Global Construction Services Limited
and its controlled entities
ABN 81 104 662 259

APPENDIX 4D

Details of reporting period

Reporting period	6 months ended 31 December 2017
Previous corresponding period	6 months ended 31 December 2016

Results for announcement to the market

		%	2017 $000	2016 $000
Revenue from ordinary activities	Up	22%	112,562	92,498
Net profit after tax from ordinary activities attributable to members	Down	10%	6,165	6,859
Net profit after tax for the period attributable to members	Up	21%	6,433	5,301

Earnings per share (basic)	3.1 cents	2.6 cents
Net tangible assets per security	62.8 cents	61.3 cents

Dividends / Distributions

	Amount per security	**Franked amount per Security**
Reporting period		
The Directors determined to pay an interim dividend for the period ended 31 December 2017	2.0¢	2.0¢
Record date for determining entitlements to interim dividend	*5pm WST on Friday 9th March 2018*	
Date the interim dividend is payable	*29 March 2018*	
The Directors determined to pay a final dividend for the year ended 30 June 2017	1.0¢	1.0¢

Global Construction Services Limited
and its controlled entities
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APPENDIX 4D

Previous corresponding period		
The Directors determined to pay an interim dividend for the period ended 31 December 2016	1.0¢	1.0¢
The Directors determined to pay a special dividend paid subsequent to half year ended 31 December 2016	2.0¢	2.0¢

Dividend Reinvestment Plan

N/A.

Acquired controlled entities or businesses during the period

Nil.

Half year information given to ASX under listing rule 4.2A.3

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by Global Construction Services Limited during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001.

Interim Financial Report

For Half Year Ended 31 December 2017

GLOBAL CONSTRUCTION SERVICES LIMITED
ABN 81 104 662 259

INTERIM FINANCIAL REPORT
FOR HALF YEAR ENDED 31 DECEMBER 2017
GLOBAL CONSTRUCTION SERVICES LIMITED ABN 81 104 662 259

Contents

Corporate Directory 3
Directors' Report 4
Auditor's Independence Declaration 8
Consolidated Statement of Profit or Loss and Other Comprehensive Income 9
Consolidated Statement of Financial Position 10
Consolidated Statement of Cash Flows 11
Consolidated Statement of Changes in Equity 12
Notes to the Consolidated Interim Financial Report 13
Directors' Declaration 22
Independent Auditor's Review Report 23

Corporate Directory

Global Construction Services Limited

ACN: 104 662 259
ABN: 81 104 662 259

Directors

Peter Wade (Non-Executive Chairman)
Enzo Gullotti (Group Managing Director)
George Chiari (Executive Director)
John Derwin (Non-Executive Director)

Company Secretary

Susan Cameron

Registered Office

2 Redcliffe Road
Redcliffe WA 6104

Principal Place of Business

2 Redcliffe Road
Redcliffe WA 6104

Telephone:	+61 8 9479 7990
Facsimile:	+61 8 9479 7789
Website:	www.gcs.group

ASX Code

GCS

Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
Subiaco WA 6008

Share Registry

Computershare Investor Services Pty Ltd
Level 11, 172 St Georges Terrace
Perth WA 6000

Bankers

Commonwealth Bank of Australia
Level 14C, 300 Murray Street
Perth WA 6000

INTERIM FINANCIAL REPORT
FOR HALF YEAR ENDED 31 DECEMBER 2017

GLOBAL CONSTRUCTION SERVICES LIMITED   ABN 81 104 662 259

Directors' Report

The Directors submit their report for the half-year ended 31 December 2017 for the consolidated entity, consisting of Global Construction Services Limited and its controlled entities.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

Peter Wade	Non-Executive Chairman
Enzo Gullotti	Group Managing Director
George Chiari	Executive Director
John Derwin	Non-Executive Director (appointed 1 July 2017)

Principal Activities

During the financial period, the principal continuing activities of the consolidated entity consisted of delivering a suite of integrated on-site products and services to all industries, including the commercial, residential, resource, industrial and oil and gas sectors of the construction and maintenance industries.

Review of operations (continuing and discontinued)

Overview

Global Construction Services Limited (GCS, GCS Group) delivered a strong performance for the half year ended 31 December 2017 with reported net profit after tax of $6.4 million (31 December 2016: $5.3 million), an increase of 21% on the previous corresponding period.

Overall this was a good earnings result and reflects the strength in our market position, the geographical diversification and diversity of capability within our business.

Disposal of Equipment Hire Division

On 31 October 2017, the Group announced the settlement of the sale of its equipment hire division (GCS Hire Pty Ltd) to Onsite Rental Group Pty Ltd ("Onsite"). Settlement became effective 2 November 2017. Under the sale agreement, the Group disposed of 100 per cent of the divisions' plant and equipment assets for cash consideration of $28.3 million. The proceeds of the sale were used to extinguish 100 percent of the debt of the division, representing approximately $21 million.

As a result, for the half-year ended 31 December 2017 and the previous corresponding period, the financial performance of the Equipment Hire Division has been presented as a discontinued operation. This results in all individual profit and loss items being excluded from their individual line items and consolidated into a single line item, disclosed as *Profit/(loss) for the period from discontinued operation, net of tax (attributable to equity holders of the parent)*. Refer to Note 7 for further details.

Revenue and earnings (continuing and discontinued)

Group revenue increased to $121.2 million, up 18% from the previous corresponding period revenue of $102.5 million. Strong revenue growth in the Commercial Segment was offset by lower revenue in the Residential Segment and in the Resource, Industrial and Oil & Gas Segment.

The Group EBITDA of $13.6 million (31 December 2016: $16.3 million) was 17% lower than the prior corresponding period, with Group EBITDA margin lower at 11.2% (31 December 2016: 15.9%) reflecting the change in margin mix from the increase in contract services at comparatively lower margins, a highly competitive pricing environment and a very soft residential housing market in Western Australia.

Earnings per share was 3.1 cents per share (31 December 2016: 2.6 cents per share), an increase of 19% compared to the previous corresponding period.

Financial position and cash flow

The Group's financial position has strengthened significantly, with the Group reporting a net cash position of $42.0 million, an improvement of $28.0 million from the previous corresponding period. Cash and cash equivalents of $44.4 million remained steady as compared to the previous corresponding period of $44.1 million. Total borrowings of $2.4 million have reduced significantly, down $27.6 million from the previous corresponding period balance of $30.0 million.

The significant strengthening of the Group's financial position has been achieved through generating strong operating cash flows of $17.0 million, coupled with the proceeds received from the disposal of the Equipment Hire Division of $28.3 million.

Finance costs for the half year ended 31 December 2017 of $0.5 million were $0.8 million lower than the previous corresponding period.

Capital Management

The Group maintained its capital management strategy, ensuring a strong financial position and cash position that provides flexibility to support growth and expansion of the business.

Reflecting the strength of the Group's balance sheet and cash position the Board of Directors have resolved to declare an interim dividend of 2.0 cents per share fully franked.

The Board continues to respond to market conditions by reviewing its operating segments and rationalising and aligning resources to match activity levels. Additionally, the company has continued to execute its strategy of diversifying its revenue base geographically and to more sustainable annuity streams which offer integrated labour and equipment solutions to customers over the long term project life cycle. The company continues to focus on improving and optimising the returns from our portfolio of businesses by continuing to drive operational efficiencies, diversifying our revenue streams, reducing costs and maintaining a disciplined approach to managing the balance sheet.

The Group is well placed to meet future growth and expansion opportunities on the back of a solid and well established and fully integrated product and services platform.

Segment Performance (continuing operations)

Commercial

The Commercial Segment performed strongly in the period with revenue of $88.1 million (31 December 2016: $64.3 million) up 37% on the previous corresponding period. Segment adjusted EBITDA of $10.9 million (31 December 2016: $11.8 million) decreased by 8% compared to the previous corresponding period. The reduction in EBITDA margins as compared to the previous corresponding period is a reflection of the execution of the strategy to diversify revenue streams, with increased contracting services at comparatively lower margins and a reduction in utilisation rates and revenue for equipment hire, which typically are at comparatively higher margins.

During the period, the integration of the Gallery Facades Australia Pty Ltd ("Gallery Facades") business and the GCS Summit Contracting Pty Ltd ("GCS Summit Contracting") business continued. Each of these businesses continued to build strong momentum on the east coast.

During the period the Commercial Division announced a number of new contract awards, including the following:

Victoria

- On 5 July 2017, it was announced that Gallery Facades had been awarded a contract for Multiplex Constructions for the supply and installation of multi-coloured, multi-facetted façades to Swanston Central in Melbourne to the value of $40 million;
- On 13 November 2017, it was announced that GCS Summit Contracting had been awarded works for the supply and erection of concrete structure on the New Melbourne Conservatorium of Music for Lendlease to the value of $13.5 million.

Queensland

- On 6 November 2017, it was announced that Gallery Facades had been awarded an additional facades installation contract on 300 George Street, Brisbane Commercial Office Tower for Multiplex Constructions to the value of $25 million.

New South Wales

- On 21 December 2017, it was announced that Gallery Facades had been awarded the facades installation contract on 280 George Street, Sydney for TOGA Group to the value of $10 million.

The Commercial Division is currently experiencing steady levels of operational activity in Western Australia.

Western Australia

- Supply and installation of formwork and concrete on the Ritz Carlton Hotel and The Towers project at Elizabeth Quay in Perth for Probuild (contract value: $59 million);
- Installation works on the façade of the Ritz Carlton & The Towers project at Elizabeth Quay in Perth (contract value: $7 million);
- Supply and installation of formwork and concrete on the Westfield Carousel shopping centre redevelopment project for Scentre Group (contract value: $27.5 million).

Gallery Facades is currently delivering a significant volume of ongoing works in in the eastern states. Excluding new contract awards listed above, Gallery is currently delivering projects with combined contract values of approximately $90 million for the supply and installation of high performance architectural facades including the following:

Victoria

- Y3, Melbourne Quarter and Bendigo Hospital projects.

Queensland

- Sky Tower project.

New South Wales

- The Darling Square South East Plot project.

The pipeline of opportunities and tendering activity in this sector remains strong and the Board remains confident of ongoing growth, with further major contract awards expected in the second half of FY18.

Resource, Industrial and Oil and Gas

Segment revenue of $18.3 million (31 December 2016: $20.7 million) was down 11.6% on the previous corresponding period. Segment adjusted EBITDA of $2.9 million (31 December 2016: $5.3 million) was down 45% on the previous corresponding period, due to the lower activity levels as a result of the run off on various contracts, including the Ichthys Project.

The Group continues to provide services to a number of key clients in the north-west, including Woodside Energy, CITIC Pacific Mining and Fortescue Metals Group.

The Board is confident of continuing to deliver positive returns in this market. Our existing businesses and integrated product and services offering are well placed to support opportunities in this sector, particularly as the market strengthens.

Residential

Segment revenue of $6.2 million (31 December 2016: $7.5 million) was down 17% of the previous corresponding period. Segment adjusted EBITDA of $0.7 million (31 December 2016: $1.1 million) was down 36% on the previous corresponding period, with the contraction in revenue and earnings reflecting the softness of the residential housing market in Western Australia. Management is continually monitoring this business to rationalise and align resources to maximise opportunities and profitability in this market.

Matters subsequent to the end of the half year financial results

No matter or circumstance has arisen since 31 December 2017, other than the dividend referred to below, that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Dividends

Reflecting the strength of the Group's financial results, balance sheet and outlook for the company, the Board of Directors have resolved to declare an interim dividend of 2.0 cents per share fully franked. The record date for entitlements to the interim dividend will be 9 March 2018 and will be paid to shareholders on 29 March 2018.

The Board will continue to monitor and review its dividend position in line with its capital management framework and strategy.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set on the next page and forms part of the Directors' Report for the half year ended 31 December 2017.

Rounding

The parent entity is a Company of the kind specified in ASIC Corporation Legislative Instrument 2016/191. In accordance with that class order, amounts contained in the interim consolidated financial statements have been rounded to the nearest thousand dollars ($'000) unless specifically stated otherwise.

This report has been made in accordance with a resolution of the Directors.

Enzo Gullotti
Group Managing Director

Perth
23 February 2018

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Australia

DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF GLOBAL CONSTRUCTION SERVICES LIMITED

As lead auditor for the review of Global Construction Services Limited for the half-year ended 31 December 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Global Construction Services Limited and the entities it controlled during the period.

Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 23 February 2018

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half Year Ended 31 December 2017	Note	2017 $'000	2016 $'000
Continuing operations			
Revenue from hire of equipment, provision of labour and contracting services		111,812	91,244
Sale of goods		750	1,254
		112,562	**92,498**
Raw materials, consumables and services		(60,978)	(31,649)
Personnel expenses		(34,029)	(39,277)
Other expenses		(4,516)	(4,616)
Occupancy		(2,235)	(2,426)
Depreciation expense		(1,883)	(1,744)
Amortisation expense		(76)	(194)
Other income		271	409
Finance costs		(104)	(325)
Share of profit of equity accounted investees		-	425
Loss on disposal of equity accounted investees		-	(528)
Profit before tax from continuing operations		**9,012**	**12,573**
Income tax expense	3	(2,847)	(5,714)
Profit for the period from continuing operations		**6,165**	**6,859**
Discontinued operations			
Profit/(loss) for the period from discontinued operation, net of tax (attributable to equity holders of the parent)	7	**981**	**(497)**
Profit for the period, net of tax		**7,146**	**6,362**
Other comprehensive income for the period, net of tax		**-**	**-**
Total comprehensive income for the period		**7,146**	**6,362**
Profit attributable to:			
Equity holders of the parent		6,433	5,301
Non-controlling interests		713	1,061
Earnings per share for continuing operations attributable to equity holders of the parent			
Basic earnings from continuing operations per share		2.9 cents	2.9 cents
Diluted earnings from continuing operations per share		2.9 cents	2.9 cents
Earnings per share for profit attributable to the equity holders of the parent			
Basic earnings per share		3.1 cents	2.6 cents
Diluted earnings per share		3.1 cents	2.6 cents

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

Consolidated Statement of Financial Position

as at 31 December 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		44,448	31,171
Trade and other receivables		29,483	35,542
Prepayments		1,796	4,178
Inventories		13,046	8,837
Current tax assets		4,958	2,367
Total Current Assets		**93,731**	**82,095**
Non-Current Assets			
Other receivables		-	42
Property, plant and equipment		93,291	116,404
Intangible assets		23,595	23,848
Deferred tax assets		11,981	2,868
Total Non-Current Assets		**128,867**	**143,162**
TOTAL ASSETS		**222,598**	**225,257**
LIABILITIES			
Current Liabilities			
Trade and other payables		27,097	22,718
Borrowings	**4**	1,590	9,354
Provisions	**6**	8,155	2,925
Deferred income		3,841	3,001
Total Current Liabilities		**40,683**	**37,998**
Non-Current Liabilities			
Borrowings	**4**	846	18,039
Provisions	**6**	8,319	15,237
Deferred tax liabilities		16,635	3,637
Total Non-Current Liabilities		**25,800**	**36,913**
TOTAL LIABILITIES		**66,483**	**74,911**
NET ASSETS		**156,115**	**150,346**
EQUITY			
Contributed equity		147,725	147,727
Reserves		768	140
Retained profits		8,452	4,022
TOTAL SHAREHOLDERS' EQUITY		**156,945**	**151,889**
Non-controlling interest		(830)	(1,543)
TOAL EQUITY		**156,115**	**150,346**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

for the Half Year Ended 31 December 2017

	2017 $'000	2016 $'000
Cash flows from operating activities		
Receipts from customers	127,864	101,438
Payments to suppliers and employees	(108,868)	(85,922)
Income taxes paid	(1,978)	(2,377)
Net cash inflow from operating activities	**17,018**	**13,139**
Cash flows from investing activities		
Payments for property, plant and equipment	(3,598)	(2,407)
Payments of contingent consideration on acquisition of subsidiaries and controlling interests	(1,090)	-
Proceeds from sale of property, plant and equipment	28,286	39
Interest received	79	259
Cash acquired as part of business acquisition	-	6,177
Loans repaid by related parties	-	7,000
Proceeds from sale of equity investment	-	10,500
Net cash inflow from investing activities	**23,677**	**21,568**
Cash flows from financing activities		
Proceeds from borrowings	640	-
Repayment of borrowings	(25,598)	(8,075)
Interest paid	(457)	(1,291)
Dividends paid	(2,003)	(2,003)
Net cash outflow from financing activities	**(27,418)**	**(11,369)**
Net increase in cash and cash equivalents	13,277	23,338
Cash and cash equivalents at the beginning of the period	31,171	20,722
Cash and cash equivalents at the end of the period	**44,448**	**44,060**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes and includes cash flows relating to discontinued operations (see note 7 for further information).

Consolidated Statement of Changes in Equity

for the Half Year Ended 31 December 2017

FOR THE HALF YEAR ENDED 31 DECEMBER 2017	Contributed Equity	Share-Based Payments Reserve	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2017	**147,727**	**140**	**4,022**	**151,889**	**(1,543)**	**150,346**
Profit for the half year	-	-	6,433	**6,433**	713	**7,146**
Total comprehensive income	**-**	**-**	**6,433**	**6,433**	**713**	**7,146**
Transactions with owners in their capacities as owners						
Issue of ordinary shares, net of transaction costs	-	-	-	**-**	-	**-**
Share based payments	(2)	628	-	**626**	-	**626**
Dividends to equity holders	-	-	(2,003)	**(2,003)**	-	**(2,003)**
Non-controlling interest on acquisition of subsidiary	-	-	-	**-**	-	**-**
Balance at 31 December 2017	**147,725**	**768**	**8,452**	**156,945**	**(830)**	**156,115**

FOR THE HALF YEAR ENDED 31 DECEMBER 2016	Contributed Equity	Share-Based Payments Reserve	Retained Earnings	Total Shareholders' Equity	Non-Controlling Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2016	**142,105**	**140**	**1,159**	**143,404**	**-**	**143,404**
Profit for the half year	-	-	5,301	**5,301**	1,061	**6,362**
Total comprehensive income	**-**	**-**	**5,301**	**5,301**	**1,061**	**6,362**
Transactions with owners in their capacities as owners						
Issue of ordinary shares, net of transaction costs	-	-	-	**-**	-	**-**
Dividends to equity holders	-	-	(2,003)	**(2,003)**	-	**(2,003)**
Non-controlling interest on acquisition of subsidiary	-	-	-	**-**	(3,652)	**(3,652)**
Balance at 31 December 2016	**142,105**	**140**	**4,457**	**146,702**	**(2,591)**	**144,111**

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Notes to the Consolidated Interim Financial Report

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2017 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these statements should be read in conjunction with the annual announcements made by Global Construction Services Limited in accordance with continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001 and the annual report for the year ended 30 June 2017.

There were no new standards issued since 30 June 2017 that has not been applied by GCS. The 30 June 2017 annual report disclosed that GCS was undertaking impact studies in relation to the initial application of those standards issued but not yet applied, with particular focus on AASB 15 Revenue from Contracts with Customers and AASB 16 Leases. These impact studies remain in progress as at 31 December 2017. The first application date for GCS of these two particular standards will be 30 June 2019 and 30 June 2020 respectively, plus comparative data for 30 June 2018 and 30 June 2019. Further updates will be provided in GCS's 30 June 2018 Annual Report.

The same accounting policies and methods of computation have been followed in these half year financial statements as compared to the most recent annual financial statements.

Critical accounting estimates and judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

The judgements made by management in applying the Group's accounting policies during the six months ended 31 December 2017 were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2017.

2. SEGMENT INFORMATION

Description of segments

Management has determined that strategic decision making is facilitated and enhanced by evaluation of operations on the customer segments of Commercial, Residential and Resource, Industrial, Oil & Gas. For each of the strategic operating segments, the Group Managing Director reviews internal management reports on a monthly basis.

GCS Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, chemical toilets and temporary fencing. Together with delivery and pick up, installation and dismantling and related estimating, design and engineering services, plus supply and installation of concrete in the Commercial segment.

The following summary describes the operations in each of the Group's reportable segments:

Commercial

Our operations in the Commercial sector consist of supplying integrated products and services to customers involved in the construction or maintenance of commercial and mixed-use developments. These typically include office towers, high rise apartments, shopping centres, hotels, car parks, recreational buildings, and hospitals. Contracts are typically medium to long term.

Residential

Our operations in the Residential sector consist of supplying integrated products and services to customers involved in the construction or maintenance of single and multi-story residential developments. These typically include houses, townhouses, units, and apartments. Contracts are generally short to medium term.

Resource, Industrial, Oil & Gas

Our operations in the Resource, Industrial, Oil & Gas sector consist of supplying integrated products and services to customers involved in either construction or maintenance of the following types of projects. Oil and gas, energy, major infrastructure, offshore, mining, power generation, water treatment plants, commissioning, de-commissioning, shutdowns, and civil works. Contracts vary in length from short to long term.

The Group Managing Director assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement excludes certain non-recurring expenditures which are of an isolated nature such as equity settled share based payments and corporate activities pertaining to the overall Group including the treasury function which manages the cash and funding arrangements of the Group.

Segment information provided to the Managing Director for the half year ended 31 December 2017 is as follows:

SEGMENT INFORMATION (continued)

Segment information	Commercial	Residential	Resource, Industrial, Oil & Gas	Total
Half year ended 31 Dec 2017	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue from external customers	88,106	6,178	18,278	112,562
Adjusted EBITDA	10,894	675	2,943	14,512
Depreciation and amortisation	(1,114)	(193)	(549)	(1,856)
Unallocated amounts: Depreciation and amortisation				(103)
Unallocated amounts: Other revenue				1,683
Unallocated amounts: Corporate				(5,120)
Finance costs				(104)
Share of profit of equity accounted investees				-
Loss on disposal of equity accounted investees				-
Profit from continuing operations before income tax				**9,012**

SEGMENT INFORMATION (continued)

Segment information	Commercial	Residential	Resource, Industrial, Oil & Gas	Total
Half year ended 31 Dec 2016	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue from external customers	64,346	7,466	20,686	92,498
Adjusted EBITDA	11,798	1,061	5,343	18,202
Depreciation and amortisation	(808)	(218)	(603)	(1,629)
Unallocated amounts: Depreciation and amortisation				(309)
Unallocated amounts: Other revenue				735
Unallocated amounts: Corporate				(3,998)
Finance costs				(324)
Share of profit of equity accounted investees				425
Loss on disposal of equity accounted investees				(528)
Profit from continuing operations before income tax				**12,573**
Total Segment Assets				
At 31 December 2017	114,902	22,142	43,268	**180,312**
At 30 June 2017	124,539	24,299	50,118	**198,956**
Total Segment Liabilities				
At 31 December 2017	43,953	1,672	2,534	**48,159**
At 30 June 2017	55,751	2,606	11,650	**70,007**

3. INCOME TAX EXPENSE

Income tax expense is recognised based on management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the half year to 31 December 2017 is 31%, compared to 47% for the half year ended 31 December 2016.

The 31% effective tax rate used in the current period is primarily due to the permanent difference relating to share based payments expenses. Excluding these items, earnings generally reflect an effective tax rate of 30%.

4. LOANS AND BORROWINGS

	31 December 2017 $'000	30 June 2017 $'000
Current		
Unsecured		
Borrowings	663	2,486
Total unsecured current borrowings	**663**	**2,486**
Secured		
Hire purchase finance	927	6,868
Total secured current borrowings	**927**	**6,868**
Total current borrowings	**1,590**	**9,354**

Non-current		
Secured		
Hire purchase finance	846	18,039
Total secured non-current borrowings	**846**	**18,039**

5. PROPERTY, PLANT & EQUIPMENT

During the half year ended 31 December 2017, the Group acquired assets to the value of $3.6 million (31 December 2016: $2.4 million).

Assets with a net book value of $24.4 million were disposed of as part of the sale of the Equipment Hire Division. Refer to Note 7 for additional details.

6. PROVISIONS

	31 December 2017 $'000	30 June 2017 $'000
Current		
Employee benefit provisions	5,611	2,925
Other	2,544	-
Total current provisions	**8,155**	**2,925**
Non-current		
Employee benefit provisions	1,238	4,521
Contingent consideration	4,343	4,343
Other	2,738	6,373
Total non-current provisions	**8,319**	**15,237**

7. DISCONTINUED OPERATIONS

(a) Description

On 31 October 2017, the Group announced that the settlement of the sale of its Equipment Hire Division (GCS Hire) to Onsite Rental Group Pty Ltd (Onsite) would be completed, effective 2 November 2017. Under the sale agreement, the Group disposed of 100 per cent of the divisions' plant and equipment assets for cash consideration of $28.3 million.

With GCS Hire being classified as discontinued operations, the results have no longer been classified in Note 2 – Segment Information.

(b) Financial performance and cash flow information

The results for GCS Hire for the half-year ended 31 December 2017 and the previous corresponding period are as follows:

	31 December 2017 $'000	31 December 2016 $'000
OPERATIONS		
Revenue from discontinued operations	8,650	10,039
Cost of goods sold	(4,419)	(5,629)
Gross profit	4,231	4,410
Administration costs	(2,023)	(2,913)
Depreciation and amortisation	(655)	(993)
Finance costs	(761)	(1,168)
Profit/(loss) before tax from discontinued operations	**792**	**(664)**
Income tax (expense)/benefit on discontinued operations	**(153)**	**167**
Profit/(loss) after tax from discontinued operations	**639**	**(497)**
DISPOSAL		
Gain on disposal of discontinued operations	**615**	**-**
Income tax on gain on disposal	**(273)**	**-**
Profit after tax on disposal of discontinued operations	**342**	**-**
Profit / (loss) from discontinued operations, net of tax	**981**	**(497)**

Cash flows from discontinued operations for the half-year to 31 December are as follows:

	31 December 2017 $'000	31 December 2016 $'000
Cash flows from operating activities	265	2,005
Cash flows from/(used in) investing activities	23,504	(6,001)
Cash flows from/(used in) financing activities	(23,657)	4,522
Net cash flows from discontinued operations	**112**	**526**

(c) Details of the sale of the assets / business

	31 December 2017 $'000	31 December 2016 $'000
Consideration received or receivable:		
Cash	28,286	-
Total consideration received	28,286	-
Carrying value of property, plant & equipment sold	(24,351)	-
Costs attributable to completion of transaction	(3,320)	-
Gain on sale before income tax	**615**	**-**
Income tax expense on gain	(273)	-
Gain on sale after income tax	**342**	**-**

8. DIVIDENDS

	31 December 2017 ($'000)	31December 2016 ($'000)
Declared and paid during the period		
Final dividend for the year ended 30 June 2017: 1.0 cent per share, fully franked (2016: 1.0 cent per share)	2,003	2,003
Declared and not provided for during the period		
Special dividend of 2.0 cents per share, fully franked, paid 3 January 2017	-	4,006
Proposed and not provided for during the period		
Interim dividend for the half year ended 31 December 2017 of 2.0 cents per share, fully franked (2016: 1.0 cent per share)	4,221	2,003

9. CONTINGENCIES

There has been no change in contingent liabilities, contingent assets or commitments since the last annual reporting date, being 30 June 2017.

10. EVENTS OCCURING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 31 December 2017, other than the dividends paid and proposed as referred to above, that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Directors' Declaration

The Directors of the Company declare that:

The financial statements and notes set out on pages 9 to 21 are in accordance with the Corporations Act 2001, including:

1. complying with Accounting Standards AASB134 Interim Financial Reporting and Corporation Regulations 2001 and other mandatory professional reporting requirements, and
2. giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and of its performance for the half year ended on that date; and

There are reasonable grounds to believe that Global Construction Services Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Peter Wade
Chairman
23 February 2018

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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Global Construction Services Limited

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Global Construction Services Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year then ended, and notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001* including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2017 and of its financial performance for the half-year ended on that date; and

(ii) Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Directors' responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2017 and its financial performance for the half-year ended on that date and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001,* which has been given to the directors of the Group, would be in the same terms if given to the directors as at the time of this auditor's review report.

BDO Audit (WA) Pty Ltd

BDO
Glyn O'Brien

Glyn O'Brien

Director

Perth, 23 February 2018