in the prior year.

Mining

SRG Mining recorded revenue of $68.7 million up 21% from the $56.6million recorded in the previous year. The Group mining services performed to expectations and increased its contribution to the group with additional project opportunities and contract extensions. The profit before tax for the mining segment increased to $8 million (2016: $5.8 million).

SRG Mining's work in hand at the end of the financial year increased 43% to $215.2 million compared to $150.9 million in 2016.

Construction

The construction segment saw an increase in revenue to $159 million from $121 million in the previous year. The segment had a net profit before tax of $5.2 million (2016: $4.8 million).

Construction's work in hand at the end of the financial year increased by 40% to $123 million.

BUSINESS DIVERSITY ACTS AS A HEDGE AGAINST POOR CONDITIONS

SRG managed to deliver a strong result despite a complex web of domestic macroeconomic conditions in the domestic market during FY17.

Poor weather affected building conditions across the sector, leading to slightly lower returns in SRG's **Building** division. We continue to invest in equipment to drive operational efficiency in anticipation of a softening of the building sector in the eastern states of Australia in the next few years.

Our **Products** division had a reasonable year with both radar and mining products showing positive outcomes. Construction products delivered less volume than anticipated due to delays caused by inclement weather and industrial relations disputes that affected some customers.

The **Services** division has been a very positive story, particularly on Australia's eastern seaboard where we have delivered several large and iconic projects, such as the refurbishment of the iconic Palais Theatre in Melbourne. Our focus within Services has been winning larger projects and this approach is delivering good results.

Mining performed especially well again during FY17. We continue to secure new contracts, commodities and customers (Peabody Energy, Resolute Mining and Cliffs Natural Resources) along with renewing and expanding key term contracts.

Civil has had a positive year owing to a stream of wins in the dams, bridges and tanks spaces. Substantial jobs such as Keepit Dam in Gunnedah, New South Wales, Hazelmere dam in Durban, South Africa and the Pimlico to Teven Stage 3 project for Roads and Maritime Services in Ballina, New South Wales contributed to the result. This pipeline only continues to grow as our delivery record becomes better known both domestically and offshore as we focus on driving scale to better leverage our technical and engineering resources.

OUTLOOK FOR FY18

There is more work to be done to promote the diverse offering that SRG can bring to market. Increasing the scale of the work we're winning will be critical for profitable delivery across a range of geographies to ensure appropriate leverage of our fixed costs.

As we enter FY18, SRG is well positioned to take another step forward in our push towards the Market Leadership Phase of our strategy.

We are expecting FY18 to deliver a better revenue and profit outcome for our shareholders than FY17 weighted to the second half as we continue to focus on growth, expansion, acquisitions along with disciplined execution.

We look forward to continuing to work with our customers and partners in "making the complex simple". ///

David Macgeorge

David Macgeorge
Managing Director

OUR BOARD

PETER McMORROW

CHAIRMAN

Peter McMorrow joined the Board of SRG as a Director in July 2010, and moved into the role of Chairman in July 2014. He is also a member of the Remuneration and Benefits Committee.

Peter has over 35 years project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations.

Previously, Peter was Managing Director of Leighton Contractors, for the period between 2004 and September 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees.

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

DAVID MACGEORGE

MANAGING DIRECTOR

David Macgeorge joined SRG as Managing Director in May 2014.

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

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

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

MICHAEL ATKINS

NON-EXECUTIVE DIRECTOR

Michael joined the SRG Board as a Director in September 2014, and is Chairman of the Audit Committee.

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

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

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

PETER BRECHT

NON-EXECUTIVE DIRECTOR

Peter Brecht joined the Board of SRG Limited in September 2014. He is Chairman of the Remuneration, Nomination and Benefits Committee.

Previously the Managing Director - Construction Australia for Lend Lease, CEO of Bilfinger Berger Australia, Managing Director of Abigroup, Peter has more than 35 years' experience in the construction industry.

Peter is the Chairman of SMC (Sydney Motorway Corporation) and Board Member of Fulton Hogan Limited. He has been a Member of the Australian Institute of Company Directors since 2000.

ROBERT FREEDMAN

NON-EXECUTIVE DIRECTOR

Bob Freedman has been involved with SRG since 1970 when he joined the business as Manager WA. He held the role of Managing Director from 1985 until 2009 and has been a Director since 1985, serving as Chairman of the Board between 2009 and 2014. He is also a member of the Audit Committee.

Bob has been involved in the construction industry since 1967 and has been involved with the construction of many iconic projects, including Sydney Tower, Stadium Australia and the Emirates Tower. He was responsible for establishing SRG's overseas operations in Asia, the United Kingdom, the Middle East and South Africa.

Bob is a Member of the Institution of Engineers Australia, and holds a Post Graduate Diploma in Business Administration (W.A.I.T).

OUR LEADERS

ROGER LEE

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Roger joined SRG as CFO and Company Secretary in July 2014, and brings over 25 years' experience in senior and executive management in Australia.

Prior to joining SRG, Roger played an integral role in the establishment and growth of Broad Group Holdings (now part of the Leighton Contractors Group), a national commercial and civil construction company which grew from inception to annual revenues of over half a billion dollars during his tenure.

During his time at Broad, he held various executive roles including Director/CFO, and subsequently Managing Director of Broad. He has also held other Executive Finance roles at Leighton Contractors, both at corporate level and within the Infrastructure Division.

Roger is a qualified CPA and is a graduate of the University of Western Australia in Commerce, majoring in Finance and Accounting.

JOE THOMAS

EXECUTIVE GENERAL MANAGER MINING, BUILDING & PRODUCTS

Joe joined SRG in October 2014 and holds the role of Executive General Manager Mining, Building & Products.

Prior to commencing with SRG, Joe held General Manager roles at IES Resources, Queensland Rail, and Mountain Industries (a subsidiary of Asciano). He also held the role of Director of Coal Services at Bis Industries across a five year period.

Joe studied Mathematics at the Queensland University of Technology, has completed a Diploma in Business Coaching and the Advanced Management Program at INSEAD in Singapore.

NICK COMBE

EXECUTIVE GENERAL MANAGER CONSTRUCTION

Nick joined SRG in July 2017 as Executive General Manager Construction.

Nick has extensive leadership and management experience in the construction sector and has most recently held the role of General Manager WA / NT with CPB Contractors with responsibility for circa $1 billion turnover.

Nick holds a National Diploma in Construction Management from Nelson Mandela Metropolitan University in South Africa.

MIKE CLARKE

EXECUTIVE GENERAL MANAGER INTERNATIONAL

Mike joined SRG as Executive General Manager International in June 2016 and brings over 26 years international experience.

Prior to joining SRG, Mike held the role of General Manager (Macau) at Leighton Asia. He has also held senior roles on high profile and complex civil, building and mining projects throughout Asia.

A Chartered Engineer, Mike holds a Bachelor of Science degree from the University of Leeds and a Doctorate (Mining Engineering) from the University of Nottingham. He is also a member of the Hong Kong Institution of Engineers, the Institution of Materials, Minerals and Mining, and the Chartered Institute of Building.

COREY MARANESI

GENERAL MANAGER COMMERCIAL

Corey joined SRG in March 2015 and has over 20 years senior management experience in commercial, risk and finance positions. His previous roles have covered a wide range of industries including infrastructure, logistics, mining and manufacturing. He holds a Bachelor of Commerce degree, Masters in Business Administration and is also a Certified Practicing Accountant.

BEN DAVIS

GENERAL MANAGER PEOPLE

Ben joined SRG in May 2017 as General Manager People and a member of the Executive Team. Ben brings 18 years' of experience in operational and corporate Human Resources roles both internationally and within Australia.

Ben has previously held Human Resources leadership roles with Qantas, Woodside Energy and BHP Billiton. Immediately prior to commencing with SRG, Ben held senior Human Resources roles with HESS Corporation in the United States including the role of Senior Manager HR - Offshore Americas and West Africa, based in Houston, Texas.

Ben holds a Bachelor of Business (Double Major HR & Sport Management) from Edith Cowan University Western Australia, as well as a Graduate Certificate in Leadership from Rice University - Jones Graduate School of Business, Houston, Texas.

MICHELLE QUIGLEY

GENERAL COUNSEL

Michelle joined SRG as General Counsel in September 2014, and brings significant experience to the role, managing all the legal issues and aspects for the company internationally. She is also responsible for the comprehensive global insurance program and code of conduct compliance. Prior to SRG, Michelle acted for many years as a senior in house legal counsel for Leighton Contractors Pty Ltd and its wholly owned subsidiary, Broad Group Holdings, managing the litigation division.

Michelle is a certified legal practitioner, admitted to practice, after completion of her Articles in 2004. She also completed a Master of Laws with the University of Melbourne, specialising in Construction Law.

BARRY MORSSINKHOF

GENERAL MANAGER QSE

Barry joined SRG in February 2017 as General Manager QSE and a member of the Executive Team. Barry also leads SRG's National Zero Harm Leadership Team, helping to embed the Zero Harm value through the Company from the bottom up and top down.

Barry is an Occupational Health, Safety, Quality, Environmental and Training (HSQET) professional with 20 years' civil, building, construction, mining and blasting experience and over 10 years in a senior HSQET role.

Prior to joining SRG, Barry held various senior QSE roles for both Lendlease and Downer EDI.

Stressing Ground Anchors - Hazelmere Dam

Transport of Ground Anchors - Hazelmere Dam

ANOTHER ANCHORING WORLD RECORD SET BY SRG

Specialist in high capacity ground anchors for dams – SRG has recently set another anchoring world record with the anchors at Hazelmere Dam in Durban, South Africa. Currently, SRG is working on two dam projects which involve installation of the world's highest capacity ground anchors – Hazelmere Dam in Durban, South Africa and Keepit Dam in Gunnedah, New South Wales.

HAZELMERE DAM, DURBAN, SOUTH AFRICA

In October 2015, SRG was awarded the contract with Group Five Coastal for strengthening works to the Hazelmere Dam in Durban, KwaZulu Natal, South Africa. Hazelmere Dam is a concrete gravity arch-type structure which is 478 metres long with a centre line radius of 725 metres. It incorporates a 103 metre long ogee spillway, situated 60 metres from the right back end. The dam was originally completed in 1976 and was designed and built to accommodate a proposed increase in dam height through the installation of steel gates.

The project includes repair to the grout curtain to reduce leakage under the dam wall, the construction of a concrete piano key weir to increase the dam wall height by 7 metres and ground anchors to strengthen the wall to take the increased loads due to the higher water level. When complete, the Hazelmere Dam will hold close to double the current 23.9 million cubic litres increasing capacity to 43.7 million cubic metres.

The project requires 83 permanent ground anchors to be installed, of these 83 anchors, 12 will be produced using anchors comprised of 91 steel strands. This is the first time an anchor of this size has been used outside of Australia and is only the fourth time the technique has been deployed globally. The other three projects which used anchors of this size were all completed by SRG – Catagunya Dam in Tasmania and Western Australia's Wellington and Canning Dams. Currently the work at Hazelmere Dam is progressing well and out of the 83 anchors to be installed, stressed and grouted, 60 holes are drilled, 50 anchors installed and grouted and 23 of those 50 have been stressed.

KEEPIT DAM, GUNNEDAH, NSW

In November 2016, SRG was awarded a $24.4 million contract by WaterNSW for specialist dam anchoring works on the Keepit Dam upgrade project in New South Wales.

Keepit Dam is situated on the Namoi River, 30 kilometres upstream of Gunnedah on the north west slopes of the New South Wales Northern Tablelands. The dam has a capacity of 425,000 megalitres, making it nearly as large as Sydney harbour.

SRG is the head contractor on the project and will complete all the works required for the installation of 67 permanent ground anchors in the concrete section of the existing dam as well as significant civil works associated with the project. Each of the anchors is made up of 15.7 millimetre strand cables of varying lengths, the largest anchors will have 91 strands and be approximately 88 metres in length and this will be the fifth dam project to use these world record capacity 91 strand anchors.

Transporting anchors of 88 metres in length requires a great deal of planning. The anchors are being manufactured on site quite close to the dam wall. They then have to be transported approximately 1.5 kilometres up to the dam wall, which requires them to pass through the WaterNSW workshop and maintenance facilities. A transport management plan has been agreed upon and the anchors are transported on a purpose build set of trolleys approximately 100m long for the longest anchors.

INNOVATION

With INNOVATION being one of SRG's core values, it was no surprise to see a number of innovations developed for the Keepit Dam Improvement project.

PURPOSE BUILT GROUT MACHINE

Grouting is an integral part of the anchoring process. In order to grout the anchors once they are installed, a grout machine is located on top of the dam wall which requires 20kg bags of cement to be lifted manually and loaded into the grout mixing bowls one at a time. This process is labour intensive and requires significant manual handling. A solution was developed internally to produce a purpose built grout machine with a hopper attached which enables up to one tonne of cement to be loaded into the hopper using a forklift and can then deliver a pre-set measured amount of cement into the mixing bowls autonomously. This new piece of specialist equipment not only saves a significant amount of time, it is more accurate and also increases safety by removing all forms of manual handling from this operation.

Purpose built grout machine - Keepit Dam

REMOTE E-STOP FOR COMPRESSORS

Another innovation which has been installed on site at the Keepit Dam upgrade project is a remote controlled kill switch for the three air compressors which supply high volume compressed air to the drill rig. The drill rig can be up to 300 metres away from the compressors during drilling operations. In order to ensure safety in the event of an emergency, a remote kill switch (e-stop) has been developed and installed on the drill rig to enable the compressors to be shut down at the press of a button.

SIX SLIPFORMED SILOS COMPLETED IN NSW

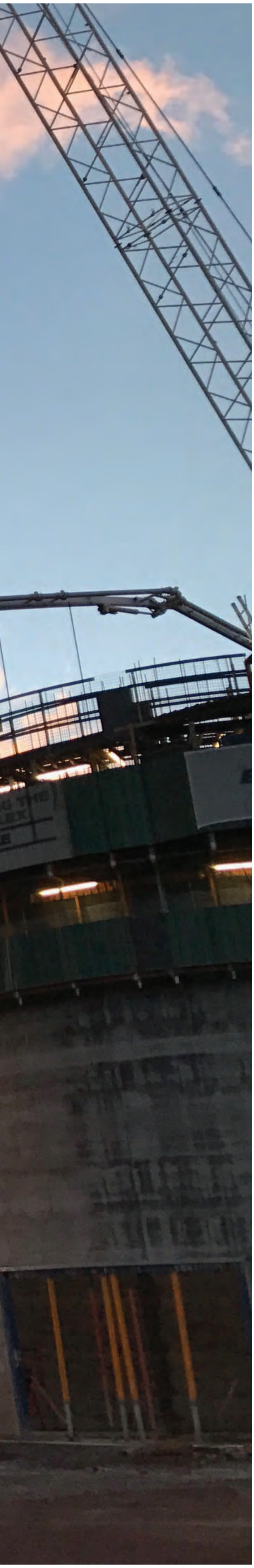
SRG's Civil team has completed the slipform construction of six concrete silos at an existing working quarry at Shellharbour near Wollongong in NSW, two hours south of Sydney.

Each of the silos are 15.6 metres high and will hold quarry aggregates and manufactured sand. SRG's site team worked around the clock during six back-to-back shifts on each slipform operation to reach the full height of the silos.

The slipform process involves the continuous upward movement of formwork by means of jack rods and hydraulic jacks. The slipform technique is a rapid and economical construction method which can achieve considerable cost savings when compared with the cost of conventional formwork.

SRG's expertise with slipform construction and detailed reinforced concrete works was integral to securing this now complete project.

Slipform construction of silos - New South Wales



Artists Impression - Mandurah Bridge - Western Australia Image courtesy of http://www.mainroads.wa.gov.au/

PARTNERSHIP APPROACH TO BUILDING BRIDGES

SRG's Civil team is proud to again be working alongside Georgiou Group delivering another bridge infrastructure project in New South Wales, following on from the Mandurah Bridge project in Western Australia.

SRG completed incremental launching and post-tensioning works on the new Mandurah Traffic Bridge in Western Australia for Georgiou Group in the first half of 2017.

Following on from this project, SRG was selected to deliver part of Australia's largest regional infrastructure project, the Pimlico to Teven Stage 3 project, with Georgiou Group for Roads and Maritime Services in Ballina, New South Wales.

SRG is providing experience and systems to the Georgiou Group project team for the construction of a balanced cantilever bridge over Emigrant Creek and also a nearby three span bridge over Duck Creek in Ballina, New South Wales.

This is a critical infrastructure project for the Australian east coast, which is focused on improving safety and streamlining travel times along the Pacific Highway through some of New South Wales' highest volume tourist areas. The project is part of the $4.3 billion Woolgoolga to Ballina Pacific Highway upgrade, between Pimlico and Teven. It involves construction of the final southbound carriageway; demolition and reconstruction of two currently decommissioned bridges, earthworks and realignment of a new permanent junction with Pacific Highway just south of Ballina.

Nolans East - Queensland

RECORD UTILISATION AND NEW CONTRACTS IN MINING

During the 2017 financial year, SRG's Mining team secured two new contracts, taking our mining services asset utilisation to more than 90%. A trial drilling project with Cliffs Natural Resources was also successfully completed which has recently seen another new drilling contract secured, and we secured a long term $100 million agreement with BGC Contracting, extending terms of drill and blast operations at the South Middleback Ranges and Iron Knob mine sites in Whyalla South Australia.

The new contracts are located at Nolans East mine and Millennium mine in Queensland as well as the Koolyanobbing mine in Western Australia.

Nolans East mine is an open pit mine located 100 kilometres south of Townsville in Queensland, which produces gold for Carpentaria Gold. SRG was awarded a drilling contract by BGC to provide drill and stemming of blast holes at the mine.

The Millennium mine is located 160 kilometres south west of Mackay in Queensland and is an open cut coal mine which produces coking and pulverised coal injection (PCI) coal.

SRG is providing drilling services for Peabody Energy. This is the first coal project SRG has been involved with in a number of years and is utilising two of our existing large DR460 drill rigs.

Koolyanobbing mine is located in the Yilgarn region, approximately 400 kilometres northeast of Perth in Western Australia and provides lump and fine iron ore products internationally to the world's most rapidly growing steel markets. SRG is performing drilling works for BGC Contracting who is the mining contractor for Cliffs Natural Resources at the mine.

Jupiters' new six-star tower - Gold Coast

PT WORKS COMPLETE ON ICONIC GOLD COAST PROJECT

SRG's Building team in Queensland was selected to assist Probuild Constructions, through the provision of post-tensioning installation services for Jupiters' new six-star tower on the Gold Coast.

Comprised exclusively of luxury rooms and suites, the 17-storey tower forms part of an existing $345 million transformation at Jupiters and is the first six-star hotel to be built on the Gold Coast in more than 15 years.

SRG is responsible for the supply, installation, stressing and grouting of approximately 160 tonnes of post-tensioning over 30,000 square metres.

Work is scheduled to be completed in time for the Gold Coast 2018 Commonwealth Games.

North Canterbury Transport Infrastructure Recovery Project, New Zealand

GROUND STABILISATION WORKS IN NEW ZEALAND

KAIKOURA, NEW ZEALAND

NORTH CANTERBURY TRANSPORT INFRASTRUCTURE RECOVERY PROJECT

During FY17 SRG set up an office in Christchurch, New Zealand to expand the Company's geographic offering.

The New Zealand office's first contract was recently secured with North Canterbury Transport Infrastructure Recovery.

LARGE SCALE EARTHQUAKE CAUSES MAJOR GROUND STABILITY ISSUES AND DANGEROUS ROCKFALLS

In November 2016, a 7.8 magnitude earthquake occurred on the South Island of New Zealand centred to the South of Kaikoura which caused an estimated 22 fault raptures and uplift of coastal areas between 1 to 6 metres. Significant damage was caused to the road and rail networks between Picton and Christchurch.

One of the main areas affected was the transport corridor to the south and north of Kaikoura which is very narrow with a number of tunnels servicing both road and rail infrastructure. State Highway 1 and the main train line both hug the coast with the ocean on the eastern side and steep terrain to the west.

During the earthquake event this steep terrain failed in the form of large-scale rockfall and landslide events. The area to the south of Kaikoura experienced a number of significant rockfalls and slips, with the area to the north suffering significantly larger failures.

Currently there are thirty sites identified in the south which require some form of remediation with an expectation that a similar number of sites are still to be identified in the north.

THE SOLUTION

The SRG / BBR Contech Joint Venture was contracted to complete remediation requirements below a landslide which occurred during the earthquake.

Site 26 of the North Canterbury Transport and Infrastructure Recovery project is an area directly above the road and rail corridor located 10 kilometres south of Kaikoura. The failure extended from the transport corridor at the base of the slope and stretched 200 metres to the ridge-line above. SRG is assisting in the installation of a shallow landslide barrier which will protect both the road and rail. The barrier installation has required the establishment of access to an existing bench, excavation of concrete plinths for barrier base plates and posts, drilling of anchors and erection of the Geobrugg barrier system to protect vehicles and trains below.

A HUGE TEAM EFFORT TO SAFELY DELIVER THE PROJECT

This particular project is unique in that there are five to six different contractors working together to deliver a quality result for the North Canterbury community.

At Site 26 there was a significant amount of teamwork during the project commencement by all contractors to ensure the work area was safe. This included scaling of the entire slope, installation of a temporary barrier on the slope as well as monitoring of the slope using survey techniques to check for mass movement, all of which was performed by different contractors working together to enable the site establishment and provide protection.

Palais Theatre - Melbourne

RESTORING PALAIS THEATRE TO ITS FORMER GLORY

SRG has completed the façade refurbishment work on one of Melbourne's most iconic and best-loved entertainment venues, the Palais Theatre.

Located in St Kilda, this 90-year-old building is the largest seated theatre in Australia. The former cinema, which retains many of its original features, is considered one of the finest examples of Art Deco architecture in the country and is included on the Victorian Heritage Register.

SRG commenced the façade refurbishment work in August 2016, following months of investigation and project development with the Managing Contractor, Built Pty Ltd. Works were completed in March 2017.

SRG RECEIVES TWO ACRA AWARDS FOR EXCELLENCE

The Services team in Victoria has recently been acknowledged for its hard work and dedication by receiving two Awards for Excellence from the Australasian Concrete Repair Association (ACRA).

The annual ACRA awards night was held in Sydney on October 27 2016 where entrants from around Australia were showcased for their works in concrete repairs. There were five categories of awards and SRG was named winners of two of these categories.

In the category of Buildings, SRG took out the Award for Excellence for the Punt Hill Apartments project in Melbourne which involved facade refurbishment.

In the category of Strengthening, SRG took out the Award for Excellence for the widening of Princes Highway East Bridge over Barwon River at Winchelsea.

This is a fantastic achievement for the Services team and follows the news in September 2015 that SRG had been highly commended in the Technology category of the Concrete Institute of Australia awards for its post-tensioning product, SureLok.

Punt Hill Apartments - Melbourne

Artists impression - Al Zour LNG Import Terminal

Image courtesy of http://www.kogas-tech.co.kr

EXPANDING OUR GEOGRAPHIC OFFERING

SRG has been focusing on growing its geographical footprint and international operations during the year expanded significantly in areas such as Panama, Kuwait and New Zealand. We also continued dam works in South Africa and monitoring works in Indonesia, Papua New Guinea and the Philippines.

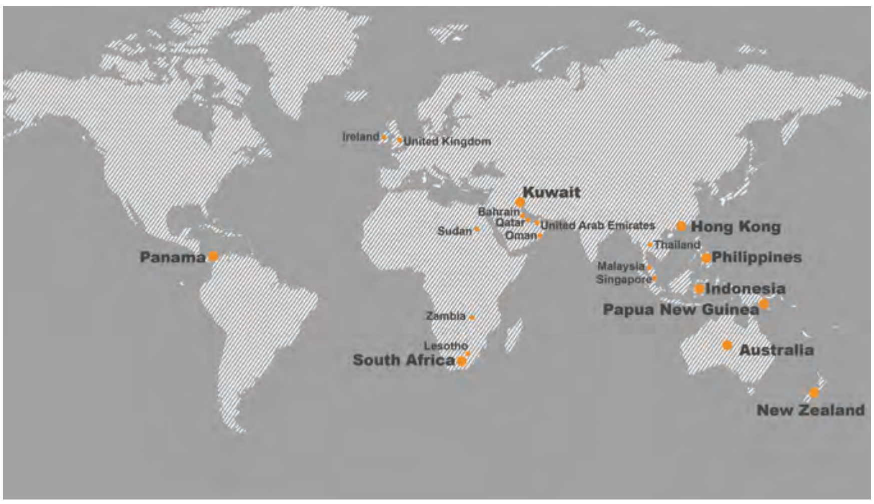
ONGOING WORKS

SRG is currently undertaking works at various international locations including construction of crusher pockets in Panama, installation of permanent ground anchors on the Hazelmere Dam project in Durban, South Africa as well as radar monitoring projects in Indonesia, Papua New Guinea and the Philippines.

SIGNIFICANT NEW KUWAIT CONTRACT AWARDED

SRG recently secured a AUD $26.5 million contract with Hyundai Engineering and Construction Co., Ltd for the provision of specialist contracting services for eight new LNG tanks in Kuwait. Under the contract, SRG will be responsible for post-tensioning the LNG storage tanks which are a core part of the Al Zour LNG Import Project in Kuwait.

Awarding of the Kuwait contract was testament to SRG's ability to move into any region and deliver projects of complexity and further demonstrates SRG's commitment to growing the international business, in line with the investment made during the year to expand internationally.



INNOVATION PROVIDES UNIQUE CUSTOMER SOLUTIONS

SRG's Products division has continued to innovate during the year, challenging pre-existing techniques and delivering out-of-the-box thinking. This work means we can provide breakthrough solutions to customers and also gain efficiencies on our own projects.

SRG's Building and Products business streams were aligned more closely during the year to better leverage the resources across these businesses and further drive innovation. During the 2017 financial year, the products team made significant progress on a number of new products which are currently in development and are designed to reduce manual handling, increase safety across project sites and deliver time efficiencies for projects where labour efficiencies drive profit.

BENT DUCT

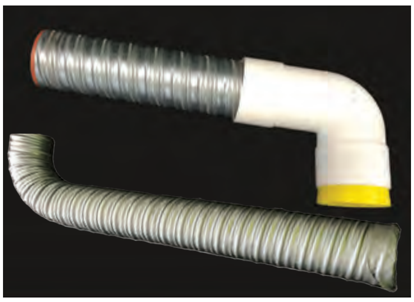
THE CHALLENGE

Through SRG's strong customer relationships, a new product has been developed for the precast industry.

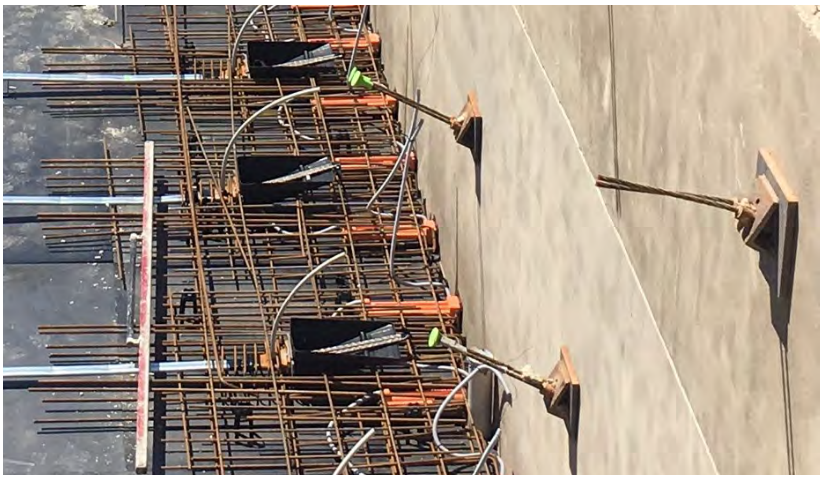
SRG's customers have traditionally used a right angle section of PVC pipe to join two lengths of spiral duct together. This process was not only time consuming but also expensive.

THE SOLUTION

SRG identified a solution by bending specialist ducting to right angles then cutting to length for our customers. By having a prefabricated product ready to go, customers have been able to save the time used in constructing the historic solution. This new bent duct product provides a low cost, reliable and quality assured piece of equipment that can be specified into jobs by SRG or its customers. This product is now being used by many of our customers throughout the precast industry.



SURELOK BASEMENT RETENTION SYSTEM



THE CHALLENGE

Connecting post-tensioned slabs to basement walls has long been an issue in the construction industry. SRG's products team has been working with builders to find more efficient and cost effective approaches to solve this problem.

Previously, this connection has been achieved by using pour strips or stitching strips. These methods are time consuming and expensive as they require a gap to be left between the wall and the floor which is filled with a second concrete pour after the main slab has settled, usually some four to five weeks after the first concrete pour. Considerable time is spent cleaning out the strips, tying reinforcement steel into the strips and then dragging large heavy hoses around propping in order to get cement into the strips.

THE SOLUTION

To combat these issues, SRG has developed the SureLok Basement Retention System (SureLok BRS). The SureLok wall anchors can be fixed inside the basement wall prior to shotcrete being applied. Dowel bars are then screwed into the anchor once the formwork floor is in place. The floor pulls away from the wall during the curing of the concrete, leaving a 5 to 10mm gap. Once the concrete has settled, the SureLok BRS unit is then grouted, locking the joint.

The benefits of the SureLok BRS to the builder are significant, including:

- Improved safety
- Only one pour required per floor
- Early stripping of formwork
- Other trades can start earlier
- Significant time saving over the duration of the project

The dowel bar can also be chemset into the wall allowing for a post-fix option.

DIRECTORS' REPORT

INTRODUCTION

The Directors present their report on the consolidated entity consisting of SRG Limited ABN 57 006 413 574 ("SRG" or "Company") and the entities it controlled ("consolidated entity" or "Group") at the end of, or during, the year ended 30 June 2017 and the independent audit report thereon.

PRINCIPAL ACTIVITIES

During the financial year, the principal activities of the consolidated entity were drilling and ground control services, engineering, remedial and construction contracting and manufacture of post-tensioning components.

OPERATING AND FINANCIAL REVIEW

A summary of the consolidated revenues and results is as follows:

Results for the year	2017 $'000	2016 $'000
Revenue	230,009	177,855
Construction and servicing costs	(109,597)	(70,559)
Employee benefits expense	(96,515)	(81,501)
Other gains	5,301	1,005
Other expenses	(12,336)	(11,856)
EBITDA Continuing Operations	**16,862**	**14,944**
Depreciation and amortisation expense	(5,025)	(5,404)
Finance costs	(285)	(309)
Profit before income tax	**11,552**	**9,231**
Income tax expense attributable to profit	(3,726)	(3,033)
Profit attributable to the members of SRG Limited	**7,826**	**6,198**

Information on the operations and financial position of the Group and its business strategies is set out in the Managing Director's Report on pages 9 to 11.

DIRECTORS

The following persons were directors of SRG Limited during the financial year and up to the date of this report:

Peter J McMorrow

David W Macgeorge

Peter J Brecht

Michael W Atkins

Robert W Freedman

The Company Secretary of the Group is Roger Lee.

Roger Lee is a qualified Certified Practising Accountant and has over 20 years of experience in senior and executive management in Australia. During his time at Broad Group Holdings and Leighton Contractors, Roger held various executive roles including Director/CFO, and subsequently Managing Director at Broad Group Holdings.

INFORMATION ON DIRECTORS OF SRG LIMITED

Michael W Atkins - Director
Appointed 9 September 2014
Interest in Shares: 100,000 Held by Atkins Superannuation Fund
Options to acquire 200,000 ordinary shares.

Michael is a Fellow of the Australian Institute of Company Directors. Since February 2009 Michael has been a Director - Corporate Finance at Patersons Securities Limited and is currently Non-Executive Chairman of Australian listed companies Legend Mining Ltd (since February 2003), Azumah Resources Ltd (since October 2009) and Castle Minerals Ltd (since January 2016).

Peter J Brecht - Director
Appointed 4 September 2014
Interest in Shares: 714,311 Held personally and by Peter Brecht Superannuation Fund

Peter was previously the Managing Director - Construction Australia for Lend Lease, CEO of Bilfinger Berger Australia and Managing Director of Abigroup. Peter has more than 35 years experience in the construction industry.

Peter is Independent Chair of SMC (Sydney Motorway Corporation) (since October 2015) and Director of Fulton Hogan Limited (since November 2013). He has been a Member of the Australian Institute of Company Directors since 2000.

Robert W Freedman - Director
Director since 1985
Interest in Shares: 1,099,136 Held by Freedman Superannuation Fund
Options to acquire 200,000 ordinary shares.

Robert has been a Director since 1985, Managing Director 1998 to 2008 and Chairman from 2009 to 2014. He is a member of the Institution of Engineers Australia, Post Graduate Diploma in Business Administration (W.A.I.T). Robert is currently Chairman of Highway Construction.

There are no other companies of which Robert has served as a director during the last three years.

David W Macgeorge - Managing Director
Director since 12 May 2014
Interest in Shares: 616,000 Held personally and by Macgeorge Family Trust
Options to acquire 500,000 ordinary shares

David has extensive Senior Executive experience in contracting, logistics, infrastructure and mining service industries and has a strong record of leading business transformations, value creation and growth through a unique understanding of strategy, customer focus and shareholder returns. David holds a Bachelor of Business in Marketing and has completed the Senior Executive Management program at INSEAD Business School in France.

Peter J McMorrow - Chairman
Director since 2010
Interest in Shares: 3,866,608 Held by The McMorrow Superannuation Fund
Options to acquire 400,000 ordinary shares.

Peter has been a Director since 2010 and Chairman since July 2014. Peter was Managing Director of Leighton Contractors from 2004 until September 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees.

Peter has over 35 years project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations. Mr McMorrow is an advocate for safety and health, with a vision to create and sustain an industry where no one is harmed.

There are no other companies of which Peter has served as a director of during the last three years.

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each board committee held during the year ended 30 June 2017, and the number of meetings attended by each Director were:

Directors attendance at meetings	SRG Board		Audit Committee		Remuneration, Nomination and Benefits Committee	
	Held	Attended	Held	Attended	Held	Attended
M W Atkins	11	11	5	5	*	*
P J Brecht	11	11	*	*	2	2
R W Freedman	11	11	5	5	*	*
D W Macgeorge	11	11	*	*	*	*
P J McMorrow	11	11	*	*	2	2

* Not a member of the relevant committee

REMUNERATION REPORT (AUDITED)

The Directors present the remuneration report for the year ending 30 June 2017. The information provided in this remuneration report has been audited as required by section 308(3c) of the *Corporations Act 2001*.

The report is structured as follows:

1. Key Management Personnel (KMP) covered in this report
2. Remuneration policy and strategy
3. Elements of remuneration
4. Link between remuneration and performance
5. Contract arrangement for executive KMP
6. Non-executive Director arrangements
7. Remuneration expense for executive KMP

1. KEY MANAGEMENT PERSONNEL (KMP) COVERED IN THIS REPORT

Key Management Personnel have authority and responsibility for planning, directing, and controlling the activities of the Company and the Group. Key Management Personnel comprise the Directors of the Company, the Chief Financial Officer and the Executive General Managers of the Company and the Group.

See page 29 for details about each Director.

Other Key Management Personnel	
R Lee	Chief Financial Officer and Company Secretary
J Thomas	Executive General Manager Products, Mining and Services
R Stanton	Executive General Manager Construction (until 20 July 2017)
M Clarke	Executive General Manager International
N Combe	Executive General Manager Construction (from 24 July 2017)

2. REMUNERATION POLICY AND STRATEGY

The Board has adopted a policy that remuneration will:

- Encourage executives to improve SRG's overall performance and to enhance shareholder value
- Motivate executives by providing the opportunity to be rewarded for the achievement of financial performance and safety outcomes
- Reward superior performance
- Ensure remuneration is competitive by market standards
- The Board has appointed a Remuneration Committee, comprising Mr Brecht (Non-Executive Director) as Chairman, and Mr McMorrow (Chairman). The Remuneration Committee is charged with determining the remuneration levels for Non-Executive Directors (subject to shareholder approval), the Managing Director and members of the Executive Committee. They are also charged with approving the Short and Long Term Incentive Scheme for the business.

SRG drives a strong performance-based approach to remuneration and reward for executives. The Company aims to provide a competitive reward proposition, targeted at attracting, motivating and retaining the most appropriately qualified and experienced individuals.

The Company's policy for determining the nature and amount of remuneration of Board and Senior Executives of the Company is as follows:

- The remuneration level of the Managing Director attributable to the 2017 financial year was evaluated and approved by the Remuneration Committee. His remuneration package takes into account factors such as experience, qualification and performance.
- The remuneration levels of the members of the Executive Committee reporting to the Managing Director attributable to the 2017 financial year was submitted by the Managing Director to the Remuneration Committee for approval. Remuneration packages are structured such that the Group is able to attract and retain personnel with the expertise and ability to create value for shareholders.
- The remuneration level of Non-Executive Directors is reviewed and approved by the Remuneration Committee on an annual basis within the aggregate amount of Non-Executive Directors' fees of $500,000 approved by shareholders at the 2012 Annual General Meeting.

Both independent external and internal advice may be sought as required to assist the Remuneration Committee in determining appropriate remuneration arrangements for the Key Management Personnel. This includes the remuneration levels of comparable positions within other public companies. None such advice for Key Management Personnel was sought for the year ended 30 June 2017.

3. ELEMENTS OF REMUNERATION

The following summarises the mix of reward elements for the Non-Executive Directors and Senior Executives:

Elements of remuneration		Directors		Executive General Management
		Non-Executive	Managing Director	
Fixed remuneration	Cash Salary	✗	✓	✓
	Cash fees	✓	✗	✗
	Superannuation	✓	✓	✓
	Other benefits[1]	✓	✓	✓
Short term incentives	Cash	✗	✓	✓
Long term incentives	Equity	✓	✓	✓
Post employment	Termination payments	✗	✓	✓

[1] Other benefits include motor vehicles lease payments, running costs, allowances and Fringe Tax Benefits.

3.1 Fixed Remuneration

Fixed remuneration comprises cash salary and superannuation contributions.

The remuneration of Senior Executives is market based and has regard to remuneration levels that apply to similar positions in comparable companies and the performance of the executive during the year.

3.2 Short-term incentive plan

Managing Director

David Macgeorge has been granted a short term incentive (STI) award of up to a maximum of 100% of Total Fixed Remuneration depending on the achievement of targets to be agreed with the board. For details, refer to Note 7 of the Remuneration Report.

General Scheme

The Managing Director, upon achievement of profit before tax (PBT) target for the Group, submits his recommendation to the Board for approval in line with the approved incentive plan.

3.3 Long-term incentive plan (LTI)

Managing Director

On 30 June 2014, shareholders approved a grant of 500,000 options in a single tranche which vested on and were capable of exercise from 31 July 2016. The exercise price of the options is 83.5 cents a share and the options will expire on 30 June 2018.

On 19 November 2014, shareholders approved performance rights as follows:

- Tranche 1 - 250,000 Performance Rights, for the Performance period ending on 30 June 2016, fully exercised as at 30 June 2017
- Tranche 2 - 250,000 Performance Rights, for the Performance period ending on 30 June 2017
- Tranche 3 - 250,000 Performance Rights, for the Performance period ending on 30 June 2018

On 16 November 2016, shareholders approved performance rights as follows:

- Tranche 4 - 350,000 Performance Rights, for the Performance period ending 30 June 2019
- Tranche 5 - 350,000 Performance Rights, for the Performance period ending 30 June 2020
- Tranche 6 - 350,000 Performance Rights, for the Performance period ending 30 June 2021
- Tranche 7 - 500,000 Performance Rights, vesting 1 July 2019, subject to continuous employment
- Tranche 8 - 500,000 Performance Rights, vesting 1 July 2021, subject to continuous employment

Senior Executives

A total of 600,000 options approved by shareholders on 18 February 2015 were granted to the senior executives. These options vested on and were capable of exercise from 31 July 2016. The exercise price of the options is 83.5 cents a share and the options will expire on 30 June 2018. As at 30 June 2017, 400,000 options are exercisable from 31 July 2016 (2016:400,000).

A total of 200,000 options were granted to a Senior Executive on 30 May 2016. These options will vest on and be capable of exercise from 30 May 2018. The exercise price of the options is 73 cents a share and the options will expire on 30 May 2020.

Performance Rights were issued to the senior executives as follows:

- Tranche 1 - 200,000 Performance Rights, for the Performance period ending 30 June 2016, granted on 19 November 2014, fully exercised as at 30 June 2017
- Tranche 2 - 300,000 Performance Rights, for the Performance period ending 30 June 2017, granted on 19 November 2014 and 30 May 2016
- Tranche 3 - 300,000 Performance Rights, for the Performance period ending 30 June 2018, granted on 19 November 2014 and 30 May 2016
- Tranche 4 - 300,000 Performance Rights, for the Performance period ending 30 June 2019, granted on 30 May 2016 and 24 August 2016
- Tranche 5 - 200,000 Performance Rights, for the Performance period ending 30 June 2020, granted on 24 August 2016
- Tranche 6 - 200,000 Performance Rights, for the Performance period ending 30 June 2021, granted on 24 August 2016
- Tranche 7 - 250,000 Performance Rights, vesting 1 July 2019, subject to continuous employment, granted on 24 August 2016
- Tranche 8 - 250,000 Performance Rights, vesting 1 July 2021, subject to continuous employment, granted on 24 August 2016

Chairman and Non-Executive Directors

No additional share options or performance rights were issued for financial year 2017. On 19 November 2014, shareholders approved the grant of 1,000,000 options in a single tranche for the Chairman and Non-Executive Directors which vested on and were capable of exercise from 31 July 2016. The exercise price is 82.7 cents and the options will expire on 19 November 2018. As at 30 June 2017, 800,000 options are exercisable (2016:1,000,000).

4. LINK BETWEEN REMUNERATION AND PERFORMANCE

The Board's policy is to align executive reward to the performance of the Company. To achieve this, the "at risk" element is directly linked to achieving business results.

4.1 Company Financial Performance

The following table provides details of the financial performance of the Company over the past five financial years:

Measure	Financial Year				
	2017	2016	2015	2014	2013
Revenue ($'000)	230,009	177,855	172,259	223,125	271,172
Operating profit from continuing operations before tax ($'000)	11,552	9,231	6,038	2,105	3,220
Profit after tax ($'000)	7,826	6,198	1,609	1,267	3,218
Total dividend per share paid (cents)	7	2.5	3.5	4.5	4.0
Share price ($)	1.30	0.98	0.64	0.57	0.32
Earnings per share (cents)	12.24	9.84	2.56	2.01	5.09

4.2 Short term incentive plan

The short term incentive plan is based on achieving net profit before tax ("NPBT") and is ultimately at the discretion of the Board. The budget NPBT is determined in the business plan for the financial year. Participants in this plan include the Managing Director and the key management personnel and other employees as recommended by the Managing Director and approved by the Remuneration, Nomination and Benefits Committee.

4.3 Long term incentive plan

The Company's earnings per share (EPS) performance will be the measure over the relevant performance period to determine vesting of the Performance Rights. Details of Performance Rights granted are as follows:

Performance Rights Vesting	Basic EPS Performance Over Relevant Performance Period		
	Tranche 1 30/06/2016	Tranche 2 30/06/2017	Tranche 3 30/06/2018
0% vesting	Between 6.56 cents (threshold target) and 8.19 cents per share	Between 9.84 cents (threshold target) and 11.06 cents per share	Between 12.30 cents (threshold target) and 13.83 cents per share
Pro-rata vesting between 50% and 100%	Between 8.20 cents and 9.84 cents (stretch target) per share	Between 11.07 cents and 12.30 cents (stretch target) per share	Between 13.84 cents and 15.38 cents (stretch target) per share
100%	9.85 cents or higher	12.31 cents or higher	15.39 cents or higher

Performance Rights Vesting	EPS Performance Over Relevant Performance Period		
	Tranche 4 30/06/2019	Tranche 5 30/06/2020	Tranche 6 30/06/2021
0% vesting	Between 15.39 cents (threshold target) and 16.54 cents per share	Between 17.69 cents (threshold target) and 19.01 cents per share	Between 20.34 cents (threshold target) and 21.87 cents per share
Pro-rata vesting between 50% and 100%	Between 16.55 cents and 17.69 cents (stretch target) per share	Between 19.02 cents and 20.34 cents (stretch target) per share	Between 21.88 cents and 23.39 cents (stretch target) per share
100%	17.70 cents or higher	20.35 cents or higher	23.40 cents or higher

Tranche 7 and 8 are only subject to continuous employment. Refer to Remuneration Report section 3.3 on page 32.

5. CONTRACT ARRANGEMENTS FOR EXECUTIVE KMP

Component	MD Description	Senior Executive Description
Fixed remuneration as at 30 June 2017	$700,000	Range between $240,900 and $530,000
Contract duration	Ongoing contract	Ongoing contract
Notice by the individual / company	6 months	3 months to 6 months
Termination of employment (without cause)	Entitlement to pro-rata STI for the year as per STI guidelines Unvested LTI will remain on foot subject to achievement of the performance hurdles at the original date of testing The Board has discretion to award a greater or lower amount or no amount at all	
Termination of employment (with cause) or by the individual	STI is not awarded, and all unvested LTI will lapse Vested and unexercised LTI can be exercised within a period of 30 days from termination	

6. NON-EXECUTIVE DIRECTOR ARRANGEMENT

Non-Executive Director Remuneration

The remuneration of Non-Executive Directors is determined by the full Board, within a maximum amount approved by shareholders in a general meeting and with regard to the level of fees paid to Non-Executive Directors by other companies of similar size.

In the last financial year, the Board paid $249,500 of this amount as Non-Executive Director remuneration - see 7.1 below.

Non-Executive Director's fees were reviewed in 2015 in line with market data in relation to Chairman and Non-Executive Directors by Hay Group. Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. The Chairman does not receive fees for his role on the Remuneration, Nomination and Benefits Committee. Non-Executive Director fees (excluding superannuation) are comprised as follows:

Non-Executive Director Fees

- Chairman of the Board $150,000
- Non-Executive Director $70,000
- Chairman of the Audit Committee $12,500
- Member of the Audit Committee $7,000
- Chairman of the Remuneration, Nomination and Benefits Committee $10,000
- Statutory superannuation of 9.5%
- There is no element of Non-Executive Director fees contingent on performance.

In 2017, SRG engaged Peter McMorrow on a consultancy basis to provide advice outside the scope of his role as Chairman. This consultancy primarily covers advice on:

- Assisting in the assessment of potential M&A opportunities
- Assisting with the development of the Hong Kong business
- Expansion and development of other international operations

7. REMUNERATION EXPENSE FOR EXECUTIVE KMP

7.1 Directors' and Senior Executives' remuneration

		Fixed remuneration					Variable Remuneration			
		Salary	Post employment benefits (Super-annuation)	Other Benefits	Termination Benefits	Annual leave and long service leave [2]	Bonus[1]	Options & Performance Rights[3]	Total	Bonus
Directors		$	$	$	$	$	$	$	$	%
M W Atkins Director (Non-Executive)	**2017**	**70,000**	**7,838**	**12,500[8]**	**-**	**-**	**-**	**6,452**	**96,790**	**-**
	2016	70,000	7,588	12,500	-	-	-	15,939	106,027	-
P J Brecht Director (Non-Executive)	**2017**	**70,000**	**7,600**	**10,000[8]**	**-**	**-**	**-**	**6,452**	**94,052**	**-**
	2016	70,000	7,600	10,000	-	-	-	15,939	103,539	-
R W Freedman Director (Non-Executive)	**2017**	**73,867**	**2,917**	**7,000[8]**	**-**	**-**	**-**	**6,452**	**90,236**	**-**
	2016	70,000	6,650	7,000	-	-	-	15,939	99,589	-
D W Macgeorge Managing Director	**2017**	**656,366**	**19,616**	**-**	**-**	**61,231**	**483,143[1]**	**593,422**	**1,813,778**	**27%**
	2016	578,081	30,183	-	-	29,692	400,000	217,335	1,255,291	32%
P J McMorrow [4] Chairman	**2017**	**150,000**	**14,250**	**126,000[4]**	**-**	**-**	**-**	**11,133**	**301,383**	**-**
	2016	150,000	14,250	105,000	-	-	-	33,648	302,898	-
Total Remuneration Directors	**2017**	**1,020,233**	**52,221**	**155,500**	**-**	**61,231**	**483,143**	**623,911**	**2,396,239**	**-**
	2016	938,081	66,271	134,500	-	29,692	400,000	298,800	1,867,344	-
Senior Executives		$	$	$		$	$	$	$	%
R Lee Chief Financial Officer / Company Secretary	**2017**	**424,984**	**19,616**	**-**	**-**	**38,056**	**257,040[1]**	**202,729**	**942,425**	**27%**
	2016	412,464	18,843	-	-	22,829	250,000	89,184	793,320	32%
M Palmer [5] Executive General Manager Construction	**2017**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	2016	383,292	27,207	-	178,890	-	64,726	14,763	668,878	10%
R Stanton [6] Executive General Manager Construction	**2017**	**308,385**	**29,297**	**-**	**-**	**-**	**-**	**-**	**337,682**	**-**
	2016	-	-	-	-	-	-	-	-	-
J Thomas Executive General Manager Products, Mining and Services	**2017**	**383,764**	**20,428**	**-**	**-**	**34,062**	**201,825[1]**	**65,466**	**705,545**	**29%**
	2016	346,944	22,285	-	-	21,750	67,562	89,184	547,725	12%
M Clarke [7] Executive General Manager International	**2017**	**406,595**	**-**	**78,360**	**-**	**18,691**	**-**	**126,167**	**629,813**	**-**
	2016	33,795	-	5,501	-	3,743	-	2,911	45,950	-
Total Remuneration Executives	**2017**	**1,523,728**	**69,341**	**78,360**	**-**	**90,809**	**458,865**	**394,362**	**2,615,465**	**-**
	2016	1,176,495	68,335	5,501	178,890	48,322	382,288	196,042	2,055,873	-

(1) Bonuses relate to short term incentives (STI). All bonuses disclosed above are paid for the 2016 financial year. No bonuses were forfeited.
(2) Benefits include, where applicable, the expense relating to annual leave and long service leave recognised in the current financial year.
(3) Values disclosed represents the portion of the options and performance rights' fair value that were recognised as an expense in the relevant reporting period based on management assessment of the likelihood of achieving future vesting criteria. Refer to section 4.3 on page 33.
(4) Peter McMorrow's other benefits relate to consultation fees for advice outside scope of his role as Chairman. Please refer to section 6 of Remuneration Report on page 34 for details.
(5) Until 5 June 2016.
(6) From 29 August 2016 until 20 July 2017.
(7) Mike Clarke's other benefits include an accommodation allowance and private family medical insurance.
(8) Other benefits include Non-Executive directors fees. Refer to Remuneration Report section 5 on page 34.

7.2 Shares held by Key Management Personnel

The following table provides details of the shares held by Key Management Personnel:

	Balance 01/07/2016	Received as remuneration [2]	Number of ordinary shares on exercise of options	Net Change [1]	Balance 30/06/2017
Directors					
M W Atkins	100,000		-	-	100,000
P J Brecht	514,311		200,000	-	714,311
R W Freedman	1,099,136		-	-	1,099,136
D W Macgeorge	366,000	250,000	-	-	616,000
P J McMorrow	3,866,608		-	-	3,866,608
Senior Executives					
R Lee	300,000	100,000	-	-	400,000
J Thomas	200,906	100,000	-	(49,800)	251,106
R Stanton	-	-	-	-	-
M Clarke	-	-	-	264,134	264,134
Total	**6,446,961**	**450,000**	**200,000**	**214,334**	**7,311,295**

(1) Net change represents on-market purchases and disposal of shares and holdings.

(2) Ordinary shares issued on the exercise of performance rights for the period ending 30 June 2016.

7.3 Options

Options granted as remuneration

See below options granted under SRG Incentive Option Plan.

	Balance 01/07/2016	Grant Details			Exercised		Lapsed		Balance 30/06/2017
		Issue Date	No.	Value $	No.	Value $	No.	Value $	
Directors									
M W Atkins [1]	200,000	19/11/2014	200,000	30,000	-	-	-	-	200,000
P J Brecht [1]	200,000	19/11/2014	200,000	30,000	200,000	30,000	-	-	-
R W Freedman [1]	200,000	19/11/2014	200,000	30,000	-	-	-	-	200,000
D W Macgeorge [1]	500,000	30/06/2014	500,000	75,000	-	-	-	-	500,000
P J McMorrow [1]	400,000	19/11/2014	400,000	60,000	-	-	-	-	400,000
Senior Executives									
R Lee [1]	200,000	18/02/2015	200,000	30,000	-	-	-	-	200,000
J Thomas [1]	200,000	18/02/2015	200,000	30,000	-	-	-	-	200,000
R Stanton	-	-	-	-	-	-	-	-	-
M Clarke [2]	200,000	30/05/2016	200,000	68,000	-	-	-	-	200,000
Total	**2,100,000**		**2,100,000**	**353,000**	**200,000**	**30,000**	**-**	**-**	**1,900,000**

- The options have been granted subject to continued employment with SRG Limited until 31 July 2016, except M Clarke's options which are subject to continued employment until 30 May 2018.
- The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australia Accounting Standards and has been recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting were satisfied.

(1) The fair value per option is 15 cents.

(2) The fair value per option is 34 cents.

See below vested and unvested options as at 30 June 2017.

	Balance at end of year	Vested			Unvested Total at end of year
		Exercisable	Unexercisable	Total at end of year	
	No.	No.	No.	No.	No.
Directors					
M W Atkins	200,000	200,000	-	200,000	-
R W Freedman	200,000	200,000	-	200,000	-
D W Macgeorge	500,000	500,000	-	500,000	-
P J McMorrow	400,000	400,000	-	400,000	-
Senior Executives					
R Lee	200,000	200,000	-	200,000	-
J Thomas	200,000	200,000	-	200,000	-
M Clarke	200,000	-	-	-	200,000

Description of options issued as remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price $	Value per option at grant date [(1)] $
30/06/2014	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/06/2018	0.835	0.15
19/11/2014	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/11/2018	0.827	0.15
18/02/2015	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/06/2018	0.835	0.15
30/05/2016	SRG Limited	1:1 ordinary shares in SRG	From 30/05/2018 to 30/05/2020	0.73	0.34

[(1)] Option values at grant date were determined using the Black-Scholes pricing model.

7.4 Performance Rights

Performance rights granted as remuneration

	Balance 01/07/2016	Grant Details			Exercised		Lapsed		Balance 30/06/2017
		Issue Date	No.	Value $	No.	Value $	No.	Value $	
Directors									
D W Macgeorge	750,000	30/06/2014	-	285,000	250,000	142,500	-	-	500,000
D W Macgeorge	-	16/11/2016	2,050,000	3,400,880	-	-	-	-	2,050,000
Senior Executives									
R Lee	300,000	19/11/2014	-	114,000	100,000	57,000	-	-	200,000
R Lee	-	24/08/2016	1,100,000	1,143,040	-	-	-	-	1,100,000
J Thomas	300,000	19/11/2014	-	114,000	100,000	57,000	-	-	200,000
M Clarke	300,000	30/05/2016	-	225,000	-	-	-	-	300,000
Total	**1,650,000**		**3,150,000**	**5,281,920**	**450,000**	**256,500**	**-**	**-**	**4,350,000**

- The fair value of performance rights granted as remuneration and as shown in the above table has been determined in accordance with Australia Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.
- Performance rights exercised during 2017 relate to Tranche 1 for the period ending 30 June 2016. Refer to page 33.

Description of performance rights issued as remuneration

Details of the performance rights granted as remuneration are detailed in section 3.3 and 4.3 of the remuneration report.

Performance rights values at grant date were determined using Black Scholes pricing model.

The performance rights are exercisable on 1:1 ordinary share in SRG for nil exercise price.

This ends the audited remuneration report.

DIVIDENDS

Dividends paid or declared by the Company to members during the financial year were as follows:

	Cents per share	Total amount $	Date of payment
Declared and paid during the year			
Final dividend 2016	0.4	2,564,967	14/10/2016
Interim dividend 2017	0.3	1,924,475	20/04/2017
		4,489,442	

The Directors resolved to declare a fully franked final dividend of 4.0 cents for the year. Record date for determining entitlement is 13 September 2017 and the dividend is payable on 13 October 2017.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There was no significant change in the state of affairs on the Group during the 2017 financial year.

LIKELY DEVELOPMENTS

For information on likely developments, refer to the Managing Director's report on pages 9 to 11.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

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

NON-AUDIT SERVICES

In 2016 the Board of Directors, in accordance with advice from the audit committee, was satisfied that the provision of non-audit services during the year was compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors were 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 do not compromise the general principles relating to auditor independence in accordance with *APES110: Code of Ethics* for Professional Accountants set by the Accounting Professional & Ethical Standards Board.

There were no fees for non-audit services paid / payable to the external auditors during the year ended 30 June 2017:

	2017 $	2016 $
Other assurance services		
William Buck Audit (Vic):		
Due diligence services	-	36,820
Total remuneration for other assurance services	**-**	**36,820**
Taxation services		
William Buck Audit (Vic):		
Tax compliance services	-	28,468
Total remuneration for taxation services	**-**	**28,468**
Total remuneration for non-audit services	**-**	**65,288**

DIRECTORS' AND AUDITOR'S INDEMNIFICATION

Under the Constitution of SRG Limited the Directors, Auditors, Company Secretary and all other Officers of the Company when acting in those capacities are indemnified to the extent permitted by law for liability incurred in defending any proceeding in which judgement is given in his favour or in which he is acquitted or in any application under the Corporations Law in which relief is granted to him by the Court in respect of any negligence, default, breach of duty or breach of trust.

No person has applied for leave of a Court under section 237 of the *Corporation Act 2001* 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 any part of these proceedings. No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

During the financial year the Company has paid insurance premiums in respect of Directors and Officers Liability and Legal Expenses Insurance contracts, for current Directors and Officers, including Executive Officers of the Company and Directors, Executive Officers and Secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not allocate the premiums paid to each individual Officer of the Company.

ENVIRONMENTAL REGULATION

The Group is not subject to any significant environmental regulation.

The Company has systems in place to manage its environmental contractual obligations within its construction and mining activities. The Directors are not aware of any breaches of environmental regulations and any specific site environmental requirements during the year.

CORPORATE GOVERNANCE

The SRG Limited Board of Directors ("the Board") believes that good Corporate Governance is essential in ensuring integrity and creating sustainable value for its shareholders. The Board endorses the 3rd edition of the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments originally issued by the ASX Corporate Governance Council in August 2007.

For further information on corporate governance policies adopted by SRG Limited, refer to our website:

http://www.srglimited.com.au/about-us/corp-governance.html

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2017 as required under section 307 C of *Corporations Act* is set out on page 41.

SHARES UNDER OPTION

1. Unissued ordinary shares

At the date of this report, the unissued ordinary shares of SRG Limited under option are as follows:

Grant date	Date of expiry	Exercise price	Number under option
30/06/2014	30/06/2018	$0.835	500,000
19/11/2014	19/11/2018	$0.827	800,000
18/02/2015	30/06/2018	$0.835	860,000
30/05/2016	30/05/2020	$0.73	200,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the Remuneration report.

2. Shares issued on the exercised of options

The following ordinary shares of the Group were issued during the year ended 30 June 2017 on the exercise of options granted under SRG Incentive Option Plan.

Date options granted	Exercise Price	Number of shares
19/11/2014	$0.827	200,000
18/02/2015	$0.835	390,000

No amounts are unpaid on any of the shares. Since 30 June 2017, 100,000 shares have been issued on the exercise of options.

ROUNDING OF AMOUNTS

The Company is of a kind referred to in ASIC Legislative Instrument 2016/191. Amounts in the financial report and Director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dated 25 August 2017.

P J McMorrow

D W Macgeorge

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SRG LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2017 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N.S. BENBOW
Director
Dated this 25th day of August 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2017

	Note	SRG GROUP 2017 $'000	2016 $'000
Revenue	2	230,009	177,855
Construction and servicing costs		(109,597)	(70,559)
Depreciation and amortisation expense	12	(5,025)	(5,404)
Employee benefit expense		(96,515)	(81,501)
Other gains	4	5,301	1,005
Other expenses		(12,336)	(11,856)
Finance cost	3	(285)	(309)
Profit before income tax expense		**11,552**	**9,231**
Income tax expense	5	(3,726)	(3,033)
Profit attributable to member of the parent entity		**7,826**	**6,198**

Earnings per share for profit attributable to the ordinary equity holders of the Company		**Cents**	**Cents**
Basic earnings per share (cents)	9	12.24	9.84
Diluted earnings per share (cents)	9	11.21	9.84

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

		SRG GROUP	
	Note	2017 $'000	2016 $'000
Profit for the year		7,826	6,198
Other comprehensive income			
Items that will be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		(178)	85
Other comprehensive income for the year (net of tax)		**(178)**	**85**
Total comprehensive income for the year attributable to member of the parent entity		**7,648**	**6,283**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Note	SRG GROUP 2017 $'000	2016 $'000
Current assets			
Cash and cash equivalents	24 (a)	24,449	21,860
Trade and other receivables*	10	49,691	39,938
Inventories*	11	9,710	9,942
Other current assets		1,588	653
		85,438	**72,393**
Assets classified as held for sale	13	-	4,056
Total current assets		**85,438**	**76,449**
Non-current assets			
Property, plant and equipment	12	28,964	21,997
Intangible assets	14	22,966	22,966
Deferred tax assets	17	3,256	4,040
Total non-current assets		**55,186**	**49,003**
Total assets		**140,624**	**125,452**
Current liabilities			
Trade and other payables	15	34,954	28,089
Borrowings	16	2,986	2,411
Current tax liability		1,464	2,175
Short term provisions	18	8,292	7,280
Total current liabilities		**47,696**	**39,955**
Non-current liabilities			
Borrowings	16	5,843	1,217
Deferred tax liabilities	17	-	1,401
Long term provisions	18	737	1,972
Total non-current liabilities		**6,580**	**4,590**
Total liabilities		**54,276**	**44,545**
Net assets		**86,348**	**80,907**
Equity			
Issued capital	19	41,311	40,477
Reserves	20	2,114	2,759
Retained earnings	21	42,923	37,671
Total equity		**86,348**	**80,907**

* Refer to Note 1 (c) Change in Accounting Policies.

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Share Capital Ordinary $'000	Retained Earnings $'000	Share-Based Payment Reserve $'000	Asset Revaluation Surplus $'000	Foreign Currency Translation Reserve $'000	Total $'000
Balance at 30/06/2015	**40,477**	**33,046**	**85**	**2,509**	**(594)**	**75,523**
Profit attributable to members of parent entity	-	6,198	-	-	-	6,198
Other comprehensive income:						
- Revaluation gain on land and buildings	-	-	-	-	-	-
- Translation adjustment on controlled foreign entities' financial statements	-	-	-	-	85	85
Total comprehensive income	**-**	**6,198**	**-**	**-**	**85**	**6,283**
Transaction with owners as owners:						
- Dividends paid or provided for	-	(1,573)	-	-	-	(1,573)
- Employee share-based payments	-	-	674	-	-	674
Balance at 30/06/2016	**40,477**	**37,671**	**759**	**2,509**	**(509)**	**80,907**
Profit attributable to members of parent entity	-	7,826	-	-	-	7,826
Other comprehensive income:						
- Translation adjustment on controlled foreign entities' financial statements	-	-	-	-	(178)	(178)
Total comprehensive income	**-**	**7,826**	**-**	**-**	**(178)**	**7,648**
Transactions with owners as owners:						
- Dividends paid or provided for	-	(4,489)	-	-	-	(4,489)
- Employee share-based payments	-	-	1,789	-	-	1,789
- Shares issued during the period	834	88	(429)	-	-	493
- Transfer of prior years' revaluation increment to retained earnings upon disposal of land and building	-	1,827	-	(1,827)	-	-
Balance at 30/06/2017	**41,311**	**42,923**	**2,119**	**682**	**(687)**	**86,348**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Note	SRG GROUP 2017 $'000	2016 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		244,162	186,546
Cash payments in the course of operations		(232,545)	(173,372)
Cash (payments) in relation to Eastern Treatment Plant settlement (net)		-	(9,750)
Interest received		154	375
Finance costs		(285)	(309)
Income tax (paid) / received		(4,528)	389
Net cash provided by operating activities	**24 (b)**	**6,958**	**3,879**
Cash flows from investing activities			
Payments for property, plant and equipment		(5,913)	(2,293)
Proceeds from sale of property, plant and equipment		8,212	565
Payment for business acquisition (net of cash acquired)		-	(2,113)
Net cash provided by / (used in) investing activities		**2,299**	**(3,841)**
Cash flows from financing activities			
Proceeds from exercise of options		493	-
Proceeds from finance lease, buy back non-current assets		360	-
Repayment of borrowings		(2,926)	(5,510)
Dividends paid by parent entity		(4,489)	(1,573)
Net cash (used in) financing activities		**(6,562)**	**(7,083)**
Net increase / (decrease) in cash and cash equivalents held		**2,695**	**(7,045)**
Effect of exchange rates on cash and cash equivalent holdings		(106)	(421)
Cash and cash equivalents at beginning of financial year		21,860	29,326
Cash and cash equivalents at end of financial year	**24 (a)**	**24,449**	**21,860**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2017

Note 1. Statement of significant accounting policies

The financial statements include the consolidated financial statements and notes of SRG Limited and its controlled entities ('Consolidated Group', or 'Group'). The separate financial statements of the parent entity, SRG Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the financial statements and is primarily involved in engineering, mining and construction contracting. This note provides all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

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

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board and the *Corporations Act 2001*.

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

Accounting policies

(a) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests

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

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

(b) 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 ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 1. Statement of significant accounting policies (continued)

(c) Change in Accounting Policy

During the year ended 30 June 2017 and as part of the assessment of AABS 15 Revenue from Contracts with Customers, the Group has changed its accounting policy in relation to the classification of construction work in progress from inventory to trade and other receivables.

The change provides more relevant financial information to the users of the financial statements.

	As reported 2016 $'000	Adjustment $'000	Restated 2016 $'000
Current Assets			
- Trade and other receivables	33,235	6,703	39,938
- Inventory	16,645	(6,703)	9,942
Total Current Assets	**76,449**	**-**	**76,449**

(d) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

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

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantially enacted as at the end of the reporting period. Their measurement also reflects the manner in which the management expects to recover or settle the carrying amount of the related asset or liability.

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

SRG Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. SRG Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has not entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

Note 1. Statement of significant accounting policies (continued)

(e) Fair value of assets and liabilities

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

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs).

(f) Inventories

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

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Manufacturing activities

The cost of manufacturing inventories and work-in-progress are assigned on a weighted average basis. Costs arising from exceptional wastage are expensed as incurred.

(g) Property, Plant and Equipment

The Group's accounting policy for land and buildings is explained in Note 12. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

The depreciation methods and periods used by the group are disclosed in Note 12.

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 carrying amount. These are included in profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(h) 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 group 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.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

Note 1. Statement of significant accounting policies (continued)

(i) Financial Instruments

Initial Recognition and Movement

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

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

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method.

Amortised cost is calculated as:

The amount at which the financial asset or financial liability is measured at initial recognition;

- less principal repayments
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method
- less any reduction for impairment.

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

Impairment

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

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Foreign Currency Transactions and Balance

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Note 1. Statement of significant accounting policies (continued)

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period,
- Income and expenses are translated at average exchange rates for the period, and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

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

(k) Provisions

Provisions are recognised when the group 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.

(l) Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided, and are recognised for the amount expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised.

Long-term employee benefits

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows to be made for those benefits. Information about long-term benefits measurement is set out in Note 18.

Equity-settled compensation

Share-based compensation benefits are provided to employees via SRG Options and Performance rights plans. Information on these schemes is set out in Note 20 and the Remuneration report.

(m) Employee Share Trust

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

(n) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

The specific accounting policies for the Group's main type of revenue are explained in Note 2 (a). Revenue for other business activities is recognised in the following basis:

Interest

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method for accounting.

(o) Borrowing 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 in the period in which they are incurred.

(p) Goods and Service 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 Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset, or as an 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.

Note 1. Statement of significant accounting policies (continued)

(q) Comparative Figures

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

(r) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(s) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts which are specifically exempt from this requirement. Whilst non-current assets are classified as held for sale, they are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(t) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments 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 with the consolidated group. The following key estimates and judgments were relevant to the Group for the financial year:

- Assessment of impairment (Note 13)
- Assessment of impairment of receivables (Note 31)
- Share based payments (Note 20)
- Employee long-term entitlements (Note 18)

(u) New Accounting Standards and Interpretations not yet mandatory or early adopted

The 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 year ended 30 June 2017.

The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The consolidated entity does not expect any significant impact from the requirements of the amended standard as there are currently no hedges in place, and the changes are not expected to impact other financial assets and liabilities of the consolidated entity.

- AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. This standard will replace AASB 118 which covers contracts for good and services and AASB 111 which covers construction contracts. The new standard is based on the principle that revenue is recognised when control of goods or services transfers to a customer. The notion of control replaces the existing notion of risks and rewards. Management is currently assessing its impact and based on their preliminary assessment SRG's construction segment is expected to require the greatest degree of judgement. However, the application of AASB 15 is expected to be broadly similar to the current percentage of completion method and have not materially impact the consolidated group. At this stage, management believe that a modified retrospective approach will be used. New and existing contracts will continue to be reviewed to ensure that enforceable contractual rights and obligations satisfy the requirements of AASB 15.

- AASB 16 Leases

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

The standard will affect primarily the accounting for the group's operating leases. However, management has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.

Note 2. Revenue

	SRG GROUP	
	2017 $'000	2016 $'000
From continuing operations		
Sales revenue		
Rendering of services	222,072	169,331
Sale of goods	5,412	7,083
Other revenue		
Interest received from other parties	154	375
Other	2,371	1,066
Total revenue	**230,009**	**177,855**

(a) Revenue recognition

Revenue is recognised for major business activities using the methods outlines below:

(i) Contract services

Sales are recognised on the basis of unit of production at agreed contract rates.

(ii) Sale of goods

Revenue from the sale of goods is recognised when all significant risks and rewards of ownership of the goods are transferred.

(iii) Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion.

Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

See Note 10 for information on how the Group determines the stage of completion.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

See Note 1 (n) for recognition and measurement of other revenue.

Note 3. Significant profit or loss items

	SRG GROUP 2017 $'000	2016 $'000
Profit before income tax is arrived at after charging (crediting) the following items:		
Bad and doubtful debts movement in provision recognised in profit and loss	(413)	430
Interest paid and due and payable:		
- Other	48	3
- Finance charges on assets under hire purchases	237	306
	285	**309**
Rental - operating leases	2,402	1,849

Note 4. Other gains

	SRG GROUP 2017 $'000	2016 $'000
Gain on disposal of held for sale assets (see Note 13)	3,934	-
Gain on disposal of property, plant and equipment	339	152
Gain on contingent consideration (see Note 31)	1,028	853
	5,301	**1,005**

Gain on disposal of property, plant and equipment

On 30 June 2017, management sold a land lot situated at Laverton North for $2m. Settlement will occur on 15 December 2017. As at 30 June 2017, the Company has recognised $0.3m gain on disposal.

Note 5. Income tax expense

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

	SRG GROUP 2017 $'000	2016 $'000
(a) Income tax expense		
Current tax expense	2,145	2,808
Deferred tax expense (see Note 17)	1,581	216
Under provision in respect to prior year	-	9
Income tax expense	**3,726**	**3,033**
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations	11,552	9,231
Tax at the Australian rate of 30% (2016 - 30%)	3,466	2,769
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
- Increase in income tax expense due to non-tax deductible items	23	13
- Share-based payments	28	203
- Research and Development	(277)	(41)
- Non-deductible losses on overseas entities	585	80
Amount under provided in prior year	-	9
Recognition of deferred tax related to previous years:		
- Share-based payments	(99)	-
Income tax expense attributable to entity	**3,726**	**3,033**

(c) Amounts recognised directly in equity

Aggregate deferred tax arising in the reporting period and not recognised in net profit or loss but directly credited (debited) to equity.

	SRG GROUP 2017 $'000	2016 $'000
Deferred tax: share-based payments	525	-

(d) Tax losses

As at 30 June 2017, the Group does not have unused tax losses for which no deferred tax asset has been recognised (2016:nil).

As at 30 June 2016, $326,000 tax losses not previously recognised were utilised.

Note 6. Key Management Personnel Compensation

Refer to the Remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the group's Key Management Personnel (KMP) for the year ended 30 June 2017.

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

	SRG GROUP	
	2017 $	2016 $
Short-term employee benefits	3,719,829	3,215,756
Annual leave	144,291	75,711
Long service leave	7,749	2,303
Post-employment benefits	121,562	134,605
Share-based payments	1,018,273	494,842
	5,011,704	**3,923,217**

Short-term employee benefits

This amount includes fees and benefits paid to the Chairman and Non-Executive Director as well as the salary, fringe benefits and cash bonuses awarded to Executive Directors and other KMP.

Post-employment benefits

This amount comprises the superannuation contributions made during the year.

Share-based payments

The group has two forms of share-based payments - Options and Performance rights. For the year ended 30 June 2017, $117,990 of options and $1,144,727 of performance rights were recognised as an expense (2016: $234,049 of options and $439,490 of performance rights).

The estimated fair value was determined using the Black Scholes option pricing model. Refer to Note 20.

Note 7. Auditors' Remuneration

	SRG GROUP	
	2017 $	2016 $
Remuneration of the auditor of the parent entity - William Buck		
Auditing and reviewing the financial report	162,000	162,000
Taxation services	-	28,468
Other services	-	36,820
Remuneration of other auditors of subsidiaries for:		
Auditing or reviewing the financial report of subsidiaries	16,348	26,409

Note 8. Capital Management

(a) Risk Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

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

(b) Dividends

	SRG GROUP	
	2017 $'000	2016 $'000
Distributions paid		
The amounts paid, provided or recommended by way of dividend by the parent entity are:		
- Final fully franked ordinary dividend for the year ended 30/06/2016 of 4.0 cents (2016: 0.5 cents) per share paid on 14/10/2016 franked at the tax rate of 30%	2,565	315
- Interim fully franked ordinary dividend for the year ended 30/06/2017 of 3.0 cents (2016: 2.0 cents) per share paid on 20/04/2017 franked at a tax rate of 30%	1,924	1,259
	4,489	**1,574**
Dividends declared after 30/06/2017		
(a) The Directors have resolved to declare a final fully franked ordinary dividend of 4.0 cents (2016: 4.0 cents) per share payable on 13/10/2017, franked at the tax rate of 30% (2016: 30%)	2,565	2,518
	2,565	**2,518**
Franking account balance		
(b) Balance of franking account at year end adjusted for franking credits arriving from payment of provision for income tax, dividends recognised as receivables and franking debits arising from payment of dividends and franking credits that may be prevented from distribution in subsequent financial years.	8,616	7,542
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	(1,100)	(1,079)
	7,516	**6,463**

Note 9. Earnings per share

	SRG GROUP 2017 $'000	2016 $'000
(a) Reconciliations of earnings to profit		
Profit for the year	7,826	6,198
Earnings used in the calculation of earnings per share	7,826	6,198
Earnings used in the calculation of dilutive earnings per share	7,826	6,198

	2017 Shares	2016 Shares
(b) Weighted average number of ordinary share on issue used in the calculation of basic earnings per share	63,916,195	62,959,181
Adjustments for calculation of diluted earnings per share:		
- Options	988,648	-
- Performance rights	4,850,000	-
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	69,754,843	62,959,181

Note 10. Trade and other receivables (current)

	SRG GROUP	
	2017 $'000	2016* $'000
Trade receivables	38,575	34,168
Provision for impairment of receivables	(287)	(1,130)
Other receivables (see Note 4)	2,261	197
Amounts due from customers from contract work	9,142	6,703
Total	**49,691**	**39,938**
Net balance sheet position for ongoing construction contracts:		
Amounts due from customers	9,142	6,703
Contract billings in advance (see Note 15)	(8,009)	(4,175)
	1,133	**2,528**
The net position relates to:		
Costs and profits recognised (less recognised losses) to date on construction contracts in progress	315,654	129,925
Progress billings and advances received on construction contract in progress	(314,521)	(127,397)
Net construction work in progress	**1,133**	**2,528**
Retentions on construction contracts in progress	2,688	2,794

* Refer to Note 1 (c) Change in Accounting Policies

(a) Classification as trade and receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of the amounts is expected in one year or less they are classified as current assets.

(b) Other receivables

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

(c) Fair values of trade and other receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(d) Construction contracts

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

(e) Impairment and risk exposure

Information about the impairment of trade and other receivables, the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 31.

Note 11. Inventories

	SRG GROUP 2017 $'000	2016* $'000
Raw materials and stores at cost	3,223	4,509
Finished goods	2,307	1,573
Work in progress - materials on site	4,180	3,860
	9,710	**9,942**

* Refer to Note 1 (c) Change in Accounting Policies

Note 12. Property, plant and equipment

	SRG GROUP 2017 $'000	2016 $'000
Freehold land		
At cost	330	1,960
Revaluation surplus	171	171
	501	**2,131**
Leasehold improvements		
At cost	688	612
Accumulated amortisation	(474)	(363)
	214	**249**
Plant, equipment and motor vehicles		
At cost	104,062	90,516
Accumulated depreciation and amortisation	(75,813)	(70,899)
	28,249	**19,617**
Total	**28,964**	**21,997**

Note 12. Property, plant and equipment (continued)

	SRG GROUP 2017 $'000	2016 $'000
Movements in carrying amounts		
Movements in the carrying amounts for each class of property, plant and equipment are set out below:		
Freehold land		
Carrying amount at beginning of year	2,131	5,447
Transfer to assets held for sale	-	(3,316)
Disposal	(1,630)	-
Carrying amount at end of year	**501**	**2,131**
Buildings		
Carrying amount at beginning of year	-	700
Depreciation	-	(28)
Transfer to assets held for sale	-	(672)
Carrying amount at end of year	**-**	**-**
Leasehold improvements		
Carrying amount at beginning of year	249	354
Additions	76	117
Depreciation	(111)	(154)
Transfer to assets held for sale	-	(68)
Carrying amount at end of year	**214**	**249**
Plant and equipment and motor vehicles		
Carrying amount at beginning of year	19,617	20,109
Additions	13,604	5,161
Disposals	(50)	(446)
Movements due to foreign exchange rate differences	(8)	15
Depreciation and amortisation	(4,914)	(5,222)
Carrying amount at end of year	**28,249**	**19,617**
Total		
Carrying amount at beginning of year	21,997	26,610
Additions	13,680	5,278
Disposals	(1,680)	(446)
Depreciation and amortisation	(5,025)	(5,404)
Transfer to assets held for sale	-	(4,056)
Movements due to foreign exchange rate differences	(8)	15
Carrying amount at end of year	**28,964**	**21,997**

Note 12. Property, plant and equipment (continued)

(a) Revaluation, depreciation methods and useful lives

Land and buildings are recognised at fair value, less subsequent depreciation for buildings. All other property, plant and equipment is recognised at historical cost less depreciation.

Valuations are performed at least triennial and are based on active market prices which were significantly adjusted for differences in the nature, location or condition of the property. The fair value measurement has been categorised as a Level 2 fair value based on the inputs to the valuation techniques. As at the date of revaluation on 15 April 2015, the properties' fair values are based on valuations performed by Herron Todd White, an accredited independent valuer with valuation experience for similar commercial properties in Australia. A revaluation surplus is credited to other reserves in shareholder equity (see Note 20).

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Depreciation on major mining equipment is calculated on machine hours worked over their estimated useful life. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Leasehold improvements	28.0%
Plant and equipment	10.0% - 33.3%
Financed assets	
- Plant and equipment	15.0% - 25.0%
- Mining equipment	25.0% - 30.0%

Note 13. Assets held for sale

		SRG GROUP
	2017 $'000	2016 $'000
Assets classified as held for sale comprise:		
Land	-	3,316
Buildings	-	672
Leasehold improvements	-	68
Total	**-**	**4,056**

Sale of asset held for sale

During the year ended 30 June 2016, management placed the property at 112 Munro Street, South Melbourne from the Corporate segment, for sale as part of optimising its assets. As at 30 June 2016, management entered a contract to sell the property for $8.1m. As at 30 June 2017, the company has recognised $3.9m gain on the disposal (see Note 4).

Note 14. Intangibles

	SRG GROUP	
	2017 $'000	2016 $'000
Goodwill - at cost	22,974	22,974
Accumulated impairment losses	(8)	(8)
	22,966	**22,966**
Balance at beginning of year	22,966	19,439
Acquisitions through business combinations	-	3,527
Balance at end of year	**22,966**	**22,966**

(a) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment or more frequently if the facts or circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(b) Impairment disclosures of non-financial assets

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

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

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

	SRG GROUP	
	2017 $'000	2016 $'000
Construction segment	21,788	21,788
Mining segment	1,178	1,178
Total	**22,966**	**22,966**

Note 14. Intangibles (continued)

(c) Significant estimate: Key assumptions used for value in use calculations

		Long Term Growth Rate %	Discount Rate %
Cash generating unit			
Construction segment	**2017**	**2.5%**	**11.75%**
	2016	3.0%	14.45%
Mining segment	**2017**	**2.5%**	**10.52%**
	2016	1.0%	10.49%

The recoverable amount of a cash generating unit (CGU) is determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on financial budgets approved by management for the next financial year.

Management anticipates a significant increase in the Construction Cash Generating Unit (CGU) revenue for the next financial year on the basis of significant projects recently won as announced on the ASX and in-line with its international expansion. Between years 2 and 5, a growth rate of 3.5% is applied as SRG is in the development phase of its strategic plan. From year 5 onwards, a long term growth rate of 2.5% is applied.

Discount rates are adjusted to incorporate risks associated with the respective CGU. For the year ended 30 June 2017, the decrease in discount rates reflects the reduced risk factors.

Sensitivity to changes in assumptions

The value in use model for the Construction CGU is most sensitive to the following assumptions:

- Gross margin on construction contracts
- Variation in gross revenue
- Discount rates

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount as detailed in the sensitivities below. These sensitivities assume that the specific assumption moves in isolation while all other assumptions remain constant. From the sensitivity analysis performed there are no reasonable possible change in circumstances that identify impairment.

(i) Gross margin on service contracts

Gross margins are based on actual historical data and the margin expectation as determined by management budgets. If the gross margin amount on contracts declined by 7%, it would result in an impairment charge.

(ii) Variation in gross revenue

Gross revenue is based on the CGU's work in hand and budgeted projections for the next financial year. These were determined as part of the budgeting process, which have been committed to by management. If budgeted gross revenue for the next financial year decreased by 15%, this would result in an impairment charge.

(iii) Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU taking into consideration the time value of money and individual risks of underlying assets that have not been incorporated into cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by SRG's investors. The cost of debt is based on interest-bearing borrowings SRG is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factor is evaluated annually based on publicly available market data. Discount rates would have to increase by 40% to result in an impairment charge.

There are no reasonable possible changes to the assumptions in the Mining CGU that would lead to an impairment charge.

Note 15. Trade and other payables

	SRG GROUP	
	2017 $'000	2016 $'000
Current		
Unsecured liabilities		
Trade payables	14,849	12,957
Other payables and accrued expenses	12,096	10,957
Contract billings in advance (see Note 10)	8,009	4,175
	34,954	**28,089**

The carrying amount of trade and other payables are considered to be the same as their fair values, due to their short-term nature. Trade payables are usually paid within 30 days of recognition.

Note 16. Borrowings

	SRG GROUP	
	2017 $'000	2016 $'000
Current		
Secured liabilities		
Hire purchase liability	2,986	2,411
	2,986	**2,411**
Non-current		
Secured liabilities		
Hire purchase liability	5,843	1,217
	5,843	**1,217**
Total current and non-current secured liabilities		
Hire purchase liabilities	8,829	3,628
	8,829	**3,628**
The carrying amount of non-current assets pledged as first security are:		
Plant, motor vehicles and equipment over which hire purchase contracts apply	9,871	11,311
	9,871	**11,311**

(a) Secure liabilities

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

(b) Fair value

The fair value is not materially different from the carrying value since the interest payable is close to current market rates.

Note 17. Deferred tax balances

	SRG GROUP 2017 $'000	SRG GROUP 2016 $'000
(a) Deferred tax liability		
The balance comprises temporary differences attributed to:		
Debtors retentions	520	336
Property, plant and equipment (revaluation adjustments)	282	1,065
	802	**1,401**
(b) Deferred tax asset		
The balance comprises temporary differences attributed to:		
Property, plant and equipment	559	1,125
Provisions	2,523	2,915
Share-based payments	976	-
	4,058	**4,040**

(c) Reconciliations

Movement	Property, Plant and Equipment $'000	Provisions $'000	Debtors Retentions $'000	Revaluations $'000	Share Based Payments $'000	Total $'000
Balance at 01/07/2015	**1,343**	**2,808**	**(557)**	**(1,065)**	**-**	**2,529**
(Charge) / credit						
- To profit or loss	(218)	107	221	-	-	110
- Directly to equity	-	-	-	-	-	-
Balance at 30/06/2016	**1,125**	**2,915**	**(336)**	**(1,065)**	**-**	**2,639**
(Charge) / credit						
- To profit or loss	(298)	(392)	(184)	(1,158)	451	(1,581)
- Directly to equity	-	-	-	-	525	525
- (Over) / under previous years	(268)			1,941[i]		1,673
Balance at 30/06/2017	**559**	**2,523**	**(520)**	**(282)**	**976**	**3,256**

(i) Munro sale capital gain was taxable on financial year 2016. As at 30 June 2016, an additional $1.9m current tax liability and corresponding reduction on deferred tax liability balance of $1.9m should have been recognised in the Consolidated Statement of Financial Position. Capital gains were included in FY16 Income Tax return paid on February 2017.

Note 18. Provisions

	SRG GROUP	
	2017 $'000	**2016 $'000**
Current		
Employee benefits obligations	8,292	7,280
Non-current		
Employee benefits obligations	737	1,972

(a) Leave obligation

The leave obligations cover the group's liability for long service leave and annual leave.

The current portion of this liability includes all of the accrued annual leave, the unconditional entitlements to long service where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the current provision of $8,292 (2016: $7,280) is presented as current, since the group does dot have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

(b) Significant estimate: Provision for long-term employee benefits

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

Note 19. Issued capital

	SRG GROUP	
	2017 Shares '000	**2016 Shares '000**
Share Capital **Issues of ordinary shares during the year ended 30 June 2017**		
Exercise of options issued under the SRG Employee Option Incentive Scheme	590	-
Issued for no consideration: Performance Rights under SRG Employee Performance Rights Incentive Scheme	600	-

As at 30 June 2017, issued and paid capital was 64,149,181 fully paid ordinary shares (2016: 62,959,181).

(a) Ordinary shares

(i) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

(ii) At 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.

(iii) Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(b) Options

Information relating to the Group Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the financial year, is set out in the remuneration report set out on pages 30 to 38 and Note 20.

(c) Performance rights

During the financial year ended 30 June 2017, SRG issued $3.15m performance rights to Key Management Personnel pursuant to the SRG Incentive Performance Right Plan. Refer to Remuneration report set out on pages 30 to 38.

Note 20. Reserves

Nature and Purpose of Reserves

(a) Share-Based Payment Reserve

The share-based payment reserve is used to recognise the value of the vesting of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to remuneration report for details on performance rights issued as remuneration.

Set out below are summaries of options granted under the plan:

	2017		2016	
	Weighted average exercise price per share option	Number of options	Weghted average exercise price per share option	Number of options
Balance at 1 July	**0.825**	**3,065,000**	**0.832**	**3,155,000**
Granted during the year	-	-	0.730	200,000
Exercised during the year	0.832	(590,000)	-	-
Forfeited during the year	0.835	(115,000)	0.835	(290,000)
Balance at 30 June	**0.823**	**2,360,000**	**0.825**	**3,065,000**
Vested and exercisable at 30 June	**0.832**	**2,160,000**		**-**

No options expired during the periods covered by the above tables.

Share options outstanding at the end of the year have the following expiry date and exercise prices:

Grant Date	Expiry date	Exercise price	Share options 30/06/2017	Share options 30/06/2016
30/06/2014	30/06/2018	$0.835	500,000	500,000
19/11/2014	30/11/2018	$0.827	800,000	1,000,000
18/02/2015	30/06/2018	$0.835	860,000	1,365,000
30/05/2016	30/05/2020	$0.730	200,000	200,000
Total			**2,360,000**	**3,065,000**
Weighted average remaining contractual life of options outstanding at end of period			1.3 years	2.9 years

Significant estimates: Share based payments

Share-based payments to employees are measured at the fair value of the equity instrument at the grant date and amortised on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payments reserve. The fair value of options is determined using the Black-Scholes pricing model. At each reporting date, the Group revises its estimates of the number of options expected to vest.

Grant Date	Fair value $	Share price at date of issue $	Exercise price $	Expected volatility	Option life	Risk-free interest	Share-based cost recognised $
30/06/2014	0.15	0.57	0.835	45	4	2.5	19,904
19/11/2014	0.15	0.57	0.827	46	4	2.5	30,487
18/02/2015	0.15	0.57	0.835	46	4	2.5	38,699
30/05/2016	0.34	0.72	0.73	61	4	1.8	28,900

Note 20. Reserves (continued)

Fair value of share performance rights and related assumptions

Grant Date	Fair value $	Share price at date of issue $	Exercise price $	Expected volatility	Risk-free interest	Share-based cost recognised
19/11/2014	0.57	0.57	-	46	2.5	314,226
30/05/2016	0.66	0.72	-	61	1.8	97,267
24/08/2016	1.04	1.21	-	45	1.5	137,262
16/11/2016	1.66	1.82	-	45	1.9	430,688
21/06/2017	1.19	1.24	-	45	1.7	165,284

(b) Asset Revaluation Surplus

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with Australian Accounting Standards. As at 30 June 2017, a $1.8m revaluation increment related to the Munro Street property sale has been transferred from asset revaluation reserve to retained earnings.

(c) Foreign Currency Translation Reserve

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

Note 21. Retained earnings

	SRG GROUP	
	2017 $'000	**2016 $'000**
Balance 1 July	**37,671**	**33,046**
Net profit for the period	7,826	6,198
Dividends (see Note 8)	(4,489)	(1,573)
Shares issued during the period	88	-
Transfer of reserves to retained earnings	1,827	-
Balance 30 June	**42,923**	**37,671**

Note 22. Commitments

(a) Capital Commitments

	SRG GROUP	
	2017 $'000	**2016 $'000**
- Not later than 1 year	3,231	2,464
- Later than 1 year, but not later than 5 years	6,248	1,313
Total maximum lease commitment	**9,479**	**3,777**
Future finance charges	(650)	(149)
	8,829	**3,628**

Hire purchase agreements have been entered into to finance the acquisition of equipment used for income generation purposes. The great majority of equipment currently under finance is plant and equipment employed by SRG Mining (Australia) Pty Ltd (primarily drill rigs).

Note 22. Commitments (continued)

(b) Non-cancellable operating leases future minimum payments

	SRG GROUP	
	2017 $'000	2016 $'000
Contracted for but not capitalised in accounts		
- Not later than 1 year	1,804	1,676
- Later than 1 year, but not later than 5 years	1,426	1,489
- Later than 5 years	-	-
	3,230	**3,165**

Various non-cancellable operating leases are taken by the Group relating to property it occupies for various income generating activities. All leases are taken under normal commercial terms.

Note 23. Contingent liabilities

	SRG GROUP	
	2017 $'000	2016 $'000
Cash retention [1]	2,688	2,794
Contract performance guarantees [1]	9,910	12,209
Guarantee by the Company in respect of bank facilities of controlled entities	3,163	2,313
Cross guarantee by the Company and controlled entities in respect of bank facilities	19,663	20,551
	35,424	**37,867**

[1] Amounts relate to security held for the purpose of ensuring the due and proper performance of contracts undertaken by the Group. These amounts are released at various stages of the contracts.

Note 24. Cash flow information

	SRG GROUP 2017 $'000	2016 $'000
(a) Reconciliation of cash		
Cash at the end of the reporting period as shown in the statement of cash flow is reconciled to the items in the statement of financial position:		
Cash on hand	12	18
Cash at bank	24,437	21,842
Cash and Cash Equivalents	**24,449**	**21,860**
Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.		
(b) Reconciliation of cash		
Profit after income tax	7,826	6,198
Non-cash flows in profit		
Depreciation and amortisation	5,025	5,404
Share-based payments	1,263	674
Profit on sale of non-current assets	(339)	(152)
Profit on sale of assets held for sale	(3,934)	-
Gain on contingent consideration	(1,028)	(853)
Movement in doubtful debts provision	(413)	430
Change in assets and liabilities		
- (Increase) in trade and other receivables	(7,341)	(4,104)
- Decrease / (increase) in inventories	233	(3,460)
- (Increase) in prepayments	(936)	(521)
- Increase / (decrease) in trade, other payables and accruals	7,626	(3,057)
- (Decrease) provisions	(223)	(102)
- (Decrease) / increase in income taxes payable	(711)	3,532
- (Decrease) in deferred tax liabilities	(598)	(221)
- Decrease in deferred tax assets	508	111
Net cash provided by (used in) operating activities	**6,958**	**3,879**
(c) Non-cash financing and investing activities		
Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	7,767	2,230

Note 25. Parent entity financial information

As at, and throughout the financial year ended 30 June 2017, the parent company of the Group was SRG Limited.

	SRG GROUP	
	2017 $'000	2016 $'000
Assets		
Current assets	101,266	81,771
Total assets	**235,382**	**204,731**
Liabilities		
Current liabilities	23,269	19,426
Total liabilities	**171,978**	**141,512**
Equity		
Issued capital	41,311	40,477
Total equity	**63,404**	**63,219**
Profit after tax and total comprehensive income	**4,491**	**2,240**

With the exception of matters noted in Notes 22 and 23, there were no contingent liabilities, guarantees or capital commitments of the parent entity not otherwise disclosed in these financial statements.

Note 26. Particulars relating to controlled entities

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

	Place of Incorporation	Principal Activity	Ownership Interest 2017	Ownership Interest 2016
Emirates & Australia Construction Systems LLC (2)	UAE	Construction	100%	100%
Meridian Concrete Australia Pty Ltd (1)	Victoria	Construction	100%	100%
NASA Structural Systems LLC (2)	UAE	Construction	100%	100%
SRG Building (Northern) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Building (Southern) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Building (Western) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Civil Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Civil Pty Ltd (Incorporated in Australia)	South Africa	Construction	100%	100%
SRG Contractors Abu Dhabi LLC (2)	UAE	Construction	100%	100%
SRG Contractors Doha LLC (2)	Qatar	Construction	100%	100%
SRG Contractors NZ Limited	New Zealand	Construction	100%	-
SRG Corporate (Australia) Pty Ltd (1)	Victoria	Corporate Services	100%	100%
SRG Employee Share Trust	Western Australia	Trust	100%	100%
SRG Hong Kong Limited	Hong Kong	Construction	100%	100%
SRG International Holdings Pte Ltd	Singapore	Construction	100%	100%
SRG IP Pty Ltd	Western Australia	Corporate Services	100%	100%
SRG Limited (Oman Branch) (2)	Oman	Construction	100%	100%
SRG Mining (Australia) Pty Ltd (1)	Victoria	Mining Services	100%	100%
SRG Products Pty Ltd (formerly Refobar Australia Pty Ltd) (1)	Queensland	Manufacturing	100%	100%
SRG Services (Western) Pty Ltd	Western Australia	Construction	100%	100%
SRG Services (Australia) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG South Africa (Pty) Ltd	South Africa	Construction	100%	100%
Structural Systems (Bridge Maintenance) Pty Ltd (1)	Victoria	Dormant	100%	100%
Structural Systems (Construction) Pty Ltd (1)	Victoria	Construction	100%	100%
Structural Systems Middle East LLC (2)	UAE	Construction	100%	100%
Total Fire Protection Pty Ltd (1)	Victoria	Dormant	100%	100%
Red Ore Drill & Blast Pty Ltd	Victoria	Dormant	50%	50%
Rock Engineering (Aust) Pty Ltd	Victoria	Dormant	100%	100%
Rock International Mining & Civil Pty Ltd	Victoria	Dormant	100%	100%

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

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

Pursuant to ASIC Corporation (Wholly-owned Companies) Instrument 2016/785, (as amended) relief has been granted to these controlled entities of SRG Limited from the *Corporations Act 2001* requirements for preparation, audit and publication of accounts.

As a condition of the ASIC Corporation (Wholly-owned Companies) Instrument 2016/785, SRG Limited and the controlled entities should become parties to a Deed of Cross Guarantee. The effect of the deed is that SRG Limited has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given a similar guarantee in the event that SRG Limited is wound up.

Note 26. Particulars relating to controlled entities (continued)

The following are the aggregate totals for the closed group relieved under the deed:

	SRG GROUP 2017 $'000	SRG GROUP 2016 $'000
Financial information in relation to:		
(a) Statement of profit or loss and other comprehensive income:		
Profit before income tax	13,423	10,001
Income tax expense	(3,701)	(3,035)
Profit after income tax	**9,722**	**6,966**
Other comprehensive income	-	-
Total comprehensive income attributable to member of the parent	**9,722**	**6,966**
(b) Statement of financial position:		
Current assets		
Cash and cash equivalents	24,067	21,503
Trade and other receivables	43,172	29,266
Inventories	9,454	15,833
Other current assets	694	450
Total current assets	**77,387**	**67,052**
Non-current assets		
Investment on subsidiaries	5,662	5,663
Trade and other receivables	5,006	1,081
Property, plant and equipment	28,732	25,772
Intangible assets	18,297	18,297
Deferred tax assets	3,212	4,040
Total non-current assets	**60,909**	**54,853**
Total assets	**138,296**	**121,905**
Current liabilities		
Trade and other payables	32,389	26,255
Financial liabilities	2,985	2,411
Current tax liability	1,486	2,175
Short term provision	7,462	7,048
Total current liabilities	**44,322**	**37,889**
Non-current liabilities		
Trade and other payables	916	858
Financial liabilities	5,843	1,217
Deferred tax liabilities	-	1,402
Long term provisions	679	1,513
Total non-current liabilities	**7,438**	**4,990**
Total liabilities	**51,760**	**42,879**
Net assets	**86,536**	**79,026**
Issued capital	41,311	40,477
Reserves	2,796	3,268
Retained earnings	42,429	35,281
Total equity	**86,536**	**79,026**

Note 26. Particulars relating to controlled entities (continued)

	SRG GROUP	
	2017 $'000	2016 $'000
(c) Retained earnings comprise of the following:		
Opening balance	35,281	29,888
Net profit attributable to members of the entity	9,722	6,966
Dividends paid	(4,489)	(1,573)
Shares issued during the period	88	-
Transfer previous revaluation reserve	1,827	-
Closing balance	**42,429**	**35,281**

Balances as at 30 June 2016 have been restated to exclude SRG Services (Western) Pty Ltd which was not part of the Deed of Cross Guarantee, (impact of $0.5m in 2016 profit after tax). SRG Services (Western) Pty Ltd is still not part of the Deed of Cross Guarantee as at 30 June 2017.

Note 27. Related party information

(a) Subsidiaries

Interest in subsidiaries are set out in Note 26.

(b) Key Management Personnel compensation

Key Management Personnel compensation is disclosed in Note 6.

Directors' remuneration is disclosed in Remuneration Report.

In addition during the financial year, SRG engaged the services of Peter McMorrow to assist with the execution of its international strategy. The amount of fees for Mr McMorrow's services is $126,000 and has been disclosed on the remuneration report. As at 30 June 2017, there was no amount outstanding. The fees charged are on normal commercial terms and conditions no more favourable than those available to other parties. For details, please refer to the ASX announcement dated 21 September 2015.

(c) Terms and conditions

It is the Company's policy that any transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Note 28. Events after the reporting period

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

Note 29. Segment results

Identification of reportable segments

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

Types of products and services by segment:

- **Construction segment**

  The construction segment delivers specialist construction services, specifically post-tensioning, concrete placement and remedial operations.
- **Mining segment**

  The mining segment services mining clients and specialises in production drilling.
- **Corporate segment**

  The corporate segment represents the entity that conducts transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments.

Note 29. Segmented results (continued)

Basis of accounting for purposes of reporting by operating segments:

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment assets and liabilities

Where an asset or liability is used across multiple segments, it is allocated on a pro-rata basis to the segments that receive the benefit of use of the asset or represent the source of the obligation of the liability.

Primary reporting - Business segments

	Construction		Mining		Corporate		Consolidated Group	
	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	158,880	119,903	68,604	56,512	-	-	227,484	176,415
Other revenue	531	680	35	87	1,959	673	2,525	1,440
Total revenue	**159,327**	**120,583**	**68,723**	**56,599**	**1,959**	**673**	**230,009**	**177,855**
Results								
Segment result	5,237	4,849	8,030	5,772	(1,715)	(1,390)	11,552	9,231
Income tax benefit / (expense)	-	-	-	-	(3,726)	(3,033)	(3,726)	(3,033)
Profit after income tax	**5,237**	**4,849**	**8,030**	**5,772**	**(5,441)**	**(4,423)**	**7,826**	**6,198**
Assets								
Segment assets	74,838	66,959	36,309	27,306	29,477	31,187	140,624	125,452
Total assets	**74,838**	**66,959**	**36,309**	**27,306**	**29,477**	**31,187**	**140,624**	**125,452**
Liabilities								
Segment liabilities	29,620	26,286	19,166	10,676	5,490	7,603	54,276	44,545
Total liabilities	**29,620**	**26,286**	**19,166**	**10,676**	**5,490**	**7,603**	**54,276**	**44,545**
Other								
Acquisitions of non-current segment assets (including hire purchase and lease commitments)	3,205	4,609	10,020	1,339	455	171	13,680	6,119
Depreciation and amortisation of segment assets	1,605	1,530	3,091	3,633	329	241	5,025	5,404

Revenue and assets by geographical region

	Australia		United Arab Emirates		Other		Consolidated Group	
	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16	30/06/17	30/06/16
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenues for external customers	210,062	162,841	9,476	8,035	10,471	6,979	230,009	177,855
Carrying amount of segment assets	132,847	119,809	7,164	5,643	613	-	140,624	125,452
Acquisition of non-current segment assets	13,584	6,111	8	8	88	-	13,680	6,119

Note 30. Financing arrangements

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

	SRG GROUP	
	2017 $'000	**2016 $'000**
Total facilities available		
Bank overdraft [1]	3,000	3,000
Hire purchase facility [1]	28,663	26,500
Other facilities [1]	3,621	5,200
Bank guarantee facility [1]	12,965	13,000
Surety bond facility	21,506	23,000
	69,755	**70,700**
Facilities used at the end of the reporting period:		
Bank overdrafts [1]		-
Hire purchase facility [1]	9,248	3,420
Other facilities [1]	3,160	2,360
Bank guarantee facility [1]	9,910	12,209
Surety bond facility	10,418	2,079
	32,736	**20,068**
Facilities not used at the end of the reporting period:		
Bank overdrafts [1]	3,000	3,000
Hire purchase facility [1]	19,416	23,080
Other facilities [1]	458	2,840
Bank guarantee facilities [1]	3,055	791
Surety bond facility	11,090	20,921
	37,019	**50,632**

[1] At reporting date, the Group had used $15,728,585 of its multi-option facility limit of $36,200,000. The multi-option facility is a comprehensive borrowing facility which includes back overdraft, hire purchase, letter of credit, corporate credit card and bank guarantee facilities.

Finance facilities of the Group are secured by a registered first mortgage over the Group land and buildings and registered mortgage debenture over all assets of the Group and an interlocking guarantee and indemnity between all entities within the Group. Interest on bank overdrafts is charged at prevailing market rates. The bank guarantee facility is used to provide contract performance guarantees in lieu of cash retentions and security deposits. Fees are charged on a per guarantee basis.

Note 31. Financial instruments

Significant accounting and risk management policies

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

Financial Instrument composition and maturity analysis

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

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within			Non-interest bearing	Total
			1 year or less	Over 1 year to 5 years	More than 5 years		
	%	$'000	$'000	$'000	$'000	$'000	$'000
2017							
Financial Assets							
Cash and cash equivalents	1.61	24,149	-	-	-	300	24,449
Receivables	-	-	-	-	-	49,691	49,691
		24,149				**49,991**	**74,140**
2017							
Financial liabilities							
Payables	-	-	-	-	-	28,964	28,964
Lease and lease purchase liabilities	4.57		2,986	5,843	-	-	8,829
			2,986	**5,843**		**28,964**	**37,793**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within			Non-interest bearing	Total
			1 year or less	Over 1 year to 5 years	More than 5 years		
	%	$'000	$'000	$'000	$'000	$'000	$'000
2016							
Financial Assets							
Cash and cash equivalents	2.74	19,839	2,000	-	-	21	21,860
Receivables	-	-	-	-	-	39,938	39,938
		19,839	**2,000**	**-**	**-**	**39,959**	**61,798**
2016							
Financial liabilities							
Payables	-	-	-	-	-	28,089	28,089
Lease and lease purchase liabilities	3.49	-	2,464	1,164	-	-	3,628
			2,464	**1,164**	**-**	**28,089**	**31,717**

	SRG GROUP	
	2017 $'000	**2016 $'000**
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	26,945	23,914
	26,945	**23,914**

Note 31. Financial instruments (continued)

Treasury Risk Management

Management, consisting of Senior Executives of the Group meet on a regular basis to analyse financial risk exposure, and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. This management process is subject to board policies and directives implemented, and is subsequently reviewed by the Board on a periodic basis.

Interest Rate Risk

The Group has a mixture of variable and fixed interest rate financial instruments. The exposure to interest rate risk on its variable interest rate financial instruments is in the potential for cash flows to differ from their forecast amounts. As the Group's variable interest rate financial instruments are predominantly cash and cash equivalents the Group has assessed the risk arising from changes to interest rates to be not significant.

Liquidity risk

The consolidated group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Group financial arrangements are disclosed in Note 30, maturity of the Group financial liabilities are disclosed in Note 15 and Note 16.

Credit risk

The consolidated group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts owing to the Group as and when they fall due. Credit risk arises from cash and cash equivalents, and outstanding receivables. The maximum exposure to credit risk, excluding the value of any security at the end of the reporting period in respect of recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets.

As a result of the diverse range of services and geographical spread covered by the consolidated group, the consolidated group does not have a concentration of credit risk to any one customer. Whilst the group does have a broad risk to lead contractors in the construction industry generally, this is managed on a 'customer by customer' basis, taking into account ratings from credit agencies, trade references and payment history where there is a pre-existing relationship with that entity. In addition to the above, trade receivables are monitored on an ongoing regular basis with the result that the Group's exposure to bad debt is not significant.

		SRG GROUP
	2017 $'000	**2016 $'000**
Ageing of past due but not impaired receivables		
60-90 days	240	866
90+ days	282	1,282
	522	**2,148**
Movement in the provision for the impairment of receivables is as follows:		
Opening balance	(1,130)	(700)
Charge for the year	(287)	(430)
Amounts written off during the year as uncollectable	430	-
Unused amount reversed	700	
Closing balance	**(287)**	**(1,130)**

Impaired receivables are all greater than 120 days

Significant risk: Assessment of impairment of receivables

As at 30 June 2017 the Directors reviewed the carrying amount of trade receivables and estimated that $287,151 of the carrying amount presents uncertainty in relation to its recoverability (2016: $1,129,766). This estimate is based on past due amounts, historical write-off experience and the credit risk associated with specific customers.

Note 31. Financial instruments (continued)

Price Risk

The Group is exposed to commodity price risk through its consumption of steel in its operations that use post-tensioning, and to a lesser degree in the mining services business. The Group monitors forward steel prices and endeavours to lock in agreed prices on a project by project basis prior to formalising bid prices wherever possible. As at 30 June 2017 the Group held no financial instruments that could vary according to changes in the price of steel (2016: nil).

Foreign Exchange Risk

The consolidated entity is exposed to foreign exchange risk in abroad project's revenue executed by local subsidiaries. The consolidated entity does not hedge this risk however continue to monitor exchange rates so that currency exposure is maintained at an acceptable level. There is a nature hedge in place to the extent project costs are materially on the same foreign currency.

The major exchange rates relevant to the consolidated entity were as follows:

	Average year ended 30/06/2017	As at 30/06/2017	Average year ended 30/06/2016	As at 30/06/2016
A$ / US$	0.78	0.77	0.73	0.74
A$ / ZAR$	10.26	10.04	10.56	10.92
A$ / AED$	2.77	2.82	2.67	2.73
A$ / HKD$	5.85	6.00	5.65	5.76
A$ / NZD$	1.06	1.05	1.09	1.05

The consolidated entity's exposure to foreign exchange risk at statement of financial position date was as follows, based on carrying amounts in A$000:

2017	A$ ('000)	US$ ('000)	ZAR$ ('000)	AED$ ('000)	HKD$ ('000)	NZD$ ('000)	Totals$ ('000)
Cash and cash equivalents	22,520	266	1,282	289	41	51	24,449
Trade and other receivables	42,162	-	1,420	6,064	-	45	49,691
Trade and other payables	(27,037)	(26)	-	(1,884)	-	(17)	(28,964)
	37,645	**240**	**2,702**	**4,469**	**41**	**79**	**45,176**

2016	A$ ('000)	US$ ('000)	ZAR$ ('000)	AED$ ('000)	HKD$ ('000)	NZD$ ('000)	Totals$ ('000)
Cash and cash equivalents	17,333	1,169	3,002	356	-	-	21,860
Trade and other receivables	34,495	-	1,426	4,017	-	-	39,938
Trade and other payables	(26,527)	-	-	(1,562)	-	-	(28,089)
	25,301	**1,169**	**4,428**	**2,811**			**33,709**

Note 31. Financial instruments (continued)

Fair Value

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

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

AASB 13 *Financial Instruments: Disclosures* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)

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

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following table presents the Group's financial liabilities measured and recognised at fair value. There were no financial assets measured and recognised at fair value at 30 June 2017 or 30 June 2016.

2017	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Other payables - contingent consideration	-	292	-	292

2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial liabilities				
Other payables - contingent consideration	-	1,320	-	1,320

The following table presents the change in contingent consideration:

	SRG GROUP	
	2017 $'000	2016 $'000
Opening balance	**1,320**	**-**
Additions	-	2,173
Fair value (gain) / loss	(270)	-
Derecognition of contingent consideration payable	(758)	(853)
Accretion	-	-
Closing balance	**292**	**1,320**

The contingent consideration relates to the acquisition of CCM business in July 2015. The earn out consideration is dependent on net profit after tax for CCM business. The threshold for 30 June 2017 for earn out payment was not met, releasing the consideration balance related to that year through profit and loss.

DIRECTORS' DECLARATION

SRG LIMITED ABN 57 006 413 574

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The accompanying financial statements and notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001 and:

    (a) Comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

    (b) Give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the company and consolidated group;

2. The Managing Director and the Chief Financial Officer have each declared that:

    (a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

    (b) The financial statements and notes for the financial year comply with the accounting standards; and

    (c) The financial statements and notes for the financial year give a true and fair view;

3. In the Directors' opinion there are reasonable grounds to believe that the members of the Closed Group identified in Note 26 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

4. The Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.

P J McMorrow - Director

David Macgeorge

D W Macgeorge - Director

Dated 25 August 2017

William Buck

SRG Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of SRG Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit and loss, the consolidated statement of 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 2017 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.

CHARTERED ACCOUNTANTS & ADVISORS
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Telephone: +61 3 9824 8555
williambuck.com

William Buck

SRG Limited

Independent auditor's report to members (Cont)

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.

ASSESSMENT OF CARRYING VALUE OF GOODWILL	
Area of focus **Refer also to note 14**	**How our audit addressed it**
In prior years the Group expanded its activities through acquisition of businesses. As a result the group's net assets include goodwill of $22,965,742. Given the goodwill value, and the fluctuating nature of the construction and mining components of the business, there is a risk that the Group may not trade in line with initial expectations and forecasts, resulting in the carrying amount of goodwill exceeding the recoverable amount and therefore requiring impairment. The recoverable amount of the two cash generating units (CGUs) has been calculated based on the value-in-use model. These recoverable amounts use discounted cash flow forecasts in which the Directors make judgements over certain key inputs, for example but not limited to revenue growth, discount rates applied, long term growth rates, the ongoing profitability of the CGUs and inflation rates. Overall due to the high level of judgement involved, and the significant carrying amounts involved, we have determined that this is a key judgemental area that our audit concentrated on.	Our audit procedures included: — Detailed evaluation of the Group's budgeting procedures upon which the forecasts are based and testing the principles and integrity of the discounted future cash flows; — Testing the accuracy of the calculation derived from each forecast model and we assessed key inputs in the calculations such as revenue growth, discount rates, working capital assumptions and the ongoing profitability of the CGUs, by reference to the Board approved forecasts, data external to the group and our own views; — Engaging our own valuation specialists within our Corporate Advisory division when considering the appropriateness of the discount rates and the long term growth rates; and — Reviewing the historical accuracy of the key inputs by comparing actual results with the original forecasts. We also considered the adequacy of the Group's disclosures in relation to the carrying value of goodwill and to the relevant accounting policy notes.

William Buck

SRG Limited

Independent auditor's report to members (Cont)

REVENUE RECOGNITION	
Area of focus **Refer also to note 2**	**How our audit addressed it**
The largest proportion of the Group's revenue streams relate to its construction contracts, which account for revenue and is margin based upon the stage of completion of individual contracts, calculated on the proportion of total costs incurred at reporting date compared to management's estimation of total costs of the contract. The accurate recording of revenue is highly dependent on the following: — Detailed knowledge of the individual characteristics and status of contracts such as industry, geography of project and contract length and type; — Management's contract process includes: - Estimating total cost to complete at initiation of the contract, including the estimation of cost contingencies for uncertain risks like time slippage; - Revisions for certain events or conditions that occur during the performance of the contract, or expected to occur to complete the contract; and - Adjustments to these estimates, such as remeasures of quantities of materials and or machinery and labour required for the project completion could give rise to variances in the amount of revenue and profit/loss recognised; and — Determination of variations and claims, including an assessment of when the Group believes it is probable that the amount will be approved and thus recovered from the customer.	Our audit procedures included: — Evaluating management's process regarding existence and valuation of the Group's contract revenues. We tested that controls such as the preparation and authorisation of monthly project valuations processes were being used in line with Group policy; — Selecting a sample of contracts for testing utilising data analytic routines based on a number of quantitative and qualitative factors, such as contracts with significant deterioration in margin, those contracts with significant variations, claims and other factors which indicate to us that a greater level of judgement is required in assessing the revenue recognition based on the estimates developed for current and forecast contract performance; and — For the selected contracts, where appropriate, we performed the following procedures in relation to the key judgements in management's calculation of contract revenue: - Read the contract terms and conditions to evaluate whether the individual characteristics of each contract were reflected in management's estimate; - Assessed the forecast costs to complete through challenging Group finance, commercial and operational management assessments; - Evaluated the Group's legal and external experts' reports received on contentious matters to identify conditions that may qualify for adjustments under the Group's policy; - Tested the existence and valuation of variations and claims both within contract revenue and contract costs to supporting documentation, to check claims were in accordance with contract terms; - Assessed the Group's ability to deliver contracts within budgeted margins by analysing the historical accuracy of forecasting margins and the relationship of cost versus billing status on contracts; - Evaluated contract performance in the period since year end to audit opinion date to reflect on year-end revenue recognition judgements; and - Considered the adequacy of the Group's disclosures in relation to revenue recognition and WIP accounting.

William Buck

SRG Limited

Independent auditor's report to members (Cont)

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 2017, 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 has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

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

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

William Buck

SRG Limited

Independent auditor's report to members (Cont)

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

William Buck

SRG Limited

Independent auditor's report to members (Cont)

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of SRG Limited, for the year ended 30 June 2017, 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.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN: 59 116 151 136

N. S. Benbow
Director
Melbourne, 25th August 2017

SHAREHOLDER INFORMATION

Distribution of shareholders and shareholdings at close of business 30 June 2017

Shares

	Size of Holding					
	1 to 1,000	**1,001 to 5,000**	**5,001 to 10,000**	**10,001 to 100,000**	**100,001 to (MAX)**	**Total**
Number of holders	230	346	227	441	78	**1,322**
Number of shares	111,634	981,132	1,762,154	14,467,395	46,826,866	**64,149,181**

Options

	Size of Holding					
	1 to 1,000	**1,001 to 5,000**	**5,001 to 10,000**	**10,001 to 100,000**	**100,001 to (MAX)**	**Total**
Number of holders	-	-	-	12	7	**19**
Number of options	-	-	-	460,000	1,900,000	**2,360,000**

The number of shareholders holding less than a marketable parcel ($500.00) at 30 June 2017 is 117 holding 18,570 shares.

Twenty Largest Shareholders	**Number of Shares**	**Percentage Issued Capital**
J P Morgan Nominees Australia Limited	10,122,729	15.78%
Sandhurst Trustees Ltd <JMFG Consol A/C>	4,088,359	6.37%
Mr Peter John McMorrow + Mrs Bernadine Ann McMorrow <McMorrow Super Fund A/C>	3,866,608	6.03%
HSBC Custody Nominees (Australia) Limited	2,721,786	4.24%
BNP Paribas Noms (NZ) LTD <DRP>	1,967,737	3.07%
Aust Executor Trustees Ltd <Charitable Foundation>	1,939,384	3.02%
Sandlir Pty Ltd <Sandlir P/L Super Fund A/C>	1,665,000	2.60%
National Nominees Limited	1,529,645	2.38%
Tintagel Nominees Pty Ltd <Freedman Super Fund A/C>	1,099,136	1.71%
Kailva Pty Ltd <Superannuation A/C>	1,000,000	1.56%
Argyle Holdings Pty Ltd <Barry Jones Family A/C>	1,045,635	1.63%
Mr Kenneth John Beer <Beer Super Fund A/C>	823,175	1.28%
Aust Executor Trustees Ltd <Bipeta>	760,616	1.19%
Zero Nominees Pty Ltd	620,000	0.97%
Dr Janet Dawn Kencian	555,000	0.87%
Mr Brendan Thomas Birthistle	450,000	0.70%
Fort Baramba Pty Ltd	440,930	0.69%
Sandlir Pty Ltd	420,000	0.65%
Martre Properties Pty Limited <Super Fund A/C>	405,000	0.63%
Petulie Pty Ltd <Peter Brecht Super Fund A/C>	399,311	0.62
Top 20 holders of ordinary fully paid shares as at 30 June 2017	**35,920,051**	**55.99%**

Unquoted Equity Securities	**Number of Holders**	**Number of Options**
Options over ordinary shares issued	19	2,360,000

Voting rights

Shareholders are encouraged to attend the Annual General Meeting. However, when this is not possible, they are encouraged to use the form of Proxy by which they can express their views on matters being brought forward at the meeting.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to one vote for each fully paid share.

Dividend reinvestment plan

The Directors have determined that the dividend reinvestment plan remains suspended.

Dividend Payment Direct to a Bank, Building Society or Credit Union Account

Australian Shareholders may elect to have dividends paid directly into any Bank, Building Society or Credit Union account in Australia.

Company Secretary

The Company Secretary is Roger Lee.

Registered Office

The registered office of the Company is:

Level 1, 338 Barker Road, Subiaco Western Australia 6008

Telephone: (08) 9267 5400

Facsimile: (03) 9267 5499

Website: www.srglimited.com.au

Stock Exchange Listing

SRG Limited shares are listed on the Australian Securities Exchange. Home exchange is Melbourne.

Share Register

If you have any questions in relation to your shareholding, please contact our Share Registry:

Computershare Registry Services Pty Limited

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

Telephone: 1300 850 505

Facsimile: (03) 9473 2500

Please include your shareholder reference number (SRN) or holder identification number (HIN) in all correspondence to the Share Registry.

Incorporation

SRG Limited is incorporated in the State of Victoria.

Auditors

William Buck.

Bankers

National Australia Bank.

FINANCIAL OVERVIEW

10 YEAR FINANCIAL SUMMARY

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
External sales of goods and rendering of services ($'000)	**230,009**	177,855	172,259	223,125	271,172	280,478	237,139	253,585	319,210	282,573
Operating profit from continuing operations before tax ($'000)	**11,552**	9,231	6,038	2,105	3,220	10,697	11,865	9,130	9,237	20,708
Profit (loss) after tax ($'000) (1)	**7,826**	6,198	1,609	1,267	3,218	7,996	4,472	3,270	8,887	15,182
Shareholder's funds at end of year ($'000)	**86,348**	80,907	75,525	74,803	76,409	76,511	71,833	70,906	56,667	48,261
Net tangible assets ($'000) (1)	**63,382**	57,941	56,085	55,364	56,970	57,072	51,394	50,467	40,482	32,021
Return on shareholder's funds (1)	**8.9%**	7.7%	2.1%	1.7%	4.2%	10.5%	6.2%	4.6%	15.6%	31.5%
Return on sales	**3.4%**	3.5%	1.0%	0.6%	1.2%	2.9%	1.9%	1.3%	2.8%	5.4%
Basic earnings per share (cents)	**12.2**	9.8	2.6	2.0	5.1	12.5	7.0	5.3	18.1	31.9
Net tangible asset backing per share (cents)	**98.8**	92	89.1	87.9	90.5	89.7	80.4	79.0	82.4	65.3
Dividends declared for the year (cents)	**7.0**	6.0	2.5	4.0	4.0	5.0	4.0	2.5	-	11.5
Dividends times covered	**1.74**	1.64	1.0	0.5	1.28	2.5	1.75	2.1	N/A	2.8
Depreciation and amortisation ($'000)	**5,025**	5,404	7,954	10,545	11,011	10,931	9,158	7,717	7,148	5,699
Interest paid ($'000)	**285**	309	711	1,249	1,557	1,551	1,074	1,067	1,564	951
Interest received ($'000)	**154**	375	647	481	191	128	115	39	87	410
Share price at 30 June	**1.3**	$0.98	$0.64	$0.57	$0.32	$0.71	$0.69	$0.48	$0.79	$2.55
Shares on issue at 30 June ('000)	**64,149**	62,959	62,959	62,959	62,959	63,646	63,884	63,884	49,142	49,142
Market capitalisation at 30 June ($'000)	**83,393**	61,700	40,294	35,887	20,147	45,189	44,080	30,664	38,822	125,312

(1) Adjusted for minority equity interests where applicable

Note: 2010, 2011 and 2015 adjusted for discontinued operations