

Appendix 4E

Preliminary Final Report
for the year ended 30 June 2015

RESULTS FOR ANNOUNCEMENT TO MARKET

			30 June 2015 \$000	30 June 2014 \$000
Revenue from ordinary activities	Down	6.0%	150,508	160,128
Profit from ordinary activities after tax attributable to members	Up	7.1%	8,741	8,165
Net profit for the period attributable to members	Up	7.1%	8,741	8,165

			30 June 2015 cents	30 June 2014 cents
Earnings per share (basic)			4.7¢	4.8¢
Net tangible assets per security			80.5¢	81.8¢

Dividends	Amount per Security	Franked amount per Security
Final Dividend	-	-
Final Dividend previous corresponding period (DRP)	-	-
Record date for determining entitlements to the final dividend	Not applicable	Not applicable
Interim Dividend (DRP)	-	-
Interim Dividend previous corresponding period (DRP)	Not applicable	Not applicable

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 for the year ended 30 June 2014 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 (Cth).



GLOBAL CONSTRUCTION
SERVICES LIMITED
ABN 81 104 662 259

ASX CODE
GCS



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FOR YEAR ENDED 30 June 2015

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity consisting of Global Construction Services Limited and the entities it controlled at the end of, or during, the year ended 30 June 2015.

Directors

The following persons were directors of Global Construction Services Limited during the whole of the year and up to the date of this report, unless otherwise stated:

Peter Wade	Non-Executive Chairman
Enzo Gullotti	Group Managing Director
George Chiari	Executive Director
Sam Mangione	Non-Executive Director

Principal Activities

During the financial period, the principal continuing activities of the consolidated entity consisted of the supply of integrated on-site products and services to the commercial, residential, resource, industrial and oil and gas sectors.

Review of operations

Overview

Global Construction Services Limited (GCS, GCS Group) reported a profit after tax of \$8.7 million (FY14: \$8.2m) on group revenue of \$150.5 million (FY14: \$160.1m) for the year ended 30 June 2015. Overall this was a solid earnings result in challenging market conditions.

The full year earnings performance was 7.1% higher than the prior corresponding year, despite lower revenue impacted by the challenging market conditions in the Western Australian economy with the continued delay in the letting and starting of major projects in the Perth CBD and the continuing general slowdown in demand in the Pilbara. This was more than offset by continued strong activity in the residential housing market, lower cost base through operating efficiencies and reduced interest costs.

With the continued strong balance sheet focus the group reported a reduction in net debt to \$30.9m, \$32.7m (51%) lower than the prior corresponding year. This has been achieved through strong operating cash flow and funds from the equity placement used to repay \$8.8m of bank debt. Total capital expenditure (cash and hire purchase) for the year of \$12.5m was \$5.1m higher than the prior corresponding year and reflects growth capex primarily for the initial supply of scaffold equipment to the Ichthys and Sino Iron project, and formwork equipment for the Capital Square project. The company net debt to equity position has continued to improve and decreased to 14% from 32% in the prior corresponding year.

Group EBITDA of \$27.9 million (FY14: \$29.1m) was lower than the prior corresponding year, with Group EBITDA margin slightly higher at 18.5% (FY14: 18.2%) due to reducing costs through operating efficiencies and productivity improvements, partially offset by lower utilisation levels and the highly competitive pricing environment. Group EBIT of \$16.2 million (FY14: \$17.1m) was also lower than the prior corresponding year. Earnings per share was 4.7 cents per share (FY14: 4.8 cents per share).

The Board has continually responded 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 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 stream, reducing costs and maintaining a disciplined approach to managing the balance sheet.

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

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Board and Executives

The GCS Board is undertaking an overall review of the structure and composition of the board and will advise the market when a formal decision has been made on the restructure and appointment of any additional board member.

Commercial Division

The Commercial Division (CASC) successfully completed its key contracts on both the Brookfield Place Tower 2 project and May Holman Centre for Probuild during the first half of the year. Installation of the façade on the Perth Children's Hospital and Kings Square projects being constructed by John Holland, and Brookfield Place Tower 2 and Crown Hotel being constructed by Brookfield Multiplex continue to progress well. In the second half of the year CASC received a \$46.2m Letter of Intent for Tower 1 on the Capital Square project in the Perth CBD, and was awarded a \$30.0m formwork and concrete contract by Brookfield Multiplex for the new Perth Stadium. Work on both these projects has commenced and is progressing. GCS was also awarded an exclusive equipment and labour hire agreement by Brookfield Multiplex in WA.

Overall segment revenue and EBITDA were maintained with steady demand for Portable site accommodation and the suite of the other products and services offered by GCS.

The pipeline of opportunities and tender activity in this sector remains strong and the Board remains optimistic on this investment pipeline activity increasing in financial year 2016 with recent major contracts awarded to main contractors and subsequently to GCS. These major projects are committed infrastructure works being undertaken by the Western Australian Government, in addition to the expanding substantial private sector investment GCS has a proven track record and reputation that will ensure its successful involvement in these opportunities.

Resource, Industrial and Oil and Gas

The Western Australian resources investment cycle continued to soften during the year on the back of a slowdown in mining activity and capital investment as major projects moved from construction to production phase. The one off sale of scaffold supplied to the Gorgan project in the prior year (\$8.4m) and competitive market conditions for Plant Hire and Portable site accommodation contributed to the decline in revenue and EBITDA of this segment.

However, the decline in this segment is being offset on the back of some recent successes in H2FY15. The contract for the principal management and supply of scaffolding for all Woodside Energy Limited's North West Shelf Project on shore and offshore locations was extended to 31 December 2017 with renewal options. In May 2015 GCS was also awarded the scaffolding services contract for the Sino Iron Project by CITIC Pacific Mining for an initial 2 year term with renewal options. These contracts recognise GCS's successful delivery capabilities with projects in the North West and are important steps in GCS building sustainable annuity revenue streams within its services business. Also, during this year GCS Industrial Services Pty Ltd, as Kaefer's exclusive supply chain partner, commenced the supply of scaffold equipment for their Ichthys project scaffolding services package.

It is pleasing that this contract win and contract extension opportunities will continue to deliver solid returns and our businesses, and existing integrated product and services offering, are well placed to support future growth opportunities in this sector.

Residential

The Western Australian housing market continued its positive momentum during FY15. There has been a clear improvement in the residential sector on the back of improved new home sales, building approvals and record low interest rates which are reflected in the improved financial performance in this segment as a result of higher utilisation levels and price growth. Management is continually monitoring this business to rationalise and align resources to service this market.

The outlook for this segment is cautiously positive with the strong activity experienced in FY15 expected to continue throughout FY16. We are anticipating the low interest rate environment will continue and lead to improved confidence and investment in housing which will provide a positive benefit to our operations in this sector.

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Corporate

GCS announced on 20 November 2014 a two tranche \$14m strategic placement of 29.8m ordinary shares at \$0.47 per share to Brookfield Capital Partners III, a private equity fund managed by Brookfield Asset Management Inc. The Placement pricing was at a 6.8% premium to last close and 10.4% premium to the one month VWAP. Funds from the Placement were used to reduce debt and to provide additional working capital.

The Placement is part of a strategic partnership between GCS and Brookfield formed to pursue industry consolidation and expand GCS' products and skill set nationally. The skills, contacts and balance sheet of Brookfield make it an ideal partner for GCS to work with to continue to drive its East Coast expansion, to consolidate a highly fragmented industry and to take advantage of the increasing number of distressed opportunities coming available, particularly in the resources exposed segment of the market.

GCS announced on 24 December it has successfully completed the refinancing of its debt facilities to enhance the Group's capital structure. The new 5 year secured facility for A\$60 million with GE Capital replaces a significant portion of the existing equipment finance facilities, and its Westpac secured debt facility that was due to expire 31 October 2015. This new facility extended the company's average debt maturity profile, and provides a more flexible and sustainable debt structure to support and respond to market conditions.

Matters subsequent to the end of the year financial results

No matter or circumstance has arisen since 30 June 2015 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

With the continuing focus on debt reduction and the levels of uncertainty prevalent in the wider economy, the Board has determined in the best interests of the Company to not declare a final dividend for FY15. The Board will continue to monitor the business and market conditions and is targeting the reinstatement of dividends in FY2016.

Rounding

The parent entity is a company of the kind specified in Australian Securities and Investments Commission class order 98/0100. In accordance with that class order, amounts contained in the interim consolidated financial statements have been rounded to the nearest thousand dollars unless specifically stated otherwise.

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		30 June 2015 \$000	30 June 2014 \$000
Continuing Operations	Note		
Revenue from hire of equipment, provision of labour and contracting services		143,070	143,786
Sale of goods		7,438	16,342
	1	150,508	160,128
Other Income		1,136	1,175
Raw materials, consumables and services		(36,214)	(37,036)
Personnel expenses		(68,533)	(74,459)
Other expenses		(10,837)	(14,080)
Occupancy		(7,531)	(7,013)
Repairs and maintenance		(2,362)	(1,273)
Depreciation expense		(11,567)	(11,526)
Amortisation expense		(120)	(479)
Finance costs		(4,629)	(6,048)
Share of profit of equity accounted investees (net of tax)		1,716	1,702
Profit before income tax expense		11,567	11,091
Income tax expense		(2,826)	(2,926)
Profit for the year		8,741	8,165
Other comprehensive income for the year, net of income tax		-	-
Total comprehensive income for the year		8,741	8,165
Profit and total comprehensive income for the year attributable to:			
Owners of the company		8,741	8,165
Earnings per share for profit attributable to owners of the Company			
Basic earnings per share		4.7¢	4.8¢
Diluted earnings per share		4.7¢	4.8¢

The above statement should be read in conjunction with the notes to the preliminary final report.

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 June 2015 \$000	30 June 2014 \$000
Current Assets			
Cash and cash equivalents		20,702	13,808
Trade and other receivables		29,046	27,542
Prepayments		4,354	4,549
Inventories		7,154	5,789
Current tax assets		-	571
Total Current Assets		61,256	52,259
Non-Current Assets			
Other Receivables		7,610	9,742
Investments accounted for using the equity method	2	8,341	6,625
Property, plant and equipment		171,652	173,729
Intangible assets		58,986	58,609
Deferred tax assets		3,264	2,859
Other financial assets		24	113
Total Non-Current Assets		249,877	251,677
Total Assets		311,133	303,936
Current Liabilities			
Trade and other payables		17,043	15,243
Borrowings		18,157	23,772
Deferred Income		3,722	220
Current tax liabilities		1,017	-
Total Current Liabilities		39,939	39,235
Non-Current Liabilities			
Borrowings		33,490	53,653
Provisions		3,567	952
Deferred tax liabilities		13,848	12,055
Total Non-Current Liabilities		50,905	66,660
Total Liabilities		90,844	105,895
Net Assets		220,289	198,041
Equity			
Issued Capital		142,108	128,601
Reserves		140	140
Retained profits		78,041	69,300
Total Equity		220,289	198,041

The above statement should be read in conjunction with the notes to the preliminary final report.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Ordinary \$000	Option Reserve \$000	Retained Earnings \$000	Total \$000
Balance at 1 July 2013	128,601	140	61,135	189,876
Profit for the year	-	-	8,165	8,165
Total comprehensive income for the year	-	-	8,165	8,165
Transactions with owners in their capacities as owners				
Issue of ordinary shares, net of transaction costs	-	-	-	-
Dividends paid	-	-	-	-
Tax-effect share based transaction expenses	-	-	-	-
Balance 30 June 2014	128,601	140	69,300	198,041
Balance at 1 July 2014	128,601	140	69,300	198,041
Profit for the year	-	-	8,741	8,741
Total comprehensive income for the year	-	-	8,741	8,741
Transactions with owners in their capacities as owners				
Issue of ordinary shares, net of transaction costs	13,284	-	-	13,284
Dividends paid	-	-	-	-
Tax-effect share based transaction expenses	223	-	-	223
Balance 30 June 2015	142,108	140	78,041	220,289

The above statement should be read in conjunction with the notes to the preliminary final report.

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CONSOLIDATED STATEMENT OF CASHFLOWS

	Note	2015 \$000	2014 \$000
Cash flows from operating activities			
Receipts from customers		152,815	172,895
Payments to suppliers and employees		(123,030)	(137,149)
Income taxes paid		372	(5,361)
Net cash inflows from operating activities		30,157	30,385
Cash flows from investing activities			
Payments for property, plant and equipment		(5,728)	(2,768)
Proceeds from sale of property, plant and equipment		108	495
Interest received		825	799
Loans from/(to) related parties		2,129	(137)
Net cash outflow from investing activities		(2,666)	(1,611)
Cash flows from financing activities			
Proceeds from borrowings		25,431	7,000
Repayment of borrowings		(55,032)	(31,293)
Interest paid		(4,280)	(5,990)
Proceeds from issue of ordinary shares		14,026	-
Transaction costs from issue of ordinary shares		(742)	-
Net cash outflow from financing activities		(20,597)	(30,283)
Net increase/(decrease) in cash and cash equivalents		6,894	(1,509)
Cash and cash equivalents at beginning of the year		13,808	15,317
Cash and cash equivalents at the end of the year		20,702	13,808

The above statement should be read in conjunction with the notes to the preliminary final report.

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NOTES TO THE PRELIMINARY FINAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

(a) Basis of Preparation

This preliminary final report for the year ended 30 June 2015 relates to the consolidated entity consisting of Global Construction Services Limited (**the Company, GCS Group**) and its controlled entities.

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 2014 and any public announcements made by GCS Group 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 consolidated entity, and are rounded to the nearest thousand dollars (\$'000) where rounding is applicable under the option available to the Company under ASIC class order 98/100. 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 4.3.A and the disclosure requirements of ASX Appendix 4E. Australian Accounting Standards include Australian equivalents of International Reporting Standards ("AIFRS").

1. Revenue

	30 June 2015 \$000	30 June 2014 \$000
Revenue		
Hire of equipment and related services	117,499	111,387
Contracting	25,571	32,399
Sale of goods	7,438	16,342
	150,508	160,128

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2. Investments in Associates accounted for using the equity method

Global Construction Services Limited holds an interest in an associate entity SmartScaff Pty Ltd, a scaffolding company with operations and facilities in Melbourne, Sydney and Brisbane. Global Construction Services Limited has a 50% Interest in the issued shares and equity of the entity.

Interest of participant Global Construction Services Limited in SmartScaff Pty Ltd is revenue of \$7.6m (FY14: \$8.5m) and net profit after tax of \$1.9m (FY14: \$1.7m) for the year ended 30 June 2015.

Global Construction Services Limited is party to a jointly controlled entity GCS Concrete Pumping Pty Ltd. Global Construction Services Limited has a 50% Interest in the issued shares and equity of the entity. GCS Concrete Pumping Pty Ltd provides concrete pump hire and contracting services to the commercial construction market in Western Australia.

The interest of Global Construction Services Limited is accounted in the consolidated financial statements using the equity method of accounting.

3. Operating Segments

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.

The 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.

GCS 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 sector 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 sector 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.

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3. Operating Segments (continued)

Resource & Industrial, Oil & Gas

The operations in the Resource and Industrial, Oil & Gas sector 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.

Segment Information	Commercial	Residential	Resource & Industrial, Oil & Gas	Total
30 June 2015	\$000	\$000	\$000	\$000
Total Segment revenue	134,967	25,467	57,578	218,012
Intersegment revenue	(51,511)	(937)	(15,056)	(67,504)
Revenue from external customers	83,456	24,530	42,522	150,508
Other revenue	213	133	20	366
Total Revenue	83,669	24,663	42,542	150,874
Adjusted EBITDA	12,836	7,002	10,598	30,436
Depreciation and amortisation	(5,224)	(1,516)	(4,640)	(11,380)
Unallocated amounts: Depreciation and amortisation				(307)
Unallocated amounts: Other Revenue				2,036
Unallocated amounts: Corporate				(6,305)
Finance Costs				(4,629)
Share of profits of equity accounted investees				1,716
Profit before income tax expense				11,567
Income tax expense				(2,826)
Profit after income tax expense				8,741
Assets				
Segment assets	110,274	29,880	75,405	215,559
<i>Unallocated asset:</i>				
Intersegment eliminations				(8,207)
<i>Corporate Assets:</i>				
Cash and cash equivalents				14,801
Receivables				11,799
Prepayments				325
Property, plant and equipment				13,351
Intangibles				450
Goodwill				51,449
Share of equity accounted investees (net of income tax)				8,342
Deferred tax assets				3,264
Total assets per statement of financial position				311,133

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3. Operating Segments (continued)

Segment Information	Commercial	Residential	Resource & Industrial, Oil & Gas	Total
30 June 2014	\$000	\$000	\$000	\$000
Total Segment revenue	134,424	26,259	57,872	218,555
Intersegment revenue	(50,269)	(1,124)	(7,034)	(58,427)
Revenue from external customers	84,155	25,135	50,838	160,128
Other revenue	213	92	20	325
Total revenue	84,368	25,227	50,858	160,453
Adjusted EBITDA	12,839	5,834	13,316	31,989
Depreciation and amortisation	(5,142)	(1,539)	(4,639)	(11,320)
Unallocated amounts: Depreciation and amortisation				(685)
Unallocated amounts: Other Revenue				2,245
Unallocated amounts: Corporate				(6,792)
Finance Costs				(6,048)
Share of profits of equity accounted investees				1,702
Profit before income tax expense				11,091
Income tax expense				(2,926)
Profit after income tax expense				8,165

4. Contingencies

As at 30 June 2015 the Group has no material contingent liabilities or contingent assets.

5. Events after reporting date

No matter or circumstance has arisen since 30 June 2015 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.

Audit Status

This preliminary final report is based on accounts which are in the process of being audited.

Enzo Gullotti
Group Managing Director

27 August 2015