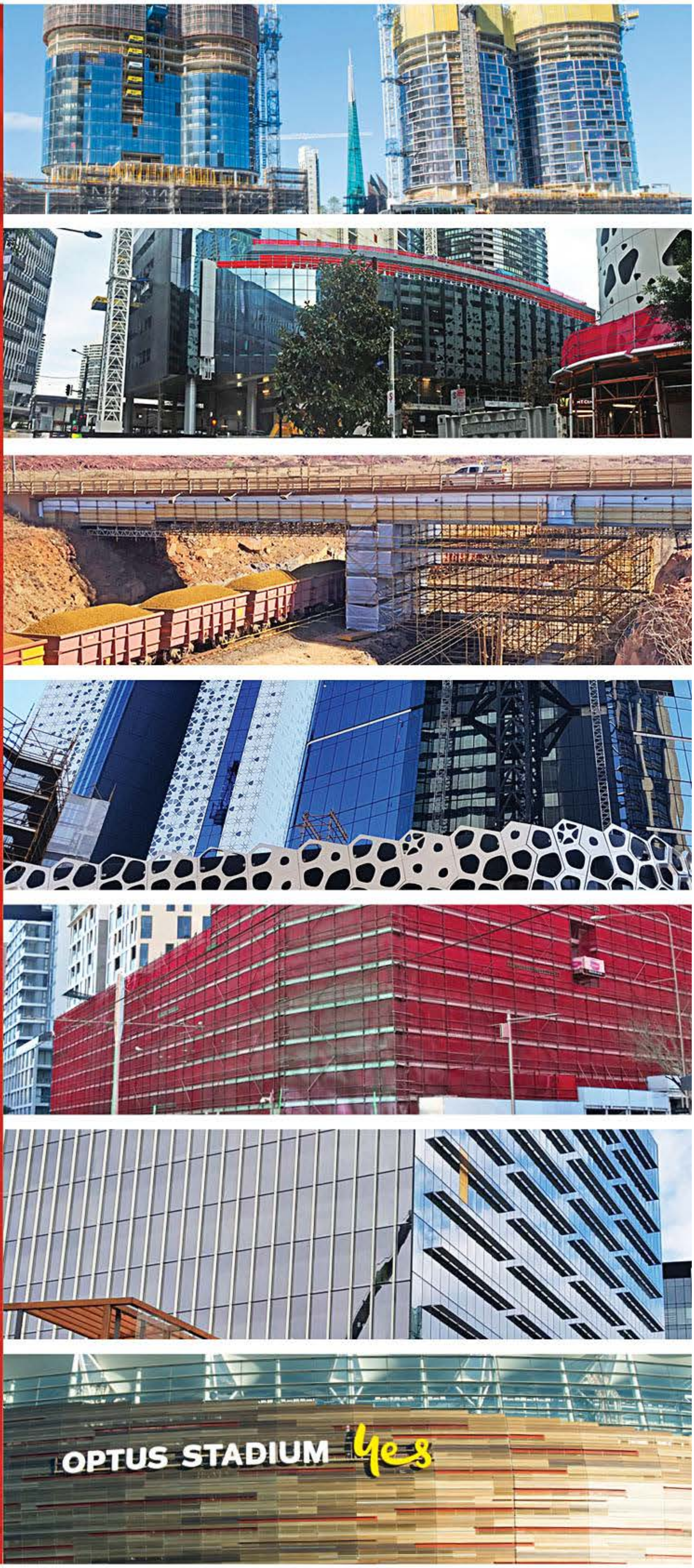
APPENDIX 4E PRELIMINARY FINAL REPORT

For Year Ended 30 June 2018

GLOBAL CONSTRUCTION SERVICES LIMITED
ABN 81 104 662 259



APPENDIX 4E PRELIMINARY FINAL REPORT

FOR YEAR ENDED 30 JUNE 2018

GLOBAL CONSTRUCTION SERVICES LIMITED and its controlled entities
ABN 81 104 662 259

Details of reporting period

Reporting period	12 months ended 30 June 2018
Previous corresponding period	12 months ended 30 June 2017

Results for announcement to the market

		%	2018 $'000	2017 $'000
Revenues from ordinary activities	Up	32.6%	247,499	*186,623
Net profit after tax from ordinary activities attributable to owners of Global Construction Services Limited	Up	25.3%	13,623	10,874
Profit for the year attributable to owners of Global Construction Services Limited	Up	25.3%	13,623	10,874

	2018 cents	2017 cents
Earnings per share (basic)	6.4	*5.4
Net tangible assets per security	60.0	60.1

* Re-presented to exclude those operations classified as discontinued in the reporting period.

Dividends	Amount per Security	Franked amount per Security
FY 2018 dividend		
Interim dividend – paid 29 March 2018	2.0¢	2.0¢
Final dividend – declared 14 August 2018	2.5¢	2.5¢
Total FY 2018 dividend	4.5¢	4.5¢
Record date for determining entitlements to final dividend		5:00pm (WST) on 20 August 2018
Date the final dividend is payable		27 August 2018
FY 2017 dividend		
Special dividend – paid 3 January 2017	2.0¢	2.0¢
Interim dividend – paid 17 March 2017	1.0¢	1.0¢
Final dividend – paid 13 October 2017	1.0¢	1.0¢
Total FY 2017 dividend	4.0¢	4.0¢

Details of dividend reinvestment plans

Not applicable.

Details of entities over which control has been gained or lost during the period

Refer to attached preliminary final report.

Details of associates and joint venture entities

Refer to attached preliminary final report.

Commentary on the results for the period

Overview

The 2018 Financial Year was a transformational period for Global Construction Services Limited ('GCS' or 'the Group') with the highlights being:

- Divestment of the capital-intensive GCS Hire business assets in October 2017. Cash proceeds of $28.3 million from the sale significantly strengthened the Group balance sheet allowing the financial position of the Group to be leveraged towards diversifying revenue streams and improving GCS's market position nationally.

- Consolidation of the East Coast concrete and formwork division, GCS Summit, that was acquired in May 2017. Post-acquisition the business unit underwent a period of structural reorganisation and is now well placed to capitalise on a substantial project tender pipeline in future financial periods.

- Acquisition of the 49% non-controlling interest in Gallery Facades in June 2018, taking the Group's ownership interest in the curtain wall facade contractor to 100%. GCS is confident that the strong contribution to Commercial Segment revenue made by Gallery Facades during FY18 will continue now that the business unit has the full support of the strong financial position of the Group.

These significant highlights along with a strong underlying performance of the core GCS business resulted in a year that delivered an increase in revenue from continuing operations of 32.6%, an increase in profit after tax attributable to GCS shareholders of 25.3% and an increase in earnings per share of 18.5%.

The Group also entered into a proposed Merger of Equals with ASX listed SRG Limited ('SRG') in June 2018 (see ASX announcement dated 12 June 2018). The Group incurred merger related costs of $0.7m in FY18.

Revenue and earnings

Group revenue grew to $247.5 million, an increase of 32.6% from the previous corresponding period ('pcp'). Strong revenue growth in the Commercial Segment was primarily driven by Gallery Facades and GCS Summit which were both acquired part way through FY17 and therefore delivered a full year revenue contribution during FY18 comparatively. In addition, both Gallery Facades and GCS Summit's revenue increased year on year which further contributed to the Group's revenue growth in FY18. The increase in Commercial Segment revenue was partially offset by lower activity in the Resource, Industrial, Oil & Gas and Residential segments.

Importantly the diversification of the Group's revenue streams continued, with East Coast revenue comprising 46.0% of total revenue, an increase from 24.0% in the pcp.

Commentary on the results for the period (continued)

Revenue and earnings (continued)

Earnings per share increased 18.5% to 6.4 cents from 5.4 cents pcp.

Group EBITDA of $24.2 million (FY17: $26.0 million) was 6.9% lower than the pcp, with Group EBITDA margins also lower at 9.8% (FY17: 13.9%) reflecting a change in margin composition arising from:

- Higher value, lower margin Commercial Construction contracts within the East Coast markets
- Structural organisation changes within GCS Summit, and
- A weak residential construction sector in Western Australia.

Financial position and cash flow

The Group's financial position continued to strengthen during the year, with net cash of $35.0 million as at 30 June 2018, an increase of $31.2 million from $3.8 million in the pcp.

Group operating cash inflow of $13.7m was $3.1 million lower than the pcp primarily from a net working capital outflow in the year which resulted from underlying revenue growth and a temporary delay in trade debtor receipts of $7.5 million which were received on 2 July 2018.

The Group generated $23.8 million of net cash inflows from investing activities primarily due to a $28.3 million cash inflow arising on the divestment of the GCS Hire business assets. The inflow associated with the GCS Hire business asset sale was partially offset by payments for property, plant and equipment of $5.8 million (FY17: $4.1 million) and payments of contingent consideration associated with the Gallery Facades 51% acquisition of $1.7 million (FY17: $1.1 million). Gallery Facades contingent consideration payments are linked to pre-determined profit targets.

Cash outflows from financing activities of $29.4 million was primarily driven by the return to shareholders of $6.2 million in dividends and the repayment of borrowings of $24.3 million; consistent with the Group's strategy of maintaining a net cash position and continuing to deliver strong returns to shareholders via dividends.

Upon the sale of the business assets of GCS Hire the Group crystallised substantial tax losses which will be utilised during FY18 and beyond. At 30 June 2018 the Group had carried forward tax losses of $29.5 million (tax effected of $8.8 million) (FY17: nil).

Capital management

The Group continued its focus on capital management, ensuring a strong financial position that provides flexibility to support sustained growth and expansion of the business. Importantly the liquidity position was further strengthened during the year with an improvement in the net cash position of $31.2 million on the pcp. Total dividends that will be paid in relation to FY18 are summarised below:

- Half-year fully franked interim dividend of 2.0 cents per share paid on 29 March 2018, equating to $4.2 million in returns to shareholders.
- Full-year fully franked final dividend of 2.5 cents per share to be paid on 27 August 2018, equating to $5.6 million in returns to shareholders.

Commentary on the results for the period (continued)

Capital management (continued)

These dividend payments reflect a payout ratio of 71.9% and demonstrate the Group's commitment to sustainable capital management whilst maintaining strong returns to shareholders.

The Board continues to respond to market conditions by reviewing its operating segments and rationalising and aligning resources to match activity levels. GCS has continued to execute its strategy of diversifying its revenue base geographically (via the GCS Summit and Gallery Facades acquisitions) and to focus on more sustainable annuity streams which offer integrated access solutions to customers over the long-term project life cycle.

The Group 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 its balance sheet.

Segment financial performance

Commercial

The Commercial Segment led the transformation of GCS during the year with revenue increasing 64.4% to $200.2 million. Commercial segment revenue increased significantly due to strong contributions from the three trading divisions that form this segment; CASC, Gallery Facades and GCS Summit. Gallery Facades and GCS Summit were both acquired part way through FY17 and therefore contributed a full period of revenue within FY18 comparatively. In addition, revenue from both business units increased year on year which further contributed to segment revenue growth.

CASC delivered a strong performance for the year which included closing out the Perth Stadium Project, completing the Carousel Shopping Precinct Redevelopment Project, completing the Capital Square Project in the Perth CBD and commencing work on the Perth Ritz Hotel Project at Elizabeth Quay.

Gallery Facades continued works on its secured contract pipeline consisting of multiple multi-million-dollar, long-term facade installation contracts across Australia.

GCS Summit underwent a period of structural reorganisation but despite this was able to provide a solid contribution to Commercial Segment revenue through construction contracts which included the Melbourne Conservatorium of Music and the Spring St residential complex development.

EBITDA delivered by the Commercial Segment increased 28.5% to $21.0 million. Whilst the Group is pleased with this outcome it acknowledges that EBITDA margins have declined from 13.6% in FY17 to 10.7% in FY18. There are two factors that contributed to this:

- The strategic reorganisation of the GCS Summit business resulted in one-off restructuring costs. These costs are considered an investment that will provide a solid basis on which the business is expected to deliver improved margin contributions in future financial years. Further, the asset base of GCS Summit is such that at present it subcontracts the hire of project essential plant and equipment to third parties. As its secured contract pipeline develops, management will consider where appropriate the relocation of underutilised assets in Western Australia and or further investment in plant and equipment that will result in margin accretion.

Commentary on the results for the period (continued)

Segment financial performance (continued)

- The business model of the Gallery Facades business unit is focused on high value, long-term construction projects. These projects are 'capital light' and therefore margins earned are not comparable to typical construction contracts that GCS has undertaken historically.

Looking ahead the Group is excited by the substantial project tender pipeline across the business units within this Segment. CASC is well placed to take advantage of the significant investments planned across Perth's shopping precincts, having recently completed the Carousel Shopping Centre redevelopment. Gallery Facades' continues to tender on multiple multi-million-dollar long term contracts across Australia. It is also well placed to take advantage of the future growth market in facade rectification works. GCS Summit's outlooks remains extremely positive with an extensive project tender pipeline across the commercial and transport infrastructure sectors.

The Group is well positioned in terms of balance sheet strength, diversity of capability and reputational strength to capitalise on the growing investment pipeline that exists across the Australian commercial construction sector.

Resource, Industrial and Oil & Gas

Consistent with reduced activity levels across the resource, industrial and oil and gas sectors, segment revenue declined by 30.0% during the year to $35.6 million. Revenue was specifically impacted by two key factors:

- Completion of construction at the Ichthys LNG Project, to which the Group was providing exclusive scaffold hire services to Kaefer, which resulted in the demobilisation of equipment during the year. The demobilisation of equipment reduced dry-hire revenue for the Segment, a revenue stream that has a low, fixed operating cost base.

- Reduced activity levels at CITIC Pacific Mining's Sino Iron Project resulted in reduced access services being provided, despite an extension of the scaffold services contract for a further three-year term as announced to ASX in March 2018. GCS is proud of its working relationship with CITIC Pacific and will continue to work with the first-class operator of the Sino Iron Project to optimise revenue in future periods.

Consistent with the reduction in Group revenue, Group's EBITDA margins experienced a moderate decline, delivering 25.0% in FY18 compared to 28.3% in FY17.

The Group continues to provide its services for a number of key clients in the North West of Western Australia, including Woodside Energy Limited's North West Shelf Project and for Fortescue Metals Group Limited's The Pilbara Infrastructure Pty Ltd. These contracts are testament to the Group's delivery capabilities and demonstrate a sustainable annuity revenue stream within the Group's services business.

The Group's service offering into this segment was expanded during the year with the addition of safe, cost effective and innovative services including non-destructive testing, laser scanning, survey and inspection services, lifting equipment inspections and load testing. These expanded service offerings are intended to leverage existing client relationships whilst enhancing the stability of the Group's annuity revenue streams.

Commentary on the results for the period (continued)

Segment financial performance (continued)

It is pleasing that GCS continues to demonstrate its project delivery capabilities on major contracts and continues expansion into the maintenance services sector. Our businesses and existing integrated product and services offering are well placed to support future growth opportunities in this sector.

The Group's outlook for this segment is extremely positive as renewed confidence in the resource and industrial sectors is expected to drive a substantial new wave of investment across Western Australia. GCS believes it is well placed to capitalise on the upturn in the investment cycle given its longstanding presence in the region and existing relationships with some of the sector's largest operators.

Residential

Soft market conditions in the residential housing market in Western Australia resulted in segment revenue of $11.7 million for the year, a reduction of 16.8% pcp. EBITDA of $0.9 million was down 53.1% pcp as a result of lower revenue. Sector weakness is the primary driver of this result, with revenues and earnings off peak levels. Management are continuing to monitor this segment in order to evaluate opportunities to maximise returns.

The outlook for this segment is for activity levels and performance in FY19 to improve modestly. Whilst the overall outlook in the Western Australian housing market has come off peak levels, GCS anticipates modest economic growth coupled with a low interest rate environment and an expected improvement in the resource, industrial and oil & gas sectors will continue to maintain and support the confidence and investment in residential housing which will provide a positive benefit to our operations in this segment.

Corporate

In October 2016 GCS acquired a 51% interest in Gallery Facades (then known as Podium Glazing). On 4 June 2018 following a period of significant growth in Gallery Facades, GCS announced the acquisition of the remaining 49% non-controlling interest. The acquisition was completed via the issue of 11.2 million ordinary fully paid GCS shares to Gallery Facades' minority shareholders. Up to an additional 4.1 million shares may be issued pursuant to an earn out arrangement based on Gallery Facades achieving a predetermined profit target in FY19. All shares issued as consideration are/will be subject to time-based escrow periods. Existing arrangements relating to the initial acquisition of 51% of Gallery Facades remain unchanged.

Matters subsequent to the end of the financial year financial results

On 23 July 2018 the Scheme Booklet associated with the proposed Merger of Equals between GCS and SRG was released to SRG Shareholders. The Scheme Booklet contained the Independent Expert's Report from Lonergan Edwards & Associates (Independent Expert) which concluded that the Scheme is fair and reasonable and therefore is in the best interests of SRG Shareholders, in the absence of a superior proposal. The Scheme Booklet also contained a confirmation by the SRG Directors that they had unanimously recommended that all SRG shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Merger is in the best interests of SRG shareholders.

No other matter or circumstance has arisen since 30 June 2018, other than the dividend declaration referred to below, that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Dividends

On 23 February 2018, pursuant to the release of the Half Year Financial Report for the period ended 31 December 2017, GCS announced it had declared a fully franked interim dividend of 2.0 cents per share. The dividend was paid to shareholders on 29 March 2018.

Reflecting the strength of the Group's financial results, financial position and outlook for the Group, the Board of Directors have resolved to declare a fully franked final dividend with respect to the year ended 30 June 2018 of 2.5 cents per share, taking the full year dividend to 4.5 cents per share (FY17: 4.0 cents per share). The record date for entitlements to the final dividend will be 20 August 2018 and will be paid to shareholders on 27 August 2018. The Board will continue to monitor and review its dividend position in line with its capital management framework and strategy.

Status of the audit

This Appendix 4E and Preliminary Final Report is based on financial statements which are in the process of being audited.

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.

For and on behalf of the Board of Global Construction Services Limited

Enzo Gullotti
Group Managing Director
14 August 2018

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2018 $000	*2017 $000
Continuing operations			
Revenue	2	**247,499**	**186,623**
Other income		2,305	385
Expenses			
Raw materials, consumables and services		(144,350)	(76,018)
Personnel expenses		(64,781)	(70,446)
Other expenses		(11,362)	(9,630)
Occupancy		(4,854)	(4,109)
Repairs and maintenance		-	(370)
Depreciation and amortisation		(3,897)	(4,554)
Finance costs		(499)	(505)
Share of profit of equity accounted investees (net of tax)		-	425
Loss on disposal of equity accounted investees		-	(528)
Profit before tax		**20,061**	**21,273**
Income tax expense		(5,852)	(7,386)
Profit after tax for the year		**14,209**	**13,887**
Discontinued operations			
Profit/(loss) for the year from discontinued operations, net of tax	7	884	(1,035)
Profit for the year		**15,093**	**12,852**
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		**15,093**	**12,852**
Profit and total comprehensive income for the year attributable to:			
Owners of Global Construction Services Limited		13,623	10,874
Non-controlling interests		1,470	1,978
Earnings per share for profit attributable to owners of the Company			
Overall operations			
Basic earnings per share		6.4 cents	5.4 cents
Diluted earnings per share		6.4 cents	5.4 cents
Continuing operations			
Basic earnings per share		6.0 cents	5.9 cents
Diluted earnings per share		6.0 cents	5.9 cents
Discontinued operations			
Basic earnings per share		0.4 cents	(0.5 cents)
Diluted earnings per share		0.4 cents	(0.5 cents)

** Re-presented to exclude those operations classified as discontinued in the reporting period.*
The above statement should be read in conjunction with the notes to the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2018 $000	2017 $000
Current assets			
Cash and cash equivalents		39,240	31,171
Trade and other receivables		51,220	35,542
Prepayments		4,051	4,178
Inventories		12,738	8,837
Current tax assets		-	2,367
Total current assets		**107,249**	**82,095**
Non-current assets			
Other receivables		145	42
Property, plant and equipment	4	92,850	116,404
Intangibles	5	23,544	23,848
Deferred tax		11,705	2,868
Total non-current assets		**128,244**	**143,162**
Total assets		**235,493**	**225,257**
Current liabilities			
Trade and other payables		36,603	22,718
Borrowings		3,573	9,354
Provisions		6,218	2,925
Deferred income		2,145	3,001
Current tax liabilities		119	-
Total current liabilities		**48,658**	**37,998**
Non-current liabilities			
Borrowings		658	18,039
Provisions		11,635	15,237
Deferred tax		17,650	3,637
Total non-current liabilities		**29,943**	**36,913**
Total liabilities		**78,601**	**74,911**
Net assets		**156,892**	**150,346**
Equity			
Issued capital		155,811	147,727
Reserves		(10,340)	140
Retained profits		11,421	4,022
Equity attributable to the owners of Global Construction Services Limited		**156,892**	**151,889**
Non-controlling interest		-	(1,543)
Total equity		**156,892**	**150,346**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued capital $000	Option reserve $000	Other reserve $000	Retained profits $000	Non-controlling interest $000	Total equity $000
Balance at 1 July 2016	142,105	140	-	1,159	-	143,404
Profit for the year	-	-	-	10,874	1,978	12,852
Total comprehensive income for the year	**-**	**-**	**-**	**10,874**	**1,978**	**12,852**
Transactions with owners in their capacities as owners						
Issue of ordinary shares, net of transaction costs	5,618	-	-	-	-	5,618
Dividends paid	-	-	-	(8,011)	-	(8,011)
Non-controlling interest on acquisition	-	-	-	-	(3,521)	(3,521)
Transaction costs net of tax benefit	4	-	-	-	-	4
Balance at 30 June 2017	**147,727**	**140**	**-**	**4,022**	**(1,543)**	**150,346**
Balance at 1 July 2017	147,727	140	-	4,022	(1,543)	150,346
Profit for the year	-	-	-	13,623	1,470	15,093
Total comprehensive income for the year	**-**	**-**	**-**	**13,623**	**1,470**	**15,093**
Transactions with owners in their capacities as owners						
Share based payments	-	618	-	-	-	618
Dividends paid	-	-	-	(6,224)	-	(6,224)
Acquisition of non-controlling interest	8,085	-	(11,098)	-	73	(2,940)
Transaction costs net of tax benefit	(1)	-	-	-	-	(1)
Balance at 30 June 2018	**155,811**	**758**	**(11,098)**	**11,421**	**-**	**156,892**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	2018 $000	2017 $000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	241,416	204,314
Payments to suppliers and employees (inclusive of GST)	(228,516)	(180,042)
	12,900	24,272
Interest received	300	411
Interest and other finance costs paid	(954)	(2,734)
Income taxes received/(paid)	1,433	(5,157)
Net cash inflows from operating activities	**13,679**	**16,792**
Cash flows from investing activities		
Payments for acquisition of subsidiaries and controlling interests (net of cash)	-	(1,193)
Payments of contingent consideration on acquisition of subsidiaries and controlling interests	(1,662)	(1,090)
Proceeds from disposal of investment in associates	-	10,501
Payments for property, plant and equipment	(5,770)	(4,099)
Proceeds from sale of property, plant and equipment	31,208	811
Proceeds from related parties	-	7,000
Net cash inflows from investing activities	**23,776**	**11,930**
Cash flows from financing activities		
Proceeds from borrowings	1,157	193
Repayment of borrowings	(24,318)	(10,455)
Share issue transaction costs	(1)	-
Dividends paid	(6,224)	(8,011)
Net cash outflows from financing activities	**(29,386)**	**(18,273)**
Net increase in cash and cash equivalents	**8,069**	**10,449**
Cash and cash equivalents at beginning of the year	31,171	20,722
Cash and cash equivalents at the end of the year	**39,240**	**31,171**

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

NOTES TO THE PRELIMINARY FINAL REPORT

1. BASIS OF PREPATION OF FINAL REPORT

a) Basis of Preparation

This preliminary final report for the year ended 30 June 2018 relates to the consolidated entity consisting of Global Construction Services Limited (the 'Company') and its controlled entities (the 'Group').

The preliminary final report has been prepared on an accruals basis and a historical cost basis except for certain current and non-current assets and financial instruments which are measured at fair value or where otherwise stated.

Cost is based on the fair value of consideration given in exchange for assets.

This preliminary final 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 of the year ended 30 June 2017 and any public announcements made by the Company during the year in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The amounts contained in this preliminary final report are presented in Australian dollars, the functional currency of the Group, and are rounded to the nearest thousand dollars ($'000) where rounding is applicable under the option available to the Group under ASIC Corporation Legislative Instrument 2016/191. The Company is an entity to which the class order applies.

b) Statement of Compliance

The preliminary final report is a general-purpose financial report and has been prepared in accordance with applicable Australian Accounting Standards, other pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001. The preliminary final report is also in compliance with ASX listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E. Australian Accounting Standards include Australian equivalents of International Reporting Standards ("AIFRS").

2. REVENUE

	2018 $000	2017 $000
Hire of equipment and related services	60,427	89,446
Contracting	184,688	94,333
Sale of goods	2,384	2,844
Revenue	**247,499**	**186,623**

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

3. SEGMENT INFORMATION

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.

The Group Managing Director assesses the performance of the operating segments based on a measure of 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.

The Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, temporary site accommodation, chemical toilets, general plant hire, 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
The operations in the Commercial segment consist of supplying a range of 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
The operations in the Residential segment consist of supplying a range of 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
The operations in the Resource, Industrial, Oil & Gas segment consist of supplying a range of products and services to customers involved in either construction or maintenance of the following types of projects; oil and gas, energy, major infrastructure, mining, power generation, water treatment plants, decommissioning, shutdowns, and civil works. Contracts vary in length from short to long term.

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

Segment Information	Commercial $000	Residential $000	Resource, Industrial, Oil & Gas $000	Central $000	Total $000
Year Ended 30 June 2018					
Revenue					
Sales to internal and external customers	281,428	11,823	35,791	-	329,042
Intersegment sales	(81,204)	(170)	(169)	-	(81,543)
Total revenue	**200,224**	**11,653**	**35,622**	**-**	**247,499**
Other income	1,974	-	27	4	2,005
Other expenses	(180,866)	(10,770)	(26,748)	(6,963)	(225,347)
Earnings before interest, tax, depreciation and amortisation	**21,332**	**883**	**8,901**	**(6,959)**	**24,157**
Depreciation	(1,805)	(616)	(1,203)	(145)	(3,769)
Amortisation	(102)	-	-	(26)	(128)
Interest income	47	-	7	246	300
Finance costs	(441)	-	(5)	(53)	(499)
Profit/(loss) before tax	**19,031**	**267**	**7,700**	**(6,937)**	**20,061**
Income tax expense					(5,852)
Profit after tax for the year					**14,209**
As at 30 June 2018					
Assets					
Segment assets	149,222	18,073	35,328	32,870	**235,493**
Liabilities					
Segment liabilities	63,295	1,291	2,083	11,932	**78,601**

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

3. SEGMENT INFORMATION (CONTINUED)

Segment Information	Commercial $000	Residential $000	Resource, Industrial, Oil & Gas $000	Central $000	Total $000
Year Ended 30 June 2017					
Revenue					
Sales to internal and external customers	169,709	14,009	50,858	-	234,576
Intersegment sales	(47,953)	-	-	-	(47,953)
Total revenue	**121,756**	**14,009**	**50,858**	**-**	**186,623**
Other income	55	-	-	(82)	(27)
Other expenses	(105,214)	(12,126)	(36,485)	(6,748)	(160,573)
Earnings before interest, tax, depreciation and amortisation	**16,597**	**1,883**	**14,373**	**(6,830)**	**26,023**
Depreciation	(914)	(416)	(2,035)	(220)	(3,585)
Amortisation	(417)	-	-	(552)	(969)
Interest income	92	-	5	315	412
Finance costs	(382)	-	-	(123)	(505)
Share of profits of equity accounted investees	-	-	-	425	425
Loss on disposal of equity accounted investees	-	-	-	(528)	(528)
Profit/(loss) before tax	**14,976**	**1,467**	**12,343**	**(7,513)**	**21,273**
Income tax expense					(7,386)
Profit after tax for the year					**13,887**
As at 30 June 2017					
Assets					
Segment assets	124,539	24,299	50,118	26,301	**225,257**
Liabilities					
Segment liabilities	55,751	2,606	11,651	4,903	**74,911**

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

4. PROPERTY, PLANT & EQUIPMENT

	Land $000	Buildings & leasehold improvements $000	Office & computer equipment $000	Motor vehicles $000	Plant & rental equipment $000	Capital work in progress $000	Total $000
Year Ended 30 June 2018							
Opening net book amount	4,826	1,814	408	1,570	107,786	-	116,404
Additions	34	202	253	50	6,198	724	7,461
Disposals	-	(102)	(103)	(683)	(26,358)	-	(27,246)
Depreciation charge	-	(177)	(158)	(107)	(3,327)	-	(3,769)
Closing net book amount	**4,860**	**1,737**	**400**	**830**	**84,299**	**724**	**92,850**

5. INTANGIBLE ASSETS

	Goodwill $000	Customer contract $000	Other intangibles $000	Total $000
Year Ended 30 June 2018				
Opening net book amount	23,544	101	203	23,848
Additions	-	-	-	-
Disposals	-	-	(176)	(176)
Amortisation expense	-	(101)	(27)	(128)
Closing net book amount	**23,544**	**-**	**-**	**23,544**

6. TRANSACTION WITH NON-CONTROLLING INTEREST

Acquisition of Remaining Interest in Gallery Facades Australia Pty Ltd and subsidiaries

On 3 June 2018, GCS moved to 100% shareholding in Gallery Facades Australia Pty Ltd (formerly Podium Glazing Australia Pty Ltd) and its subsidiaries (together “Gallery Facades”) through the acquisition of the remaining 49% non-controlling interest. Gallery Facades designs, supplies and installs high performance architectural facades to premium commercial and residential projects across Australia. The acquisition was completed via the issue of 11.1m ordinary fully paid GCS shares to Gallery Facades’ minority shareholders. Up to an additional 4.1m shares may be issued pursuant to an earn out arrangement based on Gallery Facades achieving a predetermined profit target in FY19. All shares issued as consideration are subject to escrow periods.

All existing arrangements relating to the initial acquisition of 51% of Gallery Facades remain unchanged.

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

7. DISCONTINUED OPERATIONS

(a) Disposal of Equipment Hire Division

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% of the division's plant and equipment assets for cash consideration of $28.3 million. Details of the sale are as follows:

	$'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	(3,448)
Gain on sale before income tax	**487**
Income tax expense on gain	(146)
Gain on sale after income tax	**341**

(b) Analysis of profit for the year from discontinued operations

The results of the discontinued operations included in the profit for the year are set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the reporting period.

	Year Ended 30 June 2018 $'000	Year Ended 30 June 2017 $'000
Profit for the year from discontinued operations		
Revenue	8,773	20,998
Cost of goods sold	(4,325)	(11,610)
Gross profit	4,448	9,388
Administration costs	(2,258)	(6,631)
Depreciation and amortisation	(655)	(1,936)
Finance costs	(761)	(2,231)
Profit/(loss) before tax	774	(1,410)
Attributable income tax expense	(231)	375
Profit/(loss) after tax	543	(1,035)
Disposal		
Gain on disposal	487	-
Attributable income tax expense	(146)	-
Profit after tax on disposal of discontinued operations	341	-
Profit for the year from discontinued operations (attributable to owners of Global Construction Services Limited)	**884**	**(1,035)**

NOTES TO THE PRELIMINARY FINAL REPORT (CONTINUED)

7. DISCONTINUED OPERATIONS (CONTINUED)

(c) Cash flow information from discontinued operations

	Year Ended 30 June 2018 $'000	Year Ended 30 June 2017 $'000
Cash flows from discontinued operations		
Cash flows used in operating activities	(566)	(1,314)
Cash flows from investing activities		
- Payments for property, plant and equipment	(1,233)	(239)
- Proceeds from sale of property, plant and equipment	28,286	203
- (Repayment)/proceeds from intercompany	(4,811)	1,027
Cash flows (used in)/from financing activities	(23,304)	1,481
Net cash (outflow)/inflow from discontinued operations	**(1,628)**	**1,158**

8. CONTINGENCIES

As at 30 June 2018, the Group has no material contingent liabilities or contingent assets, other than those already disclosed in this report.

9. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR FINANCIAL RESULTS

On 23 July 2018 the Scheme Booklet associated with the proposed Merger of Equals between GCS and SRG was released to SRG Shareholders. The Scheme Booklet contained the Independent Expert's Report from Lonergan Edwards & Associates (Independent Expert) which concluded that the Scheme is fair and reasonable and therefore is in the best interests of SRG Shareholders, in the absence of a superior proposal. The Scheme Booklet also contained a confirmation by the SRG Directors that they had unanimously recommended that all SRG shareholders vote in favour of the Scheme in the absence of a superior proposal and subject to the Independent Expert continuing to conclude that the Merger is in the best interests of SRG shareholders.

On 14 August 2018 GCS declared a fully franked final dividend with respect to the year ended 30 June 2018 of 2.5 cents per share, taking the full year dividend to 4.5 cents per share (FY17: 4.0 cents per share).

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the Group's operations, the results of those operations, or the Group's state of affairs in future financial years.

Enzo Gullotti
Group Managing Director
14 August 2018