



FINANCIAL REPORT 2015

GLOBAL CONSTRUCTION SERVICES LIMITED

ABN 81 104 662 259





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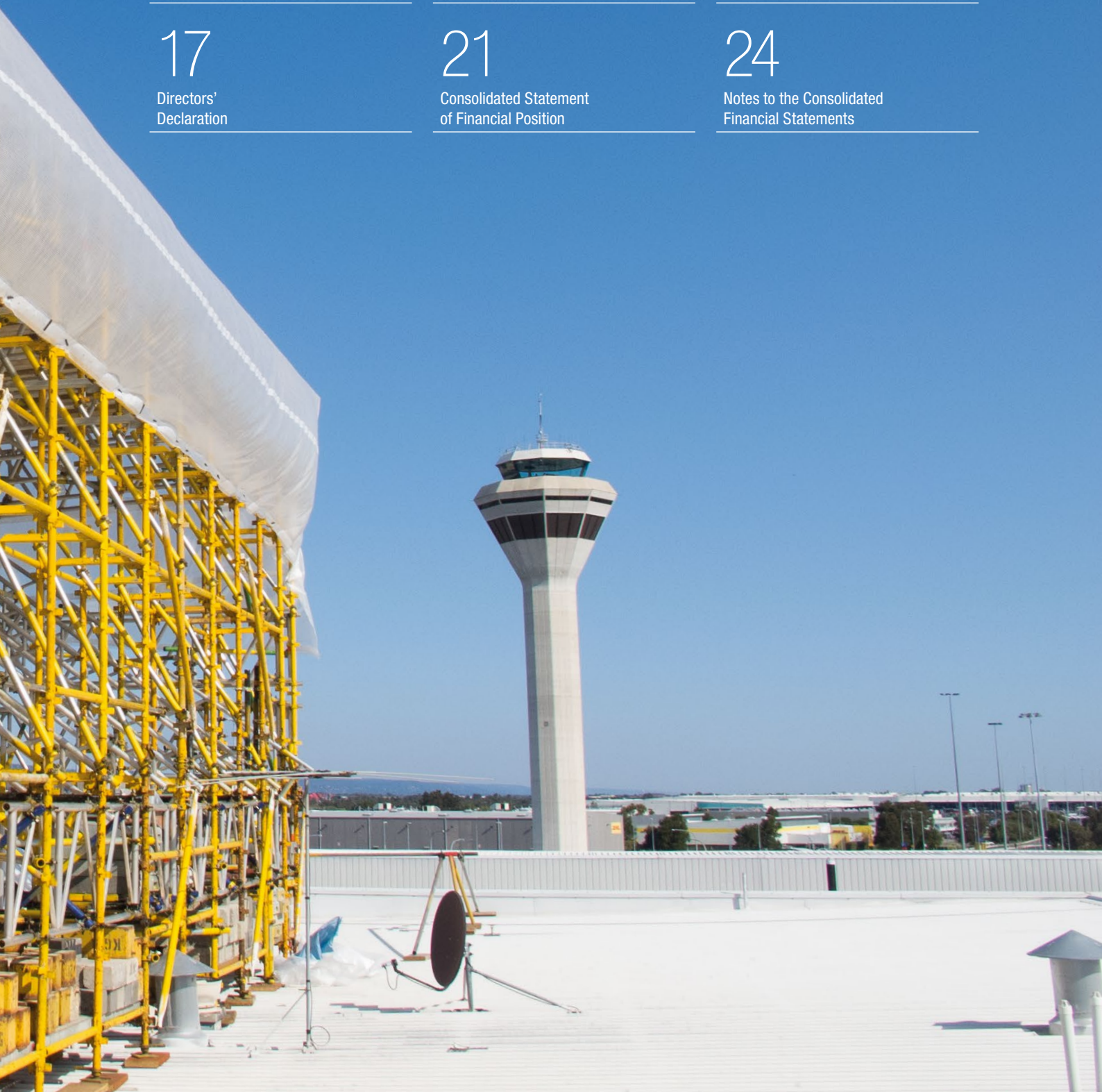
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DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Global Construction Services Limited (the **Company**) and the entities it controlled (referred to hereafter as the **Group**, the **GCS Group**, or **GCS**) at the end of, or during the year ended 30 June 2015.

DIRECTORS AND OFFICERS

The following persons were Directors and Officers of Global Construction Services Limited during the whole of the financial year and up to the date of this report.

| | |
|-------------------|---|
| Peter Wade | Board Chairman and Non-Executive Director |
| Enzo Gullotti | Group Managing Director |
| Sam Mangione | Non-Executive Director |
| George Chiari | Executive Director |
| Gabriel Chiappini | Company Secretary |

EXPERIENCE, QUALIFICATIONS AND RESPONSIBILITIES

Peter Wade

Non-Executive Chairman

Mr Peter Wade holds a Bachelor of Engineering (Hons) and has over forty years of experience in engineering, construction, project management, mining, and infrastructure services. He started his career with the NSW Public Service managing the construction, building, and operation of significant infrastructure projects such as the Port Kembla coal loader and grain terminals in Newcastle and Wollongong. Mr Wade was also a Deputy Director for the Darling Harbour Redevelopment construction project. Subsequently, as an Executive of the Transfield Group, Mr Wade was responsible for a number of significant construction, building, and operation projects including, the Melbourne City Link, the Airport Link, the Northside Storage Tunnel, and the Collinsville and Smithfield Power Plants. Mr Wade has been the Managing Director of Crushing Services Pty Ltd and PIHA Pty Ltd since 1999 and Minerals International Pty Ltd since 2002 (now all wholly owned subsidiaries of Mineral Resources Limited). In 2006, with the formation and listing of Mineral Resources Limited, Mr Wade was appointed as Managing Director and has overseen a sustained period of successful development and growth. In 2008, Mr Wade was appointed the Executive Chairman of Mineral Resources Limited. On 16 November 2012, Mr Wade was appointed as Non-Executive Chairman of Mineral Resources Limited.

| | |
|---------------------------------------|--|
| Qualifications | BE (Hons), LGE |
| Other Current Directorships | Non-Executive Chairman of Mineral Resources Limited |
| Former Directorships (3 years) | None |
| Special Responsibilities | Chairman of Board of Directors Chairman of Audit and Risk Management Committee Chairman of Nomination and Remuneration Committee |
| Interests in Shares | 221,361 |
| Interest in Options | None |

Enzo Gullotti

Group Managing Director

Mr Enzo Gullotti is an industry and community leader with in excess of twenty five years of experience in the scaffolding, construction, and maintenance sectors. Mr Gullotti was a founding member of the PCH Group (now CAPE) where he was an Executive Director for approximately eight years and the Managing Director of the scaffolding subsidiary. Mr Gullotti was instrumental in growing PCH, including the establishment of operations in Karratha, Sydney, Darwin, Bunbury, Singapore, Thailand, Dubai and the Caspian Sea. Since establishing GCS in 2003, Mr Gullotti has grown the Group significantly, including leading the successful integration of several key acquisitions and expanding the company's footprint throughout Australia.

| | |
|---------------------------------------|-------------------------|
| Other Current Directorships | None |
| Former Directorships (3 years) | None |
| Special Responsibilities | Group Managing Director |
| Interests in Shares | 7,326,349 |
| Interest in Options | None |



Sam Mangione

Non-Executive Director

Mr Sam Mangione holds a Bachelor of Business degree and has been associated with the GCS Group since July 2005. Mr Mangione has over twenty five years of experience in the construction, mining, and hire industries. Mr Mangione is co-owner of the largest privately held waste management company in Western Australia and is also a leading manufacturer of temporary site accommodation. Mr Mangione has developed state of the art processes in the recovery and recycling of waste product via purpose designed waste transfer stations.

| | |
|---------------------------------------|--|
| Qualifications | B.Bus |
| Other Current Directorships | None |
| Former Directorships (3 years) | None |
| Special Responsibilities | Member of Audit and Risk Management Committee Member of Nomination and Remuneration Committee |
| Interests in Shares | 4,767,518 |
| Interest in Options | None |

George Chiari

Executive Director

Mr George Chiari is a recognised industry leader in the field of commercial formwork and concrete with over forty years of experience at CASC Constructions. His skills and knowledge are invaluable as GCS builds on the success of recent times and seeks to capitalise on the significant opportunities in Western Australia.

| | |
|---|--------------------|
| Other Current Directorships | None |
| Former Directorships (3 years) | None |
| Special Responsibilities | Executive Director |
| Interests in Shares ⁽¹⁾ | 4,768,472 |
| Interest in Options | None |

⁽¹⁾ CASC Services Pty Ltd held 6,297,612 shares (2014: 6,282,622) which are held in the Chiari Used Trust in which G. Chiari has an interest.

Gabriel Chiappini

Company Secretary

Mr Gabriel Chiappini was appointed Company Secretary of the GCS Group on 12 December 2013. Mr Chiappini is a member of the Australian Institute of Company Directors and Institute of Chartered Accountants. Mr Chiappini has experience as a Finance Director, Chief Financial Officer and Company Secretarial roles in both local and international environments and holds the position of Company Secretary with several ASX listed and unlisted companies. Mr Chiappini has experience in diverse and varied industry sectors including Investment Banking (UK), Property Development & Investment (UK), Oil & Gas (Australia), Telecommunications (Australia), and Biotechnology (Australia).

| | |
|---------------------------------|---|
| Qualifications | B.Bus, GAICD, CA |
| Special Responsibilities | Member of Audit and Risk Management Committee |

DIRECTORS' REPORT

MEETINGS OF DIRECTORS

The number of meetings of GCS's Board of Directors and each Board Committee held during the year ended 30 June 2015 and the number of meetings attended by each Director was:

| | Meetings of committees | | | | | |
|---------------|----------------------------|----------|----------------|------------------|-----------------------------|------------------|
| | Full meetings of Directors | | Audit and Risk | | Nomination and Remuneration | |
| | Eligible | Attended | Eligible | Attended | Eligible | Attended |
| Peter Wade | 11 | 10 | 2 | 2 | 1 | 1 |
| Enzo Gullotti | 11 | 11 | 0 | 2 ⁽¹⁾ | 0 | 1 ⁽¹⁾ |
| Sam Mangione | 11 | 10 | 2 | 2 | 1 | 0 |
| George Chiari | 11 | 10 | 0 | 2 ⁽¹⁾ | 0 | 0 |

⁽¹⁾ Attended by invitation

COMMITTEES

As at the date of this report, the company has established an Audit and Risk Committee and a Nomination and Remuneration Committee.

PRINCIPAL ACTIVITIES

The principal continuing activities of the Group consisted of a range of products and services to a diverse set of customers in the Commercial; Residential; and Resource, Industrial, Oil & Gas sectors of the construction and maintenance industries. These activities include the provision of equipment and on site specialised labour services including scaffolding, formwork, material hoists, temporary site accommodation, general plant hire, vehicle fleet hire, temporary fencing, concrete pumping, concrete placement, and related engineering and design services.

STRATEGY

The GCS Group's strategic focus is on improving and optimising the returns from our diversified portfolio of businesses by continuing to drive operational efficiencies, diversify our revenue streams, reduce costs, and maintain a disciplined approach to managing the balance sheet. We continuously focus on improving our operations and aligning our resources to meet the changing needs of our clients and market conditions. Our strategy is underpinned by our values and the proposition of 'Safety, Performance, Reliability' and is executed by our integrated 3 plus 3 business model entailing:

Three key services comprising:

1. Large scale formwork and concrete contracting;
2. Supply of onsite equipment and materials encompassing scaffold and access solutions, formwork, site accommodation, plant and equipment, and specialised vehicles; and
3. Provision of on-site workforce.

Three key market sectors covering:

1. Commercial;
2. Resource, Industrial, Oil & Gas; and
3. Residential.

The formwork, concrete, and scaffolding businesses are the company's foundation businesses. GCS continues as one of the leading companies in Western Australia in this sector. The plant and equipment hire business represents the Group's platform to increase its on-site presence by adding complementary customer solutions. The nature of this business is an enabler to increasing GCS's geographic reach throughout Western Australia and nationally. The labour hire business represents a significant growth area for the Group. The labour hire business together with the equipment hire businesses differentiates GCS as a true agile, end to end, on-site solution provider compared to its peers. Our wide-ranging experience and results driven strategies make GCS a supplier of choice and a reliable industry partner.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial year.

OVERVIEW AND FINANCIAL RESULTS

Overall Market

The FY15 financial and operational performance of GCS was characterised by the underlying market conditions in Western Australia. On-going project delays, degrees of investment caution, and a slowing of general demand all influenced the Group's operations.

The Perth CBD is currently undergoing a substantial transformation with significant investment committed by the Western Australian Government and the private sector in new projects. Momentum in the commercial sector is increasing with a substantial pipeline of opportunities, and tender activity in this sector remaining strong. 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. GCS's proven track record and reputation will ensure its successful involvement in these opportunities.

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 significant Ichthys liquefied natural gas (LNG) project continued to ramp up, however declines in other commodity projects created excess capacity in some segments. Decreases in Chinese economic growth, weaker commodity demand coupled with publicised cost and productivity pressures led to a number of resources projects being postponed or reworked. Notwithstanding the decline in this segment GCS secured contract win and contract extension successes that 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.

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.

Despite the challenging market conditions in GCS's core businesses, the board and management has continued to successfully monitor and responded to the changed external environment by adjusting its business strategies. During the year we continued with our significant rationalisation of operations to align resources to match activity levels, improved our cost base, strengthened the balance sheet and managed our portfolio of businesses more efficiently.

Financial Performance

GCS Group revenues from continuing operations decreased 6.0% to \$150.5m (FY14: \$160.1m) primarily due to the one off sale of scaffold supplied to the Gorgon project in the prior year (\$8.4m). The Group recorded a statutory net profit after tax of \$8.7 million (FY14: \$8.2m) an increase of 7.1% over the corresponding period. Group EBITDA of \$27.9 million (FY14: \$29.1m) was lower than the corresponding period 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 was \$16.2 million (FY14: \$17.1m), and earnings per share were 4.7 cents (FY14: 4.8 cents). In general, the financial performance for the full year of 2015 was impacted by the challenging market conditions in the Western Australian economy. This included the continued delay in the letting of major projects in the Perth CBD and the general slowdown in demand in the Pilbara, partially offset by strong activity levels and improved margins in the Residential sector and another strong contribution from associate entity SmartScaff Pty Ltd.

With the continued strong focus on the balance sheet, 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 projects, 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.

The following table is a reconciliation of non IFRS financial information (EBITDA and EBIT) disclosed in this operational and financial review of the Directors' Report.

| | 30 June 2015 \$'000 | 30 June 2014 \$'000 |
|--------------------------------------|------------------------|------------------------|
| Profit for the year after income tax | 8,741 | 8,165 |
| Add back finance costs | 4,629 | 6,048 |
| Add back income tax expense | 2,826 | 2,926 |
| EBIT | 16,196 | 17,139 |
| Add back depreciation | 11,567 | 11,526 |
| Add back amortisation | 120 | 479 |
| EBITDA | 27,883 | 29,144 |

Board and Executive

The company continues to undertake 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.

We are pleased that Enzo Gullotti (Group Managing Director) and George Chiari (Executive Director) have agreed to extend their employment agreements with the company for an additional term of two years, commencing 1 July 2015.

Commercial

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.

Both revenue in this segment at \$83.5m (FY14: \$84.2m) and adjusted EBITDA at \$12.8m (FY14: \$12.8m) were maintained with steady demand for Portable site accommodation and the suite of the other products and services offered by GCS.

DIRECTORS' REPORT

OVERVIEW AND FINANCIAL RESULTS (continued)

Resource, Industrial, Oil & 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 Gorgon 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.

Revenue in this segment decreased 16.3% to \$42.5m (FY14: \$50.8m) and adjusted EBITDA decreased 20.3% to \$10.6m (FY14: \$13.3m).

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.

Revenue in this segment decreased 2.4% to \$24.5m (FY14: \$25.1m) and adjusted EBITDA increased 20.7% to \$7.0m (FY14: \$5.8m).

Corporate

In November 2014, GCS announced 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.

In December 2014, GCS 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 FINANCIAL YEAR

There were no matters or circumstances 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.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS IN OPERATIONS

The Group anticipates an overall improvement in market conditions in the forthcoming years which will improve GCS's performance in FY16 and the periods beyond.

The pipeline of opportunities and tender activity in the commercial sector is gathering momentum and continues to be substantial. 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, and GCS has a proven track record and reputation that will ensure its successful involvement in these opportunities.

The outlook and level of activity in the Resource, Industrial, Oil & Gas sector is expected to remain mixed. The general slowdown in demand in the Pilbara mining sector is expected to continue. However, it is pleasing that the recently secured 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.

The outlook for the residential 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 the improved confidence and investment in housing which will provide a positive benefit to our operations in this sector.

The GCS Group remains committed to executing 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, diversify 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.

ENVIRONMENTAL REGULATIONS

The operations of the consolidated entity are subject to environmental regulation under Commonwealth, State and Territory legislation.

The Group has implemented policies which require all operations to be conducted in a manner to comply with regulation, protect, and preserve the environment. The Directors are not aware of any breaches of environmental regulations during the year or as at the date of this report. The company has met all its reporting requirements under the relevant legislation during the year and continually aims to improve its environmental performance.

The company does not currently meet the thresholds of the *National Greenhouse and Energy Reporting Act 2007* and is therefore not currently subject to its reporting requirements.

PROCEEDINGS ON BEHALF OF THE COMPANY

No proceedings have been brought on behalf of the company, nor have any applications been made in respect of the company under Section 237 of the *Corporations Act 2001*.

CORPORATE GOVERNANCE

The Board is committed to achieving the highest standards of corporate governance. The Board reviews and improves its policies and procedures to ensure they are effective for the Group and fulfil the expectations of stakeholders. The Board's Corporate Governance Statement is outlined in the Annual Report.

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.

REMUNERATION REPORT (AUDITED)

Letter from Chairman of Remuneration Committee

Dear Shareholders,

During FY15, your company has continued to implement its structural changes commenced in FY14 to improve our balance sheet, efficiency and market penetration. The Chairman's report has noted Global Construction Services Limited's focus on building shareholder value through sales growth and performance in our key markets. As Chairman of the Remuneration Committee, my focus is on ensuring the company has a competitive remuneration structure in place that ensures that key management have a strong link between company performance and reward, are motivated to achieve key company objectives, and contribute to the long term company success. Global Construction Services Limited is committed to ensuring its remuneration structure is appropriately aligned with shareholder interests and, in that sense, needs to ensure that key executive staff are motivated, rewarded, and retained.

Following on from the no vote against the Remuneration Report at the company's Annual General Meeting in 2013 the company engaged with key stakeholders and advisors to review and improve the remuneration governance framework which has been implemented during 2015. We continue to engage with key stakeholders and welcome feedback and correspondence from all shareholders and key stakeholders in respect of this and all other matters.

I would also like to acknowledge the support and contributions from the other members of the Remuneration Committee and the buy in from Senior Executives. I trust that shareholders will welcome the Board's undertakings and will support our initiatives to procure an improved remuneration framework and outcomes as part of the FY15 Annual Report.

If any shareholders or their representatives would like to contact me directly on remuneration matters, please write to me with your feedback and comments and I will be happy to reply.

Regards,



Peter Wade
Chair of the Remuneration Committee

DIRECTORS' REPORT

REMUNERATION REPORT

The Directors present the remuneration report of Global Construction Services Limited for the year ended 30 June 2015, which sets out the remuneration arrangements of the Group for each Director and other Key Management Personnel in accordance with the requirements of the *Corporations Act 2001* and its regulations. Key Management Personnel are defined as those persons having authority and responsibility for planning, directing, and controlling the main activities of the company and the Group.

The Directors and Key Management Personnel disclosed in this report are:

| Directors | Position |
|--------------------------|-------------------------------------|
| Peter Wade | Chairman and Non-Executive Director |
| Enzo Gullotti | Group Managing Director |
| George Chiari | Executive Director |
| Sam Mangione | Non-Executive Director |
| Key management personnel | Position |
| Graeme Hearn | Divisional Managing Director |
| Carlo Genovesi | Chief Financial Officer |

REMUNERATION PHILOSOPHY

The objective in setting remuneration levels is to attract and retain qualified, experienced and high quality employees. Remuneration packages are structured to encourage improved performance and to align the employee's interests with the short term and long term objectives of the company. The Group benchmarks remuneration packages at least annually to ensure competitive positioning within the market. Short term incentives are designed to incentivise individual contributions to achieving results.

REMUNERATION COMMITTEE

The objective of the Remuneration Committee of the Board is to make recommendations on policies, strategies and structures on compensation arrangements for Directors and Key Management Personnel. The committee is charged with the development and review of the company's remuneration framework which:

- Recommends remuneration levels for Directors and Key Management Personnel;
- Proposes Non-Executive Director fees;
- Establishes incentive plans which apply to Executives;
- Devises key performance indicators to align remuneration and incentives to performance and achievement; and
- Formulates identification of talent, development, retention and succession planning strategies for Key Executives.

The Remuneration Committee formally meets twice per annum but as often as required to discharge its responsibilities. The committee is chaired by an independent Non-Executive Director.

The Corporate Governance statement of the Annual Report provides further information on this committee's role.

REMUNERATION CONSULTANTS

During the year ended 30 June 2015, Global Construction Services Limited did not engage the services of a remuneration consultant in respect of its remuneration matters, however the company may seek external remuneration consultants to assist it with the structure for the STI Plan and LTI Plan.

VOTING AND COMMENTS AT PREVIOUS ANNUAL GENERAL MEETINGS

The company did not generate a strike against the adoption of its remuneration report for FY14. The FY14 Remuneration Report received positive shareholder support at the FY14 AGM with a vote of 85% in favour. However following the feedback from shareholders at the previous AGM, we identified a number of key areas for improvement which resulted in a review of remuneration practices, policies, and plans associated with KMP remuneration. To develop an appropriate foundation for future practices, the Remuneration Committee has introduced a formal Remuneration Governance Framework which consists of:

- A revised Remuneration Committee Charter which now mandates the ongoing development and maintenance of all Remuneration Governance Framework elements;
- A Senior Executive Remuneration Policy;
- A Short Term Incentive (STI) Policy & Procedure document; and
- A Long Term Incentive (LTI) Policy & Procedure document.

Going forward, the Remuneration Committee will continue to implement the above items with appropriate assistance from external remuneration consultants as considered necessary.

There were no salary increases during FY15 for current Directors and Key Management Personnel (KMP) above current contractual requirements and/or CPI and contractual terms. The executive directors have retained significant equity positions in the company which the Board considers provides sufficient incentive to strive towards their STI KPI objectives.

NON-EXECUTIVE DIRECTOR REMUNERATION

The Board seeks to set aggregate fees paid to a level which reflects the responsibilities and demands made on Non-Executive Directors and provides the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

The Constitution of Global Construction Services Limited and the ASX Listing Rules specify that the company may remunerate Non-Executive Directors for their services with a fixed sum not exceeding the aggregate maximum of \$300,000 per annum. The Constitution entitles each Director to superannuation contributions in addition to their fees.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst Directors is evaluated by the Remuneration Committee annually.

The remuneration of Non-Executive Directors for the year ended 30 June 2015 is detailed in Table 2 of this report and has not been increased for the past three (3) years.

EXECUTIVE REMUNERATION INCLUDING GROUP MANAGING DIRECTOR

The current Executive remuneration framework is made up of two components:

- Base pay and benefits, including superannuation; and
- Short-term incentives in the form of cash bonus.

Global Construction Services Limited, as at the date of this report, has not implemented a long term incentive scheme for Key Executives. However as part of the Remuneration Committee's engagement with shareholders and proxy advisors, there was strong feedback that Global Construction Services Limited should introduce a LTIP. At present, key management individually hold a large number of shares in the company by virtue of their historical association to the company upon its initial ASX listing. The Remuneration Committee and the Board holds the view that a long term scheme based on the equity participation of key management will not be an effective incentive in linking performance as the interests of key management, who already hold significant shares in the company, and are therefore aligned to the company by virtue of their shareholdings.

However, as a result of the Remuneration Committee's engagement with shareholders and proxy advisors, the company will develop and formulate an improved short term and long term incentive scheme which will meet the remuneration objectives of the company and its stakeholders.

BASE PAY AND BENEFITS

Executive base pay is competitively structured and comprises the fixed component of the remuneration package. The fixed component may include cash, superannuation, and non-financial benefits to comprise the employee's total employee cost. Non-financial benefits generally consist of items to enable the effective discharge of the Executive's duties and may include the provision of motor vehicles, mobile phones, and notebooks.

Base pay is reviewed annually by the Remuneration Committee and benchmarked against a number of indicators and market data.

SHORT-TERM INCENTIVES (STI)

The objective of a variable STI remuneration is to link the achievement of the Group's operational targets with the remuneration received by the Executives charged with meeting those targets. The company's STI objectives are to:

- Motivate Senior Executives to achieve the short term annual objectives linked to company success and shareholder value creation;
- Create a strong link between performance and reward;
- Share company success with the Senior Executives that contribute to it; and
- Create a component of the employment cost that is responsive to short and medium term changes in the circumstances of the company.

Short-term incentives currently take the form of a cash bonus and are designed to encourage performance and align the interest of the employee to those of the company's strategic and business objectives based upon specific outcomes. The key STI measures for the Group in FY15 consist of a number of targets tied to the performance on the GCS Group's major contracts namely safety performance, financial performance, scheduling performance, and customer satisfaction. The STI is currently a discretionary 'bonus' arrangement and its quantum is determined by the Remuneration Committee.

The Remuneration Committee is responsible for determining the achievement of targets and assessing as to whether a bonus amount is paid. The committee also has the discretion to adjust short-term incentives downwards or make no payments in response to unexpected or unintended circumstances and where market issues dictate such a decision. Any STI payments to Key Management Personnel during the 2015 financial year were based on achieving strategic and/or business objectives.

DIRECTORS' REPORT

OTHER INCENTIVES

During FY15, the company, through the remuneration committee, agreed terms with the majority of the Key Executives to extend their service agreements through to 30 June 2017. As noted above, through engagement with key non-related shareholders and proxy advisors, the Remuneration Committee will continue to work on a long term incentive component of remuneration for Key Executives and to drive the succession planning of the company. As part of the long term incentive component, the company sought and received approval for a Performance Rights Plan at its 2014 AGM incorporating LTI performance hurdles that will include performance measured against TSR and EPS objectives.

COMPANY PERFORMANCE AND SHAREHOLDER WEALTH

Table 1: Sets out information about the company's consolidated earnings and shareholder wealth over the last five years.

| | 2015 \$'000 | 2014 \$'000 | 2013 \$'000 | 2012 \$'000 | 2011 \$'000 |
|---|----------------|----------------|----------------|----------------|----------------|
| Profit for the year attributable to holders of Global Construction Services Limited | 8,741 | 8,165 | 15,340 | 22,843 | 19,424 |
| Dividends paid | - | - | 3,405 | 10,152 | 6,328 |
| | Cents | Cents | Cents | Cents | Cents |
| Earnings per share | 4.70 | 4.80 | 9.70 | 19.70 | 20.80 |
| Share price at start of the year | 46.00 | 44.00 | 125.00 | 100.52 | 88.00 |
| Share price at end of the year | 49.00 | 46.00 | 44.00 | 125.00 | 100.52 |
| Dividends per share paid | 0.00 | 0.00 | 2.00 | 4.25 | 8.25 |
| | % | % | % | % | % |
| Increase/(decrease) in share price | 7 | 5 | (65) | 24 | 14 |
| Dividend payout ratio | - | - | 21 | 22 | 40 |

PERFORMANCE EVALUATION

The remuneration committee reviews the performance of Executives at least annually. There is currently no at risk performance remuneration other than the STI.

SERVICE AGREEMENTS

Except as disclosed below, Directors and Executives are employed under contracts of employment with standard commercial terms, such as having no fixed term of expiry, notice periods of between one and three months, and termination payments in lieu of notice.

Mr Enzo Gullotti, Group Managing Director

An employment agreement has been entered into between Enzo Gullotti and Global Construction Services Limited as the Group Managing Director of the GCS Group for an additional term of two years, commencing 1 July 2015. The terms of this agreement are all as per the previous 3 year agreement and include:

- a. Salary payable is \$589,580 inclusive of superannuation from 1 July 2015;
- b. Entitlement to thirty days of annual leave per annum;
- c. Provision of a fully maintained vehicle, mobile phone, and income protection insurance;
- d. Mr Gullotti must exercise the utmost good faith in the best interests of the Group;
- e. GCS may terminate the agreement at will and, upon termination, the employee will be entitled to 50% of his salary for the period remaining in the employment agreement;
- f. If the employee terminates the employment he must give at least six months' notice of termination. On resignation, the employee will not be entitled to any further payment other than for services provided during the notice period;
- g. The agreement may also be terminated for serious misconduct, in which event the company is not required to pay compensation; and
- h. A one year non-compete and non-solicitation covenant on termination of the agreement, whereby Mr Gullotti will not engage directly or indirectly or through any person in an enterprise, company, or firm to carry on a substantially similar activity to that of GCS. The company may elect to allow him to work as an employee in the restricted area in lieu of paying him during the restraint period and, in these circumstances, the company will not continue to pay his salary during this restraint period. If 50% or more of the shares are acquired by a party as a result of a takeover or scheme of arrangement, the employment agreement, including the above restrictive covenants, shall cease to apply to Mr Gullotti.

Mr George Chiari, Executive Director

An employment agreement has been entered into between C.A.S.C. Constructions Pty Ltd (CASC) and George Chiari. The terms of this agreement are all as per the previous 3 year agreement and include:

- a. The term of employment is two years from 1 July 2015;
- b. Salary payable is \$476,964 per annum inclusive of superannuation commencing 1 July 2015 plus the use of a mobile phone;

- c. The employee must exercise the utmost good faith in the best interests of the Group and CASC;
- d. CASC may terminate the agreement at will and, upon termination, the employee will be entitled to 50% of his salary for the period remaining in the employment agreement;
- e. The agreement may also be terminated for serious misconduct, in which event CASC is not required to pay compensation; and
- f. George Chiari has provided CASC with a three year restrictive covenant on termination of the agreement, whereby the employee will not engage directly or indirectly or through any person in an enterprise, company, or firm to carry on a substantially similar activity to that of CASC (including formwork and scaffolding). Each employee will not entice away (or attempt to entice away) any clients, suppliers, or other employees of CASC.

Mr Graeme Hearn, Divisional Managing Director

An employment agreement has been entered into between GCS Industrial Services Pty Ltd and Graeme Hearn.

The terms of this agreement of employment are substantially the same and include:

- a. The term of employment is five years from 15 April 2011;
- b. Salary payable is \$441,965 per annum inclusive of superannuation commencing 1 July 2015, plus the use of a mobile phone;
- c. Entitlement to twenty five days of annual leave per annum;
- d. The employee must exercise the utmost good faith in the best interests of the Group and GCS Industrial Services;
- e. GCS Industrial Services may terminate the agreement at will by giving three months written notice and, upon termination, the employee will be paid their salary to the time of summary termination plus notice;
- f. The agreement may also be terminated for serious misconduct, in which event GCS Industrial Services is not required to pay compensation; and
- g. Graeme Hearn has provided GCS Industrial Services with a five year restrictive covenant on termination of the agreement, whereby the employee will not engage directly or indirectly or through any person in an enterprise, company, or firm to carry on a substantially similar activity to that of GCS Industrial Services. Each employee will not entice away (or attempt to entice away) any clients, suppliers, or other employees of GCS Industrial Services. Nothing prevents each employee from working for a salary in restricted areas after the term if GCS Industrial Services does not continue his employment.

DIRECTORS' REPORT

CONTINUED

DETAILS OF REMUNERATION

Details of the amount and nature of the remuneration of the Directors and Key Management Personnel of the consolidated entity are set out in the following tables.

Table 2: Directors and Key Management Personnel's remuneration of the company and the Group for the year ended 30 June 2015 and 30 June 2014.

| 2015 | Cash salary and fees | Short-term employee benefits | | | | Post employment benefits | Long Service Leave | Total | Performance Based % |
|---------------------------------|----------------------|------------------------------|----------------------|-----------------------|----------------|--------------------------|--------------------|---------|---------------------|
| | \$ | Short-term Incentives | Retention Incentives | Non monetary benefits | Superannuation | \$ | \$ | \$ | |
| Non-Executive Director | | | | | | | | | |
| P Wade | 84,121 | - | - | - | - | - | - | 84,121 | - |
| S Mangione | 55,125 | - | - | - | 5,237 | - | - | 60,362 | - |
| Executive Directors | | | | | | | | | |
| E Gullotti | 566,086 | - | - | 66,253 | 25,000 | - | - | 657,339 | - |
| G Chiari | 418,400 | - | - | - | 35,000 | - | - | 453,400 | - |
| Key Management Personnel | | | | | | | | | |
| G Hearn | 441,965 | - | - | - | 35,000 | - | - | 476,965 | - |
| C Genovesi | 305,000 | 50,000 | - | 10,291 | 25,000 | - | - | 390,291 | 13 |
| 2014 | | | | | | | | | |
| Non-Executive Director | | | | | | | | | |
| P Wade | 84,121 | - | - | - | - | - | - | 84,121 | - |
| S Mangione | 55,125 | - | - | - | 5,099 | - | - | 60,224 | - |
| M Sertorio ⁽¹⁾ | 20,042 | - | - | - | 1,700 | - | - | 21,742 | - |
| Executive Directors | | | | | | | | | |
| E Gullotti ⁽²⁾ | 568,199 | - | - | 53,696 | 25,000 | - | - | 646,895 | - |
| G Chiari | 429,252 | - | - | - | 25,000 | - | - | 454,252 | - |
| Key Management Personnel | | | | | | | | | |
| G Hearn | 429,252 | - | - | - | 25,000 | - | - | 454,252 | - |
| C Genovesi | 305,000 | - | - | - | 25,000 | - | - | 330,000 | - |

⁽¹⁾ Resigned 31 October 2013.

⁽²⁾ Annual leave cashed out during the period of \$31,693.

SHARE HOLDINGS

The number of shares in the company held directly or indirectly during the financial year by each Director and members of the Key Management Personnel of the Group, including their related parties, are set out below. There were no shares granted during the reporting period as compensation.

| | Balance as at 1 July 2014 | Other changes during the year | Balance as at 30 June 2015 |
|---------------------------------------|------------------------------------|--|-------------------------------------|
| 2015 | | | |
| Directors | | | |
| P Wade | 221,361 | - | 221,361 |
| E Gullotti ⁽¹⁾ | 8,047,702 | (721,353) | 7,326,349 |
| S Mangione ⁽¹⁾ | 4,754,562 | 12,956 | 4,767,518 |
| G Chiari ^(1 & 2) | 4,759,256 | 9,216 | 4,768,472 |
| Other key management personnel | | | |
| G Hearn | 809,151 | - | 809,151 |
| C Genovesi | 30,000 | - | 30,000 |

⁽¹⁾ At 30 June 2015, GBMC Holdings Pty Ltd (**GBMC**) held Nil shares (2014: 143,235) and the following Directors held shares in GBMC: E Gullotti, S Mangione and G Chiari.

⁽²⁾ At 30 June 2015, CASC Services Pty Ltd held 6,297,612 shares (2014: 6,282,622) which are held in the Chiari Used Unit Trust by G Chiari.

TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

GCS Rapid Access Pty Ltd has an agreement to hire various plant and equipment from CASC Hire Pty Ltd at arms length commercial terms for \$516,972 per annum, the agreement expired 31 August 2015. George Chiari is a Director of GCS, C.A.S.C. Constructions Pty Ltd, and CASC Hire Pty Ltd.

The GCS Group utilises the waste management services provided by Instant Waste Management at its metropolitan locations. Sam Mangione, a Director of GCS, is a related party of Instant Waste Management. Instant Waste Management has been paid \$176,959 (2014: \$183,106) for its services which are provided on arms length commercial terms on an 'as needs' basis.

The GCS Group utilises services provided by AV Truck Services Pty Ltd. George Chiari, a Director of GCS, has an interest in AV Truck Services Pty Ltd. AV Truck Services Pty Ltd has been paid approximately \$99,822 (2014: \$17,342) for its services which are provided on arms length commercial terms on an 'as needs' basis.

GCS Hire Pty Ltd and GCS Budget Portables Pty Ltd purchased a number of site accommodation units from Aussie Modular Solutions Pty Ltd on arms length commercial terms. Sam Mangione, a Director of GCS, is a Director of Aussie Modular Solutions Pty Ltd. Aussie Modular Solutions Pty Ltd has been paid approximately \$368,658 (2014: \$350,140) for these services.

GCS Rapid Access Pty Ltd leases premises in Redcliffe at arms length commercial terms from Mar Pty Ltd and Golden Wood Pty Ltd. The rental amount paid during the year, including outgoings, was \$848,631. The rental amount from 1 July 2015 is \$840,000 per annum. George Chiari, a Director of GCS, has an interest in Mar Pty Ltd and Golden Wood Pty Ltd.

Enzo Gullotti, Sam Mangione, and George Chiari, Directors of GCS, have interests in GBMC Holdings Pty Ltd. GCS Hire Pty Ltd and GCS Budget Portables Pty Ltd leased premises in Bassendean on arms length commercial terms from GBMC Holdings Pty Ltd. The rental amount paid during the year, including outgoings was \$87,893. The property was sold to an unrelated party during August 2014 with the lease continuing with the new owners until the 30th September 2014.

GCS Site Services Pty Ltd (formerly Miami Holding Pty Ltd) and GCS Security Scaffolding Pty Ltd lease premises in Port Kennedy on arms length commercial terms from GBMC Holdings Pty Ltd. The rental amount paid during the year, including outgoings, was \$75,443. The property was sold to Miromiro Pty Ltd on 10 September 2014 with the lease continuing with the new owners. George Chiari, a Director of GCS, is a Director of Miromiro Pty Ltd. The rental amount paid during the year to Miromiro Pty Ltd, including outgoings was \$200,210. The rental amount from 1 July 2015 is \$256,900 per annum.

GCS Hire Pty Ltd leases premises on arms length commercial terms in Embleton from Forrestview Investments. Sam Mangione, a Director of GCS, has an interest in Forrestview Investments. The rental amount paid during the year, including outgoings, was \$262,859. The rental amount from 1 July 2015 is \$254,678 per annum.

C.A.S.C. Constructions Pty Ltd leases premises on arms length commercial terms in Embleton from Keppel Holdings Pty Ltd. Sam Mangione, a Director of GCS, has interest in Keppel Holdings Pty Ltd. The rental amount paid during the year, including outgoings, was \$594,483. The rental amount from 1 July 2015 is \$555,660 per annum.

GCS Hire Pty Ltd and GCS Budget Portables Pty Ltd leases yard spaces on arms length commercial terms in Muchea from Aussie Modular Solutions Pty Ltd. The rental amount paid during the year was \$77,750. The rental amount from 1 July 2015 is \$225,000 per annum. Sam Mangione, a Director of GCS, is a Director of Aussie Modular Solutions Pty Ltd.

Global Industrial Services (Aust.) Pty Ltd leases premises on arms length commercial terms in Balcatta from Blackadder Superannuation Fund. The rental amount paid during the year was \$101,915. The rental amount from 1 July 2015 is \$98,000 per annum. Graeme Hearn, a Director of Global Industrial Services (Aust.) Pty Ltd, has an interest in Blackadder Superannuation Fund.

Global Industrial Services (Aust.) Pty Ltd leases premises on arms length commercial terms in Rockingham from Crompton Rd Property Trust. The rental amount paid during the year was \$90,480. The rental amount from 1 July 2015 is \$90,480 per annum. Graeme Hearn, a Director of Global Industrial Services (Aust.) Pty Ltd, has an interest in Crompton Rd Property Trust.

DIRECTORS' REPORT

Aggregate amounts of each type of transactions with key management personnel of the Group

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Amounts recognised in expenses | 2,616 | 2,869 |
| Purchases and hire of equipment and services | 886 | 867 |
| Sales of Goods and Services | 186 | 233 |

Outstanding balances arising from sales/purchases of goods and services. The following balances are outstanding at the reporting date in relation to transactions with related parties and Key Management Personnel:

| | | |
|--|----|-----|
| Current receivables (sales of goods and services) – Related parties | 2 | 45 |
| Current payables (purchases of goods and services) – Related parties | 53 | 132 |

SHARE BASED COMPENSATION

Options may be granted under the Global Construction Services Limited Employee Option Plan. The plan is designed to align the interests of employees to shareholders in the company and for staff retention purposes. No options were granted during the year and no Director, Secretary, or member of Key Management Personnel is a participant or currently holds an interest or right to any options under Global Construction Services Limited Employee Option Plan.

No ordinary shares of Global Construction Services Limited were issued during the year ended 30 June 2015 under the Global Construction Services Limited Employee Option Plan.

There are no unissued ordinary shares of Global Construction Services Limited under option at the date of this report.

End of Audited Remuneration Report

INDEMNITY AND INSURANCE OF DIRECTORS AND OFFICERS

The company has indemnified the Directors and Executives of the company for costs incurred, in their capacity as a Director or Executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the Directors and Executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

INDEMNITY AND INSURANCE OF AUDITORS

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

NON AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in Note 33 to the financial statements.

The Directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The Directors are of the opinion that the services as disclosed in Note 33 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on the page 16.

This report is made in accordance with a resolution of directors, pursuant to Section 298(2)(a) of the *Corporations Act 2001*.



Peter Wade
Non-Executive Chairman
30 September 2015

AUDITOR'S INDEPENDENCE DECLARATION



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Australia

DECLARATION OF INDEPENDENCE BY PHILLIP MURDOCH TO THE DIRECTORS OF GLOBAL CONSTRUCTION SERVICES LIMITED

As lead auditor of Global Construction Services Limited for the year ended 30 June 2015, 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 audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

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

A handwritten signature in black ink, appearing to read 'P. Murdoch', written over a horizontal line.

Phillip Murdoch
Director

BDO Audit (WA) Pty Ltd
Perth, 30 September 2015

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

DIRECTORS' DECLARATION



The Directors of the company declare that:

1. The financial statements, comprising the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - b. give a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of the performance for the year ended on that date of the Group.
2. In the Directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.
3. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.
4. The Directors have been given the declarations by the Group Managing Director and Chief Financial Officer required by Section 295A of the *Corporations Act 2001*.

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:

A handwritten signature in black ink, appearing to read 'Peter Wade'.

Peter Wade
Non-Executive Chairman

30 September 2015

INDEPENDENT AUDITOR'S REPORT



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INDEPENDENT AUDITOR'S REPORT

To the members of Global Construction Services Limited

Report on the Financial Report

We have audited the accompanying financial report of Global Construction Services Limited, which comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Independence

In conducting our audit, 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 Global Construction Services Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- a. the financial report of Global Construction Services Limited is in accordance with the *Corporations Act 2001*, including:
 - i. giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.


Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Global Construction Services Limited for the year ended 30 June 2015 complies with Section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO


Phillip Murdoch
Director

Perth, 30 September 2015

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Note | 2015 \$'000 | 2014 \$'000 |
|---|------|----------------|----------------|
| Continuing operations | | | |
| Revenue from hire of equipment, provision of labour and contracting services | | 143,070 | 143,786 |
| Sale of goods | | 7,438 | 16,342 |
| | 5(a) | 150,508 | 160,128 |
| Other income | 5(b) | 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 | 5(d) | (11,567) | (11,526) |
| Amortisation expense | 5(d) | (120) | (479) |
| Finance costs | | (4,629) | (6,048) |
| Share of profit of equity accounted investees (net of tax) | 11 | 1,716 | 1,702 |
| Profit before income tax expense | | 11,567 | 11,091 |
| Income tax expense | 6 | (2,826) | (2,926) |
| Profit after income tax 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 | 23 | 4.7 cents | 4.8 cents |
| Diluted earnings per share | 23 | 4.7 cents | 4.8 cents |

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION



| | Note | 2015 \$'000 | 2014 \$'000 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Current assets | | | |
| Cash and cash equivalents | 7 | 20,702 | 13,808 |
| Trade and other receivables | 8 | 29,046 | 27,542 |
| Prepayments | | 4,354 | 4,549 |
| Inventories | 9 | 7,154 | 5,789 |
| Current tax assets | | - | 571 |
| Total current assets | | 61,256 | 52,259 |
| Non-current assets | | | |
| Other receivables | 10 | 7,610 | 9,742 |
| Investments accounted for using the equity method | 11 | 8,341 | 6,625 |
| Property, plant and equipment | 12 | 171,652 | 173,729 |
| Intangible assets | 13 | 58,986 | 58,609 |
| Deferred tax assets | 14 | 3,264 | 2,859 |
| Other financial assets | 15 | 24 | 113 |
| Total non-current assets | | 249,877 | 251,677 |
| TOTAL ASSETS | | 311,133 | 303,936 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 16 | 17,043 | 13,893 |
| Borrowings | 17 | 18,157 | 23,772 |
| Deferred income | 18 | 3,722 | 220 |
| Current tax liabilities | | 1,017 | - |
| Total current liabilities | | 39,939 | 37,885 |
| Non-current liabilities | | | |
| Borrowings | 17 | 33,490 | 53,653 |
| Provisions | 19 | 3,567 | 2,302 |
| Deferred tax liabilities | 20 | 13,848 | 12,055 |
| Total non-current liabilities | | 50,905 | 68,010 |
| TOTAL LIABILITIES | | 90,844 | 105,895 |
| NET ASSETS | | 220,289 | 198,041 |
| EQUITY | | | |
| Issued capital | 21 | 142,108 | 128,601 |
| Reserves | 21 | 140 | 140 |
| Retained profits | 21 | 78,041 | 69,300 |
| TOTAL EQUITY | | 220,289 | 198,041 |

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

CONSOLIDATED STATEMENT OF CASH FLOWS

| | 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 inflow from operating activities | 28 | 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 the beginning of the year | | 13,808 | 15,317 |
| Cash and cash equivalents at the end of the year | 7 | 20,702 | 13,808 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY



| | Ordinary \$'000 | Option Reserve \$'000 | Retained Earnings \$'000 | Total \$'000 |
|---|--------------------|--------------------------|--------------------------------|-----------------|
| FOR THE YEAR ENDED 30 JUNE 2014 | | | | |
| 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 period | - | - | 8,165 | 8,165 |
| Transactions with owners in their capacities as owners | | | | |
| Issue of ordinary shares, net of transactions costs | - | - | - | - |
| Tax-effect on share based transaction costs | - | - | - | - |
| Balance at 30 June 2014 | 128,601 | 140 | 69,300 | 198,041 |
| FOR THE YEAR ENDED 30 JUNE 2015 | | | | |
| 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 period | - | - | 8,741 | 8,741 |
| Transactions with owners in their capacities as owners | | | | |
| Issue of ordinary shares, net of transactions costs | 13,284 | - | - | 13,284 |
| Tax-effect on share based transaction costs | 223 | - | - | 223 |
| Balance at 30 June 2015 | 142,108 | 140 | 78,041 | 220,289 |

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. REPORTING ENTITY

Global Construction Services Limited is a company limited by shares incorporated in Australia, whose shares are publicly traded on the Australian Securities Exchange.

These financial statements are general purpose financial statements. It includes separate financial statements for Global Construction Services Limited (the 'Company' or 'Parent Entity') and its subsidiaries (together referred to as the 'consolidated entity' or 'Group') and the consolidated entity's interests in jointly controlled entities.

The principal accounting policies adopted in the preparation of the Financial Report are set out below. These policies have been consistently applied to all the years presented. The Group is a for-profit entity for the purpose of the preparation of the financial statements.

The Financial Report was authorised for issue in accordance with a resolution of the Directors on 30 September 2015.

NOTE 2. STATEMENT OF COMPLIANCE

Basis of preparation

This Financial Report has been prepared in accordance with applicable Australian Accounting Standards, Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board (AASB), and the *Corporations Act 2001*.

The consolidated financial statements also comply with the International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Basis of measurement

The Financial Report has been prepared on a historical cost basis, except for non-current provisions for employee benefit liabilities and the revaluation of certain non-current assets and financial instruments. Cost is based on the fair value of consideration given in exchange for assets.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2014:

- Interpretation 21 Accounting for Levies
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting
- AASB 2014-1 Amendments to Australian Accounting Standards

None of the new Standards and amendments to Standards that are mandatory for the first time for the financial year beginning 1 July 2014 affected any of the amounts recognised in the current period or any prior period and is not likely to affect future periods. Additionally, they did not significantly affect the Group's accounting policies or any of the disclosures.

Functional and presentation currency

The amounts contained in the Financial Report are presented in Australian dollars; the functional currency of Global Construction Services Limited and each of its subsidiaries and jointly controlled entities.

Rounding of amounts

The company is of a kind referred to in ASIC class order 98/100 and in accordance with the class order has elected to round amounts to the nearest thousand dollars (\$'000) unless otherwise stated.

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES

a. Principles of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the company. The consolidated financial statements are prepared by consolidating the financial statements of all the entities that comprise the Group, being Global Construction Services Limited ("Company" or "Parent Entity") and its subsidiaries as defined in AASB 10: Consolidated Financial Statements. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. Acquisitions of entities are accounted for using the acquisition method of accounting.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position respectively. Total comprehensive income is attributable to the owners of Global Construction Services Limited and non-controlling interests even if this results in the non-controlling interests having a debit balance.

Transactions eliminated on consolidation

All intra-Group balances and any unrealised gains and losses or income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the consolidated entity's interest in the entity with adjustments made to the 'Investments accounted for using the equity method' and 'Share of profit of equity accounted investees' accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associate or, if not consumed or sold by the associate, when the consolidated entity's interest in such entity is disposed of.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interest in the subsidiary. Any differences between the amount of the adjustment to non-controlling interests and any consideration paid or received are transferred to retained earnings.

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

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

ii. Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

b. Business combinations

The acquisition method of accounting is used to account for all business combinations. Consideration is measured at the fair value of the assets transferred, liabilities incurred and equity interests issued by the Group on acquisition date. Consideration also includes the acquisition date fair values of any contingent consideration arrangements, any pre-existing equity interests in the acquiree and share-based payment awards of the acquiree that are required to be replaced in a business combination. The acquisition date is the date on which the Group obtains control of the acquiree. Where equity instruments are issued as part of the consideration, the value of the equity instruments is their published market price at the acquisition date unless, in rare circumstances it can be demonstrated that the published price at acquisition date is not fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

Identifiable assets acquired and liabilities and contingent liabilities assumed in business combinations are, with limited exceptions, initially measured at their fair values at acquisition date. Goodwill represents the excess of the consideration transferred and the amount of the non-controlling interest in the acquiree over fair value of the identifiable net assets acquired. If the consideration and non-controlling interest of the acquiree is less than the fair value of the net identifiable assets acquired, the difference is recognised in profit or loss as a bargain purchase price, but only after a reassessment of the identification and measurement of the net assets acquired.

For each business combination, the Group measures non-controlling interests at either fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed when incurred. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Where the Group obtains control of a subsidiary that was previously accounted for as an equity accounted investment in associate or jointly controlled entity, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

c. Revenue recognition

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

- Revenue from hire of equipment is recognised when the service is provided.
- Revenue from the sale of goods is recognised when the product is delivered to the customer.
- Interest revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying value amount of the financial asset.
- Dividends are recognised when the Group's right to receive payment is established.
- Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. For fixed price contracts, the stage of completion is measured by reference to quantity of formwork installed, the concrete poured and costs incurred to date compared to the total construction contracted work. When the outcome of the fixed price construction contract cannot be estimated reliably, revenues are recognised to the extent that costs are recoverable and costs are recognised in the period they are incurred.
- Where it is probable that a loss will arise from the contract, the excess of total costs over revenue is recognised immediately as an expense in the statement of profit or loss.

d. Income tax

The income tax expense for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose on goodwill or in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, associates and interests in joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

e. Tax consolidation legislation

Global Construction Services Limited and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation with effect from 1 July 2007.

The parent entity, Global Construction Services Limited and the controlled entities in the tax consolidation group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Global Construction Services Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from the unused tax losses and unused tax credits assumed from controlled entities within the tax consolidated group.

The allocation of taxes under the tax funding agreement is recognised as an increase/decrease in its subsidiaries' intercompany accounts with the Group parent entity, Global Construction Services Limited.

f. Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST except where the GST is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable and receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as an operating cash flow.

g. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts with original maturities of three months or less.

h. Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently carried at amortised cost less an allowance for any uncollectible amounts. Trade receivables are due for settlement no more than 30 days from the date of recognition.

Collectability of trade receivables is made on an ongoing basis. An allowance account for impaired trade receivables is made when there is objective evidence that the Group will not be able to collect the amounts owed according to the original terms. When a trade receivable is deemed uncollectible for which an impairment allowance has been recognised, it is written off against the allowance account.

The amount of impairment loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of profit or loss and other comprehensive income.

i. Inventories

Inventories are measured at the lower of cost and net realisable value. Cost comprises all direct materials, direct labour and an appropriate portion of variable and fixed overheads. Fixed overheads are allocated on the basis of normal operating capacity. Costs are assigned to inventories using the weighted average costs. Costs of purchased inventories are determined on deducting discounts but not rebates. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling cost of completion and selling expenses.

j. Work in progress

Construction work in progress is stated at the aggregate of costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amount is shown under Current Liabilities as Deferred Income.

Contract costs include all costs that relate directly to the specific contract, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overheads incurred in connection with the Group's construction activities in general.

k. Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

l. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets except for those with maturities greater than twelve months after the reporting date which are classified as non-current assets.

Loans and receivables are carried at amortised cost using the effective interest rate method.

The Group assesses at each reporting date whether there is objective evidence that a financial asset or Group of financial assets is impaired.

m. Fair value estimation

The entity has applied fair value measurement in accordance with AASB 13 *Fair Value Measurement*. The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

n. Property, plant and equipment

Land is measured at fair values. Buildings are measured at fair value less accumulated depreciation. Any accumulated depreciation at revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated as the revalued amount of the asset.

All other plant and equipment is stated at historical cost, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, less depreciation and any impairment. Subsequent costs are included in the assets carrying amount insofar it is probable future economic benefits will flow to the Group and can be measured reliably. Repairs and maintenance are charged to the profit and loss as incurred.

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis over the estimated useful life of the asset as follows:

| | |
|--------------------------|-------------|
| • Buildings | 25-50 years |
| • Equipment | 4-40 years |
| • Vehicles | 3-8 years |
| • Furniture and fittings | 3-8 years |

Hire plant and equipment is depreciated based on a 'units of use' basis to reflect the expected patterns of consumption of these assets. The 'units of use' is determined based upon equipment utilisation measured by the number of days on hire within a month against the total number of days available in the month.

The application of the 'units of use' basis is as follows:

| Utilisation % | % of straight line depreciation |
|---------------|---------------------------------|
| 0-25 | 25 |
| 26-75 | 26-75 |
| 75-100 | 100 |

Increases in the carrying amount arising on the revaluation of land and buildings are recognised, net of tax in other comprehensive income and credited to a reserve in equity. Decreases that reverse previous increases of the same asset are recognised in other comprehensive income to the extent of the surplus attributable to the asset. All other decrements are charged to the profit and loss.

The residual values and useful lives of the assets are reviewed and adjusted, if appropriate, at each reporting date. Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in the statement of profit or loss and other comprehensive income in the year that the item is derecognised. Any revaluation reserve relating to sold assets is transferred to retained earnings.

o. Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the statement of profit or loss and other comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

p. Impairment

The Group makes assessments at least twice a year for an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are identifiable cash flows – cash generating units. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing the value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset unless the asset is carried at a revalued amount in which case the impairment loss is treated as a revaluation decrease.

q. Intangible assets

i. Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of the identifiable net assets at the time of acquisition of a combination. Goodwill is not amortised but is assessed at least twice a year for impairment or more frequently where events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is measured at cost less any accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Impairment losses on goodwill cannot be reversed.

ii. Identifiable intangible assets

Intangible assets acquired separately or in a business combination are initially measured at the lower of cost or fair value cost at the time of acquisition. The Group assesses identifiable intangible assets as having either finite or indefinite useful lives.

Intangible assets with finite lives are amortised over the useful life and assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The amortisation period and amortisation method are reviewed at least each financial year end. Changes in the expected useful life or flow of economic benefits intrinsic in the asset are an accounting estimate. The amortisation charge on intangible assets with finite lives is recognised in the statement of profit or loss and other comprehensive income. The Group amortises identifiable intangible assets with finite lives for periods between one and twenty years.

Intangible assets with indefinite useful lives are not amortised but assessed for impairment at least twice a year or whenever there is an indication that the intangible asset may be impaired. The assets are assessed either individually or at cash generating unit level. The expected useful life or flow of economic benefits intrinsic in the asset are reviewed at least each financial year end to ascertain whether the indefinite useful life continues to be supportable.

If the indefinite useful life does not continue to be supportable the asset is reclassified as an intangible asset with a definite useful life and will be amortised on a prospective basis. This change is an accounting estimate.

iii. Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and any impairment losses. Where customer contracts useful lives are assessed as finite, the customer contracts are amortised over their estimated useful lives.

r. Borrowings

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of financial performance over the period of the loans and borrowings using the effective interest method.

All borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

s. Borrowing costs

Borrowing costs incurred for the construction of a qualifying asset are capitalised during the period of time that it is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period they are incurred.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate on the Group's borrowings outstanding during the year.

t. Trade and other payables

Liabilities for trade creditors and other payables are initially measured at fair value and subsequently carried at amortised cost which is the amount of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity. The amounts are unsecured and are usually paid within 30 days. Payables to related parties are carried at the principal amount.

u. Provisions

Provisions for legal claims are recognised when the Group has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimates where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3. SIGNIFICANT ACCOUNTING POLICIES (continued)

v. Employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and sick leave crystallising or expected to be settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and re-measured at the amounts expected to be paid when the liabilities are settled.

Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. Employee benefits payable later than one year are measured at the present value of the estimated future cash flows to be made for those benefits.

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments based on the contractual due date to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

w. Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

x. Share-based payments

Share-based benefits may be provided to directors and employees via the Global Construction Services Limited Employee Option Plan as set out in Note 25.

The fair value of options granted is independently determined using the Black-Scholes Option Valuation model. The option is recognised as an expense with a corresponding increase in equity. Share-based payments are measured at grant date and recognised over the period during which option holders become unconditionally entitled to the options.

The fair value of the options granted is adjusted to reflect market vesting conditions. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The benefit recognised each period reflects the most recent estimate. The impact of any revision if any, is recognised in the statement of profit or loss and other comprehensive income with a corresponding adjustment to equity.

y. Segment reporting

The Group has identified and reports its operating segments based on internal reports provided and used by the Group Managing Director to assess performance and allocate resources. The segments identified and reported are by the customer segments Commercial, Residential, and Resource, Industrial, Oil & Gas.

The Group's operations are managed separately and with each segment serving a particular customer base. The Group operates in one geographical segment Western Australia.

The segment results include the allocation of assets where attribution is by segment utilisation irrespective of entity ownership or physical location.

Corporate overheads are not allocated to segments as they are not considered a core function of the operations but a support function.

Investments in shares or financial assets at fair value held by the Group are not allocated to operating segments but are managed as part of the activities of Corporate.

A portion of the Group's borrowings are not allocated to individual segments as they are a component of the overall Group's treasury and funding function.

z. Earnings per share

i. Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

ii. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financial costs associated with dilutive potential ordinary shares and the weighted average number of shares outstanding plus the weighted average number of ordinary shares that would be issued on the conversion of all potential ordinary shares into ordinary shares.

aa. Critical accounting estimates and judgements

The Group makes estimates and assumptions concerning the future.

Estimates and assumptions are continuously and rigorously evaluated based on historical experience, research and other factors including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

i. Estimated impairment of assets and intangibles

The Group tests at least twice a year whether assets and intangibles has suffered any impairment in accordance with the accounting policy stated in Note 3(p) and Note 3(q). The recoverable amounts of cash generating units have been determined on value in use calculations. Refer to Note 13(c) for details of the assumptions used in these calculations.

ii. Construction contracts

The Group enters into construction contracts to undertake formwork supply and installation for a fixed sum and price. When the outcome of the fixed price construction contract can be estimated reliably, revenue and costs are accounted for on a stage of completion method. The stage of completion is established by comparing costs incurred to date against estimated cost to complete and total cost which requires the use of estimates and assumptions.

When the outcome of the fixed price construction contract cannot be estimated reliably, revenues are recognised to the extent that costs are recoverable and costs are recognised in the period they are incurred.

iii. Depreciation

The depreciation estimate of hire, plant and equipment assets is on a 'units of use' basis, which reflects the expected pattern of consumption of these assets. The 'units of use' are determined based upon equipment utilisation measured by the number of days on hire within a month, against the total number of days available in the month. Refer to Note 3(n) for further details on depreciation.

ab. New accounting standards and interpretations not yet effective

The following new accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2015. They have not been adopted in preparing the financial statements for the year ended 30 June 2015 and are expected to impact the entity in the period of initial application. The Group's assessment of the impact of these new standards and interpretations is set out below.

- **AASB 9 Financial Instruments.** This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2018 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.
- **Chapter 6 'Hedge Accounting'** supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2018. As the entity does not have any financial liabilities measured at fair value through profit or loss, the amendments will not require any changes in fair value attributable to liabilities.
- **AASB 15 Revenue from Contracts with Customers.** This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The nature of the change is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under IAS 18 Revenue. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of AASB 15 and due to the replacement of AASB 111, it is expected to have an impact on the presentation and disclosure of construction contracts that are in place when application of the standard becomes mandatory.
- **AASB 2015-1 Amendments to Australian Accounting Standards - Annual Improvements to Australian Accounting Standards 2012-2014 Cycle** (issued January 2015) – Effective for periods beginning on or after 1 January 2016. These amendments are applicable to annual periods beginning on or after 1 January 2016. The changes affect two standards as follows: AASB 5 Non-current Assets Held for Sale and Discontinued Operations. The update clarifies that if assets/disposal groups are reclassified from being held for sale to being held for distribution to owner or vice versa, this is considered to be a continuation of the original plan for disposal. It also clarifies that if assets cease to be held for distribution to owners, the usual AASB 5 requirements for assets that cease to be held for sale will apply. The update also affects AASB 119: Employee benefits by clarifying that high quality corporate bonds or national government bonds used to determine the discount rate for long service leave and defined benefit liabilities must be denominated in the same currency as the benefits that will be paid to the employee.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION

a. 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.

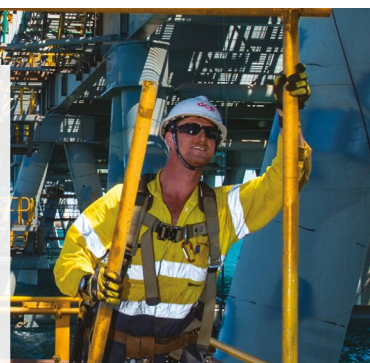
GCS Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, and temporary site accommodation, chemical toilets, general plant hire, temporary fencing. Together with delivery and pick up, installation and dismantling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

CUSTOMER SECTORS

Our strong market presence and customised solutions, makes us one of the leading supplier to the Commercial, Residential, Resource, Industrial, Oil & Gas sectors. The following summary describes the operations in each of the group's reportable segments:

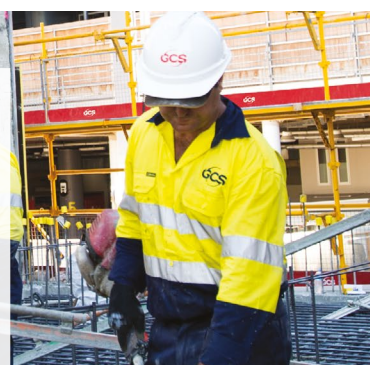
Resource, Industrial, Oil & Gas

The operations in the Resource, 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.



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.



**b. Segment information provided
to the Group Managing Director**

SEGMENT INFORMATION

Year ended 30 June 2015

| | Commercial \$'000 | Residential \$'000 | Resource, Industrial, Oil & Gas \$'000 | Total \$'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 profit 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 |
| Segment assets | 110,274 | 29,880 | 75,405 | 215,559 |
| <i>Unallocated assets:</i> | | | | |
| Intersegment eliminations | | | | (8,207) |
| <i>Corporate assets:</i> | | | | |
| Cash and cash equivalents | | | | 14,801 |
| Receivables | | | | 11,800 |
| Prepayments | | | | 325 |
| Property, plant and equipment | | | | 13,351 |
| Intangibles | | | | 450 |
| Goodwill | | | | 51,449 |
| Share of equity accounted investees (net of income tax) | | | | 8,341 |
| Deferred tax assets | | | | 3,264 |
| Total assets per statement of financial position | | | | 311,133 |
| Segment liabilities | 37,833 | 9,116 | 27,550 | 74,499 |
| <i>Unallocated Liabilities:</i> | | | | |
| Intersegment eliminations | | | | (8,207) |
| <i>Corporate liabilities:</i> | | | | |
| Trade and other payables | | | | 3,481 |
| Current loans and borrowings | | | | 2,373 |
| Non-current loans and borrowings | | | | 3,494 |
| Income tax (benefit) payable | | | | 1,017 |
| Provisions | | | | 339 |
| Deferred tax liabilities | | | | 13,848 |
| Total liabilities per statement of financial position | | | | 90,844 |

There was no impairment charge or other significant non-cash item recognised in 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4. SEGMENT INFORMATION (continued)

b. Segment information provided to the Group Managing Director (continued)

Year ended 30 June 2014

| | Commercial \$'000 | Residential \$'000 | Resource, Industrial, Oil & Gas \$'000 | Total \$'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 profit 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 |
| Segment assets | 122,256 | 27,946 | 71,016 | 221,218 |
| <i>Unallocated assets:</i> | | | | |
| Intersegment eliminations | | | | (10,768) |
| <i>Corporate assets:</i> | | | | |
| Cash and cash equivalents | | | | 3,663 |
| Receivables | | | | 14,538 |
| Prepayments | | | | 207 |
| Property, plant and equipment | | | | 13,573 |
| Intangibles | | | | 1 |
| Goodwill | | | | 51,449 |
| Share of equity accounted investees (net of income tax) | | | | 6,625 |
| Current tax assets | | | | 571 |
| Deferred tax assets | | | | 2,859 |
| Total assets per statement of financial position | | | | 303,936 |
| Segment liabilities | 37,169 | 5,039 | 29,752 | 71,960 |
| <i>Unallocated Liabilities:</i> | | | | |
| Intersegment eliminations | | | | (10,767) |
| <i>Corporate Liabilities:</i> | | | | |
| Trade and other payables | | | | 2,242 |
| Current loans and borrowings | | | | 4,810 |
| Non-current loans and borrowings | | | | 25,340 |
| Income tax (benefit) payable | | | | - |
| Provisions | | | | 255 |
| Deferred tax liabilities | | | | 12,055 |
| Total liabilities per statement of financial position | | | | 105,895 |

There was no impairment charge or other significant non-cash item recognised in 2014.

NOTE 5. REVENUE, OTHER INCOME AND EXPENSES

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Revenues, other income and expenses from continuing operations | | |
| a. Continuing operations | | |
| 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 |
| Approximately 11% (2014: 21%) of the consolidated entity's revenue is derived from a single customer. | | |
| b. Other revenue | | |
| Management service fees | 20 | 30 |
| Interest received | 826 | 933 |
| | 846 | 963 |
| Other Income | | |
| Net gains/(loss) on disposal of plant and equipment | (1) | 5 |
| Unrealised foreign exchange gains/(losses) | - | (1) |
| Property rental income | 136 | 113 |
| Other | 155 | 95 |
| | 290 | 212 |
| | 1,136 | 1,175 |
| c. Other expenses | | |
| Impaired receivables in relation to Forge Group Limited ⁽¹⁾ | - | 1,754 |
| Other impaired trade receivables | 343 | 131 |
| | 343 | 1,885 |
| ⁽¹⁾ Pre tax bad debt write-off related to the collapse of the Forge Group. | | |
| d. Depreciation and amortisation | | |
| <i>Depreciation:</i> | | |
| Buildings and leasehold improvements | 364 | 336 |
| Office and computer equipment | 351 | 360 |
| Motor vehicles | 690 | 1,004 |
| Plant and rental equipment | 10,162 | 9,826 |
| Total depreciation | 11,567 | 11,526 |
| Amortisation | 120 | 479 |
| | 11,687 | 12,005 |
| e. Operating leases expensed through profit and loss | | |
| Properties | 6,165 | 5,515 |
| Motor vehicles and mobile equipment | 594 | 601 |
| | 6,759 | 6,116 |
| f. Impairment of other assets | | |
| Inventories | (82) | (541) |
| | (82) | (541) |
| g. Employee benefit expenses | | |
| Defined contribution superannuation expense | 3,167 | 4,690 |
| | 3,167 | 4,690 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6. INCOME TAX EXPENSE

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| a. Income tax expense | | |
| Current tax | 2,299 | 2,301 |
| Deferred tax | 687 | 194 |
| Adjustment for tax of prior periods | (160) | 431 |
| Aggregate income tax expense | 2,826 | 2,926 |
| Deferred income tax (benefit)/expense included in income tax expense comprises: | | |
| Decrease/(increase) in deferred tax assets | 87 | (181) |
| (Decrease)/increase in deferred tax liabilities | 600 | 375 |
| | 687 | 194 |
| b. Numerical reconciliation of tax expense to prima facie tax payable | | |
| Profit from operations before income tax expense | 11,567 | 11,091 |
| Tax at the Australian tax rate of 30% (2014: 30%) | 3,470 | 3,327 |
| Tax effect of amounts which are not deductible (taxable) in calculating taxable income | (484) | (832) |
| Adjustment for tax of prior periods | (160) | 431 |
| Income tax expense | 2,826 | 2,926 |
| c. Amounts recognised directly in equity | | |
| Net deferred tax – debited (credited) directly to equity | 223 | - |

d. Tax consolidation

Global Construction Services Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation from 1 July 2007. The accounting policy in relation to this legislation is set out in Note 3(e).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which in the opinion of the Directors, limits the joint and several liability of the wholly-owned entities in the case of a default by the parent entity, Global Construction Services Limited.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Global Construction Services Limited for any current tax payable assumed and are compensated by Global Construction Services Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits transferred to Global Construction Services Limited.

The amounts receivable or payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity. The parent entity may also require payment of interim funding amounts to assist with the payment of instalment obligations. The funding amounts are recognised as non-current intercompany receivables.

NOTE 7. CASH AND CASH EQUIVALENTS

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------|----------------|----------------|
| Cash at bank and in hand | 20,702 | 13,808 |
| | 20,702 | 13,808 |

a. Reconciliation to cash at the end of the year

The cash and cash equivalents reconcile to the cash at the end of the financial year as shown in the statement of cash flows as follows:

Balances as above

| | | |
|---|--------|--------|
| Cash at bank and in hand | 20,702 | 13,808 |
| Balances as per statement of cash flows | 20,702 | 13,808 |

The Group's exposure to interest rate risk is discussed in Note 32. The Group's exposure to foreign currency risk is discussed in Note 32.

NOTE 8. TRADE AND OTHER RECEIVABLES

Current

| | | |
|--------------------------|---------------|---------------|
| Trade receivables | 29,025 | 27,329 |
| Allowance for impairment | (368) | (666) |
| | 28,657 | 26,663 |
| Other receivables | 389 | 879 |
| | 29,046 | 27,542 |

a. Terms and conditions relating to the above financial instruments

- Trade receivables are non-interest bearing and generally on 30 day terms; and
- Other receivables relate to minor Group transactions arising outside normal operating activities. Interest may be charged at commercial rates and terms are generally 30 days.

b. Impaired trade receivables

The Group recognised a loss of \$343,338 in impaired trade receivables during the year ended 30 June 2015 (2014: \$1,884,668). The Group carries an allowance for impaired trade receivables of \$367,725 (2014: \$666,147). The individual allowance for impaired receivables are segmented as Commercial; \$311,839 (2014: \$551,464), Residential; \$49,563 (2014: \$57,388), Resource, Industrial, Oil & Gas; \$6,323 (2014: \$57,295). It is anticipated a portion of these receivables will be recoverable. Refer to Note 32 for additional information and ageing on impaired trade receivables.

Movements in the allowance for impaired trade receivables are as follows:

| | | |
|--|------------|------------|
| At the beginning of the financial year | 666 | 740 |
| Allowance for impairment, recognised during the year | 45 | 1,811 |
| Receivables written off as uncollectable | (343) | (1,885) |
| | 368 | 666 |

The establishment of the allowance for impaired receivables is included in 'other expenses' in the profit and loss. Amounts charged to the provision are written off when there is no expectation of recovery.

c. Credit risk

Refer to Note 32 for information on credit risk policies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9. INVENTORIES

Current

| | 2015 \$'000 | 2014 \$'000 |
|-------------------------------|----------------|----------------|
| Inventory | 1,589 | 2,211 |
| Construction work in progress | 5,565 | 3,578 |
| | 7,154 | 5,789 |

Inventories recognised as an expense during the year ended 30 June 2015 amounted to \$5,426,711 (2014: \$13,718,253). Provision for obsolete stock was included in this amount of \$701,092 (2014: \$634,991).

NOTE 10. NON-CURRENT RECEIVABLES

Non-current

| | 2015 \$'000 | 2014 \$'000 |
|--------------------------|----------------|----------------|
| Loans to related parties | 7,607 | 9,736 |
| Other | 3 | 6 |
| | 7,610 | 9,742 |

As at 30 June 2015, Global Construction Services Limited had a loan outstanding of \$107,278 (2014: \$736,119) from GCS Concrete Pumping Pty Ltd which is being utilised by the business as working capital. The loan is unsecured and accrues interest of 7% per annum in accordance with the shareholders agreement. Global Construction Services Limited holds a 50% interest in GCS Concrete Pumping Pty Ltd as a joint venture.

As at 30 June 2015, Global Construction Services Ltd had a loan outstanding of \$7,500,000 (2014: \$9,000,000) from SmartScaff Pty Ltd which is being utilised by the business as working capital. The loan is secured and accrues interest at the rate of the Commercial Bill rate plus 2% margin per annum. Global Construction Services Limited holds a 50% interest in SmartScaff Pty Ltd.

NOTE 11. INVESTMENTS IN ASSOCIATES ACCOUNTED FOR USING THE EQUITY METHOD

Global Construction Services Limited is party to a joint venture In 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.

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.

The interest of Global Construction Services Limited is accounted in the consolidated financial statements using the equity method of accounting. Global Construction Services Limited share of results, assets and liabilities are as follows:

Movements in carrying amounts

| | | |
|---|--------------|--------------|
| Carrying amount at the beginning of the financial year | 6,625 | 4,923 |
| Share of profits after income tax | 1,716 | 1,702 |
| Carrying amount at the end of the financial year | 8,341 | 6,625 |

| Name of Entity | Place of Business/Country of Incorporation | Ownership interest held by the Group | | Nature of relationship | Measurement method | Fair value |
|------------------------------|--|--------------------------------------|------|------------------------|--------------------|------------|
| | | 2015 | 2014 | | | |
| SmartScaff Pty Ltd | Australia | 50% | 50% | Associate | Equity Method | N/A* |
| GCS Concrete Pumping Pty Ltd | Australia | 50% | 50% | Joint Venture | Equity Method | N/A* |

*Private company – no share price available



| | GCS Concrete Pumping Pty Ltd | | SmartScaff Pty Ltd | |
|---|------------------------------|----------------|--------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Summarised statement of financial position | | | | |
| ASSETS | | | | |
| Total Current Assets | | | 7,169 | 6,142 |
| Non-Current Assets | | | 36,094 | 34,506 |
| TOTAL ASSETS | | | 43,263 | 40,648 |
| LIABILITIES | | | | |
| Total Current Liabilities | | | 7,712 | 3,403 |
| Total Non-Current Liabilities | | | 20,206 | 25,653 |
| TOTAL LIABILITIES | | | 27,918 | 29,056 |
| NET ASSETS | | | 15,345 | 11,592 |
| Fair value adjustment on acquisition | | | 1,336 | 1,336 |
| Closing net assets | | | 16,681 | 12,928 |
| Groups share | 50% | 50% | 50% | 50% |
| Carrying Amount | - | 162 | 8,341 | 6,464 |

| | GCS Concrete Pumping Pty Ltd | | SmartScaff Pty Ltd | |
|--|------------------------------|----------------|--------------------|----------------|
| | 2015 \$'000 | 2014 \$'000 | 2015 \$'000 | 2014 \$'000 |
| Summarised statement of profit or loss and other comprehensive income | | | | |
| Revenue | | | 15,226 | 16,935 |
| Profit for the period | | | 3,754 | 3,327 |
| Other comprehensive income | | | - | - |
| Total comprehensive income | | | 3,754 | 3,327 |
| Groups Share in profit | (161) | 39 | 1,877 | 1,663 |

As at 30 June 2015, Global Construction Services Limited had a loan outstanding of \$7,500,000 (2014: \$9,000,000) from SmartScaff Pty Ltd which is being utilised by the business as working capital. The loan is secured and accrues interest at the rate of the Commercial Bill rate plus 2% margin per annum. Global Construction Services Limited holds a 50% interest in SmartScaff Pty Ltd.

As at 30 June 2015, Global Construction Services Limited had a loan outstanding of \$107,278 (2014: \$736,119) from GCS Concrete Pumping Pty Ltd which is being utilised by the business as working capital. The loan is unsecured and accrues interest of 7% per annum in accordance with the shareholders agreement. Global Construction Services Limited holds a 50% interest in GCS Concrete Pumping Pty Ltd as a joint venturer. GCS Concrete Pumping Pty Ltd had no capital commitments as at 30 June 2015 (2014: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 12. PROPERTY, PLANT AND EQUIPMENT

| | Land \$'000 | Buildings and Leasehold Improvement \$'000 | Office and Computer Equipment \$'000 | Motor Vehicles \$'000 | Plant and Rental Equipment \$'000 | Total \$'000 |
|--------------------------------|----------------|---|---|-----------------------------|--|-----------------|
| YEAR ENDED 30 JUNE 2014 | | | | | | |
| Opening net book amount | 9,749 | 4,969 | 1,095 | 3,859 | 160,831 | 180,503 |
| Additions | - | 116 | 334 | 116 | 6,858 | 7,424 |
| Disposals | - | (8) | (51) | (215) | (2,398) | (2,672) |
| Depreciation charge | - | (336) | (360) | (1,004) | (9,826) | (11,526) |
| Closing net book amount | 9,749 | 4,741 | 1,018 | 2,756 | 155,465 | 173,729 |

AS AT 30 JUNE 2014

| | | | | | | |
|--------------------------|--------------|--------------|--------------|--------------|----------------|----------------|
| Cost of fair value | 9,749 | 6,288 | 3,027 | 9,248 | 199,600 | 227,912 |
| Accumulated depreciation | - | (1,547) | (2,009) | (6,492) | (44,135) | (54,183) |
| Net book amount | 9,749 | 4,741 | 1,018 | 2,756 | 155,465 | 173,729 |

YEAR ENDED 30 JUNE 2015

| | | | | | | |
|--------------------------------|--------------|--------------|------------|--------------|----------------|----------------|
| Opening net book amount | 9,749 | 4,741 | 1,018 | 2,756 | 155,465 | 173,729 |
| Additions | - | 525 | 99 | 340 | 11,563 | 12,527 |
| Disposals | - | (116) | (16) | (50) | (2,855) | (3,037) |
| Depreciation charge | - | (364) | (351) | (690) | (10,162) | (11,567) |
| Closing net book amount | 9,749 | 4,786 | 750 | 2,356 | 154,011 | 171,652 |

AS AT 30 JUNE 2015

| | | | | | | |
|--------------------------|--------------|--------------|------------|--------------|----------------|----------------|
| Cost of fair value | 9,749 | 5,724 | 2,102 | 4,640 | 195,887 | 218,102 |
| Accumulated depreciation | - | (938) | (1,352) | (2,284) | (41,876) | (46,450) |
| Net book amount | 9,749 | 4,786 | 750 | 2,356 | 154,011 | 171,652 |

a. Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to land, plant and rental equipment which is in the course of construction.

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Assets in the course of construction | | |
| Plant and rental equipment | - | 59 |
| | - | 59 |
| Assets in the course of construction are not depreciated. Depreciation is recognised from when the asset is ready for use. | | |
| b. Leased assets | | |
| Plant and rental equipment includes the following amounts where the Group is a lessee under a finance lease or hire purchase agreement. | | |
| Net carrying amount | 109,723 | 84,874 |

NOTE 13. INTANGIBLE ASSETS

a. Intangible asset movement

30 June 2014

| | Goodwill \$'000 | Customer Contracts \$'000 | Other Intangibles \$'000 | Total \$'000 |
|---|--------------------|---------------------------------|--------------------------------|-----------------|
| Opening net book amount as at 1 July 2013 | 58,535 | 430 | 123 | 59,088 |
| Amortisation expense | - | (430) | (49) | (479) |
| Closing net book amount as at 30 June 2014 | 58,535 | - | 74 | 58,609 |
| Cost | 58,535 | 2,750 | 184 | 61,469 |
| Accumulated amortisation and impairment | - | (2,750) | (110) | (2,860) |
| Closing net book amount as at 30 June 2014 | 58,535 | - | 74 | 58,609 |

30 June 2015

| | | | | |
|---|---------------|----------|------------|---------------|
| Opening net book amount as at 1 July 2014 | 58,535 | - | 74 | 58,609 |
| Additions | - | - | 497 | 497 |
| Amortisation expense | - | - | (120) | (120) |
| Closing net book amount as at 30 June 2015 | 58,535 | - | 451 | 58,986 |
| Cost | 58,535 | 2,750 | 681 | 61,966 |
| Accumulated amortisation and impairment | - | (2,750) | (230) | (2,980) |
| Closing net book amount as at 30 June 2015 | 58,535 | - | 451 | 58,986 |

b. Impairment test for goodwill

Goodwill is allocated to the Group's cash-generating units (CGU) identified according to the customer segment.

| The customer segment-level of goodwill is as follows: | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Commercial | 50,729 | 50,729 |
| Residential | 7,806 | 7,806 |
| | 58,535 | 58,535 |

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based upon managements projected EBITDA and financial budgets approved by management covering a five year period. Cash flows beyond the five year period are extrapolated using the estimated growth rates below.

| | Growth Rate | | Discount Rate | |
|---|-------------|------|---------------|------|
| c. Key assumptions used for value-in-use calculations | 2015 | 2014 | 2015 | 2014 |
| Cash generating unit | % | % | % | % |
| Commercial | 6 | 6 | 12.8 | 12.8 |
| Residential | 3 | 3 | 12.8 | 12.8 |
| Resource, Industrial, Oil & Gas | 5 | 5 | 12.8 | 12.8 |

These assumptions are used in analysing each CGU within the business segment. The weighted average growth rates are consistent with current and forecasted conditions, the nature of fixed contracts in place and reflect management's outlook on growth. Margins are based on individual segment past performance accounting for fixed contracts and also reflect industry forecasts of the economic climate. The discount rate used is the Group's weighted average cost of capital and reflects the specific risks relating to the individual segment.

d. Sensitivity

As disclosed in Note 3, the Directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur, the resulting goodwill may vary in carrying amount. The sensitivities are as follows;

- A reduction in the weighted average growth rates of 2% for each CGU; the Group is satisfied it will not incur an impairment charge in its carrying amount of Goodwill or property, plant and equipment.
- An increase of 2% on management's estimation in the pre tax discount rate of the weighted average cost of capital in each CGU; the Group is satisfied it will not incur an impairment charge in its carrying amount of Goodwill or property, plant and equipment.
- Upon assessment of the Group's CGU discounted estimated future cash flows, the Directors of Global Construction Services Limited are satisfied that no impairment charge is required for the year ended 30 June 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 14. NON-CURRENT ASSETS – DEFERRED TAX ASSETS

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| <i>The balance comprises temporary differences attributable to:</i> | | |
| Employee benefits | 1,930 | 1,401 |
| Doubtful debts | 110 | 200 |
| | 2,040 | 1,601 |
| Other | 1,224 | 1,258 |
| Subtotal other | 1,224 | 1,258 |
| | | |
| Total deferred tax assets | 3,264 | 2,859 |
| | | |
| Deferred tax assets to be recovered within 12 months | 2,040 | 2,171 |
| Deferred tax assets to be recovered after more than 12 months | 1,224 | 688 |
| | 3,264 | 2,859 |

Movements

| | Employee Benefits \$'000 | Doubtful Debts \$'000 | Other \$'000 | Total \$'000 |
|--|--------------------------------|-----------------------------|-----------------|-----------------|
| Consolidated | | | | |
| AT 30 JUNE 2013 | 1,602 | 221 | 855 | 2,678 |
| <i>(Charged)/credited: to profit or loss</i> | | | | |
| Provision | - | - | 386 | 386 |
| Profit or loss | (201) | (21) | 17 | (205) |
| Directly to equity | - | - | - | - |
| AT 1 JULY 2014 | 1,401 | 200 | 1,258 | 2,859 |
| | | | | |
| <i>(Charged)/credited: to profit or loss</i> | | | | |
| Provision | 338 | - | (69) | 269 |
| Profit or loss | 191 | (90) | (188) | (87) |
| Directly to equity | - | - | 223 | 223 |
| AT 30 JUNE 2015 | 1,930 | 110 | 1,224 | 3,264 |

NOTE 15. OTHER FINANCIAL ASSETS

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Non-current | | |
| Deposits held in trust on property leases (carried at cost) | 24 | 113 |

NOTE 16. TRADE AND OTHER PAYABLES

Current

| | 2015 \$'000 | 2014 \$'000 |
|-------------------------------|----------------|----------------|
| Trade payables ^(a) | 14,342 | 10,614 |
| Other payables ^(b) | 2,701 | 3,279 |
| | 17,043 | 13,893 |

^(a) Trade creditors are non-interest bearing and normally settled on terms ranging from 14 to 30 days.

^(b) Other payables include accruals for employee benefits of annual leave and sick leave. Annual leave and sick leave is measured and presented as current.

The Group does not have an unconditional right to defer settlement, however based on past experience, the Group does not anticipate the full amount of the accrued annual leave to be taken within the next twelve months. Accrued sick leave will be settled within the current period in accordance with the Enterprise Bargaining Agreement applicable to those employees.

The following amounts reflect the annual leave benefits evaluated not to be settled within the next twelve months. This is the leave obligation payable today, the balance has not been discounted to the present value as the change has been considered to be immaterial after factoring in both pay increases and the time value of money.

| | | |
|--|-----|-----|
| Annual leave obligations evaluated as likely to be settled after twelve months | 158 | 208 |
|--|-----|-----|

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17. BORROWINGS

| | 2015 \$'000 | 2014 \$'000 |
|---|----------------|----------------|
| Current | | |
| <i>Unsecured</i> | | |
| Borrowings | 2,373 | 2,713 |
| Total unsecured current borrowings | 2,373 | 2,713 |
| <i>Secured</i> | | |
| Bank bill facility | - | 2,000 |
| Debt financing | 3,494 | - |
| Hire purchase finance | 12,205 | 18,536 |
| Lease liability | 85 | 523 |
| Total secured current borrowings | 15,784 | 21,059 |
| Total current borrowings | 18,157 | 23,772 |
| Non-current | | |
| <i>Secured</i> | | |
| Bank bill facility | - | 25,340 |
| Hire purchase finance | 33,490 | 28,228 |
| Lease liability | - | 85 |
| Total secured non-current borrowings | 33,490 | 53,653 |

a. Unsecured borrowings

Current unsecured borrowings are repayable in 10 monthly instalments and bear interest at a flat rate of 2.05% (2014: 2.78%) per annum.

b. Lease & HP liabilities

The lease & HP liabilities are secured by the rights to the asset in the event of a default. The carrying value of assets pledged as security is disclosed in Note 12(b).

c. Secured borrowings

The secured debt finance facility of \$20.0m (drawn to \$3.5m at 30 June 2015) has been secured by a floating charge over the assets of the Group. The facility is due to expire 23 December 2019.

During the period, the previous debt facility with Westpac (drawn to \$27.3m at 30 June 2014) was repaid in full and the facility extinguished.

d. Risk exposures

Details of the Group's exposure to risks on borrowings are set out in Note 32.

e. Fair Value

The fair value of borrowings is not materially different from its carrying amount since interest payable on these borrowings are either close to current market rates or the borrowings are of a short term nature.

NOTE 18. DEFERRED INCOME

Current

| | 2015 \$'000 | 2014 \$'000 |
|------------------------------|----------------|----------------|
| Deferred income | 3,722 | 220 |
| Total unearned income | 3,722 | 220 |

GCS recognises contract revenue in accordance with the percentage of completion method where the outcomes can be reliability measured. Construction work in progress is stated at the aggregate of costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amount is classified as deferred income.

NOTE 19. PROVISIONS

Non-current

| | | |
|-------------------------|--------------|--------------|
| Employee benefits | 3,567 | 2,302 |
| Total Provisions | 3,567 | 2,302 |

The provision for long service leave is recognised as a present value of expected future payments in respect of services provided up to the reporting date using the projected current unit method. Of the total provision, \$504,000 (2014: \$521,000) of long service leave is current as the Group does not have the right to defer settlement.

NOTE 20. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises differences attributable to:

| | | |
|--|---------------|---------------|
| Plant and equipment | 13,251 | 11,417 |
| Other | 597 | 638 |
| Total deferred tax liabilities | 13,848 | 12,055 |
| Deferred tax liabilities to be recovered within 12 months | 13,848 | 12,055 |
| Deferred tax liabilities to be recovered after more than 12 months | - | - |
| Total deferred tax liabilities | 13,848 | 12,055 |

Movements

| | Plant and Equipment \$'000 | Other \$'000 | Total \$'000 |
|-------------------------------|-------------------------------|-----------------|-----------------|
| Consolidated | | | |
| AT 30 JUNE 2013 | 11,069 | 611 | 11,680 |
| <i>(Charged)/credited to:</i> | | | |
| Provision | 98 | (103) | (5) |
| Profit or loss | 250 | 130 | 380 |
| AT 1 JULY 2014 | 11,417 | 638 | 12,055 |
| <i>(Charged)/credited to:</i> | | | |
| Provision | 1,158 | 36 | 1,193 |
| Profit or loss | 676 | (77) | 600 |
| AT 30 JUNE 2015 | 13,251 | 597 | 13,848 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 21. CONTRIBUTED EQUITY

a. Number of ordinary shares and value of contributed equity

| Ordinary shares | 2015 | 2014 |
|---------------------------------------|-------------|-------------|
| Contributed equity – number of shares | 200,284,332 | 170,441,966 |
| Contributed equity – \$'000 | 142,108 | 128,601 |

b. Movements in ordinary share capital

| | Number of shares | Issue Price \$ | \$'000 |
|---|------------------|----------------|---------|
| 30 June 2013 | | | |
| Balance | 170,441,966 | | 128,601 |
| Movements during the year | - | | - |
| 30 June 2014 | | | |
| Balance | 170,441,966 | | 128,601 |
| 21 November 2014 Placement issue | 25,566,294 | 0.47 | 12,016 |
| 3 February 2015 Placement issue | 4,276,072 | 0.47 | 2,010 |
| Deferred tax previously recognised directly in equity | | | 223 |
| Less: Transactions costs arising on share issue | | | (742) |
| Movement during the year | 29,842,366 | | 13,507 |
| 30 June 2015 | | | |
| Balance | 200,284,332 | | 142,108 |

c. Ordinary shares

Fully paid ordinary shares carry one vote per share and entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held. Ordinary shares have no par value and the company does have a limit on the amount of authorised capital.

d. Options

Information relating to the Global Construction Services Limited Employee Option Plan, including details of options issued, exercising and lapsed during the financial year and options outstanding at the end of the financial year, is set out in Note 25.

e. Capital risk management

The Group's objective when managing capital is to safeguard its ability to operate as a going concern, provide returns for shareholders and stakeholders, continue as a going concern and to maintain a capital structure that optimises the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Group and the parent entity monitor capital via a number of methods including:

i. The economic gearing ratio (EGR)

- The EGR is calculated as net debt divided by total capital.
- Net debt is calculated as the total secured borrowings less fixed charge asset backed facilities and hire purchase facilities less cash and cash equivalents.
- Total capital is calculated as equity (including non-controlling interest) plus net debt.

ii. The gearing ratio

- The gearing ratio is calculated as net debt divided by total capital.
- Net debt is total borrowings including trade and other payables less cash and cash equivalents.
- Total capital is calculated as equity (including non-controlling interest) plus net debt.

| | 2015 \$'000 | 2014 \$'000 |
|--|-----------------|----------------|
| Economic gearing ratio | | |
| Total secured borrowings | 49,274 | 74,712 |
| Less: asset backed leases and hire purchase facilities | (45,780) | (47,372) |
| Less: cash and cash equivalents | (20,702) | (13,808) |
| Net debt | (17,208) | 13,532 |
| Equity | 220,289 | 198,041 |
| Total capital | 203,081 | 211,573 |
| Economic gearing ratio | -8% | 6% |
| Gearing ratio | | |
| Total borrowings | 72,412 | 92,888 |
| Less: cash and cash equivalents | (20,702) | (13,808) |
| Net debt | 51,710 | 79,080 |
| Total equity | 220,289 | 198,041 |
| Total capital | 271,999 | 277,121 |
| Gearing ratio | 19% | 29% |
| Compliance with externally imposed capital requirements | | |
| The Group has a secured debt financing facility agreement that require it to satisfy certain financial ratio covenants during the financial year. The Group monitors these covenants and it has complied with its externally imposed capital requirements during the reporting period. | | |
| f. Reserves | | |
| i. Share Option Reserve is used to recognise the grant date fair value of options issued to employees but not exercised. | | |
| Movements in reserves | | |
| Share option reserve | | |
| Balance 1 July | 140 | 140 |
| Options issued during the year | - | - |
| Balance 30 June | 140 | 140 |
| g. Retained earnings | | |
| Movements in retained earnings | | |
| Balance 1 July | 69,300 | 61,135 |
| Net profit for the year | 8,741 | 8,165 |
| Dividends and other equity distributions | - | - |
| Balance 30 June | 78,041 | 69,300 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 22. DIVIDENDS

a. Dividends paid or payable

The Directors have determined not to pay a final dividend for the year ended 30 June 2015 (2014: Nil)

b. Dividends not recognised at year end

With expectations of increased activity and associated investment in the forthcoming period, the Board has determined to not declare a dividend for the financial year ended 30 June 2015. (2014: Nil).

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Franking credits available at the reporting date based on a tax rate of 30% | 19,967 | 20,562 |
| Franking credits that will arise from the payment of the amount of the provision for income tax at the reporting date based on a tax rate of 30% | 2,299 | 2,301 |
| Franking credits available for subsequent financial years based on a tax rate of 30% | 22,266 | 22,863 |

NOTE 23. EARNINGS PER SHARE

| | 2015 Cents | 2014 Cents |
|---|---------------|---------------|
| a. Basic earnings per share | | |
| Profit from operations attributable to the ordinary equity holders of the Company | 4.7 | 4.8 |
| Profit attributable to the ordinary equity holders of the Company | 4.7 | 4.8 |
| b. Diluted earnings per share | | |
| Profit from operations attributable to the ordinary equity holders of the Company | 4.7 | 4.8 |
| Profit attributable to the ordinary equity holders of the Company | 4.7 | 4.8 |
| | \$'000 | \$'000 |
| c. Reconciliations of earnings used in calculating earnings per share | | |
| <i>Basic earnings per share</i> | | |
| Profit from operations | 8,741 | 8,165 |
| Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share | 8,741 | 8,165 |
| | Number | Number |
| d. Weighted average number of shares used as the denominator | | |
| <i>Basic earnings per share</i> | | |
| Weighted average number of shares used as the denominator in calculating basic earnings per share | 187,725,736 | 170,441,966 |
| <i>Diluted earnings per share</i> | | |
| Weighted average number of options outstanding | - | 274,849 |
| Weighted average number of shares and potential ordinary shares used as the denominator in calculating diluted earnings per share | 187,725,736 | 170,716,815 |

NOTE 24. FAIR VALUE MEASUREMENT

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

No other assets or liabilities have been required to be assessed for fair value adjustments as they are carried at amortised/depreciated cost.

NOTE 25. SHARE-BASED PAYMENTS

a. Employee option plan

Global Construction Services Limited established an Employee Option Plan on 2 May 2008.

The purpose of the Employee Option Plan is to:

- Recognise the ability and efforts of the employee's contribution to the success of the Group;
- Provide an incentive to employees to achieve the long term objectives of the Group;
- Attract and retain persons of experience and ability to the Group;
- Promote employee loyalty and improve performance of the Group; and
- Enable employees the opportunity to acquire shares in the Group.

Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits. Options are granted under the plan for no consideration and carry no dividend or voting rights.

When exercisable, each option will be converted into one ordinary share within twenty business days after the receipt of a properly executed Notice of Exercise and payment for the exercise price of each option being exercised.

There were no options granted or held at any time during the 30 June 2015 financial year (2014: no options granted).

NOTE 26. KEY MANAGEMENT PERSONNEL (KMP) DISCLOSURES

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Key management personnel compensation | | |
| Short term employee benefits | 1,997 | 1,945 |
| Post employment benefits | 125 | 107 |
| Termination benefits | - | - |
| | 2,122 | 2,052 |
| Aggregate amounts of each type of transactions with key management personnel of the Group | | |
| Amounts recognised in expenses | 2,616 | 2,869 |
| Purchases and hire of equipment and services | 886 | 867 |
| Sales of Goods and Services | 186 | 233 |
| Outstanding balances arising from sales/purchases of goods and services. The following balances are outstanding at the reporting date in relation to transactions with related parties and Key Management Personnel: | | |
| Current receivables (sales of goods and services) – Related parties | 2 | 45 |
| Current payables (purchases of goods and services) – Related parties | 53 | 132 |

Additional detail is contained in the Remuneration Report contained within the Directors' Report.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 27. RELATED PARTY TRANSACTIONS

i. Key management personnel

Disclosures relating to Key Management Personnel are set out in Note 26 and the remuneration report.

ii. Related parties

Other than those disclosed in Note 26, there are no further related party transactions. No provisions have been raised in relation to any outstanding balances, and no expense has been recognised in respect of bad or doubtful debts due from related parties.

iii. Loans to/from related parties

| | 2015 \$'000 | 2014 \$'000 |
|---------------------------------|----------------|----------------|
| Loans to related parties | | |
| Beginning of the year | 9,736 | 9,594 |
| Loans advanced | 90 | 182 |
| Loan repayments | (2,219) | (40) |
| Interest charged | 589 | 698 |
| Interest paid | (589) | (698) |
| End of the year | 7,607 | 9,736 |

A loan of \$107,278 is provided to GCS Concrete Pumping Pty Ltd, a Joint Venture, and is being utilised by the business as working capital. The loan is unsecured and accrues interest in accordance with the shareholders agreement. Global Construction Services Limited holds a 50% interest in GCS Concrete Pumping Pty Ltd as a joint venturer.

A loan of \$7,500,000 is provided to SmartScaff Pty Ltd and is being utilised by the business as working capital. The loan is secured and accrues interest at the rate of the Commercial Bill rate plus 2% margin per annum. Global Construction Services Limited holds a 50% interest in SmartScaff Pty Ltd.

There were no loans from related parties during the financial year ended 30 June 2015 (2014: Nil).

NOTE 28. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH FROM OPERATING ACTIVITIES

| | 2015 \$'000 | 2014 \$'000 |
|--|------------------------|------------------------|
| Profit for the year | 8,741 | 8,165 |
| <i>Adjusted for:</i> | | |
| Depreciation and amortisation of non-current assets | 11,687 | 12,005 |
| Interest received | (826) | (933) |
| Interest paid | 4,629 | 6,048 |
| (Gain)/loss on disposal of property, plant and equipment | 1 | (5) |
| Impairment of debtors | (343) | (1,885) |
| Increase/(decrease) in capital raising costs tax effect | 223 | - |
| Effect of exchange rate changes on the balances | - | (1) |
| Changes in assets | | |
| (Increase)/decrease in trade debtors | (3,483) | 15,228 |
| (Increase)/decrease in other debtors | 602 | (2,533) |
| (Increase)/decrease in prepayments | 3,161 | 4,529 |
| (Increase)/decrease in inventory | (5,026) | 1,682 |
| (Increase)/decrease in WIP | (1,987) | (3,375) |
| (Increase)/decrease deferred tax assets | (405) | (35) |
| Changes in liabilities | | |
| Increase/(decrease) in trade payables | 4,072 | (5,040) |
| Increase/(decrease) in other creditors and accruals | 1,019 | 1,466 |
| Increase/(decrease) in other payables | 2,675 | (2,626) |
| Increase/(decrease) in employee provisions | 2,036 | 95 |
| Increase/(decrease) in deferred tax liability | 1,793 | 228 |
| Increase/(decrease) in income tax liability | 1,588 | (2,628) |
| Net cash flow from operating activities | 30,157 | 30,385 |

NOTE 29. NON CASH INVESTING AND FINANCING ACTIVITIES

| | | |
|---|-------|-----|
| Acquisition of property plant and equipment by means of finance lease/hire purchase | 1,938 | 290 |
|---|-------|-----|

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 30. COMMITMENTS

a. Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:

Plant and equipment

| 2015 \$'000 | 2014 \$'000 |
|----------------|----------------|
| 1,521 | 135 |

b. Lease commitments: Group as lessee

Operating lease commitments are payable:

- Within one year
- One year but not later than five years
- Greater than five years

| | |
|--------|--------|
| 6,960 | 9,167 |
| 19,479 | 23,407 |
| 15,199 | 14,745 |

Total lease liability

| | |
|---------------|---------------|
| 41,638 | 47,319 |
|---------------|---------------|

Consists of:

- Cancellable operating lease
- Non cancellable operating lease

| | |
|--------|--------|
| 1,393 | 5,249 |
| 40,245 | 42,070 |

Total lease liability

| | |
|---------------|---------------|
| 41,638 | 47,319 |
|---------------|---------------|

Finance lease commitments are payable:

- Within one year
- One year but not later than five years
- Greater than five years

| | |
|--------|--------|
| 15,418 | 22,060 |
| 37,693 | 30,407 |
| - | - |

Minimum lease payment

| | |
|--------|--------|
| 53,111 | 52,467 |
|--------|--------|

Future finance charges

| | |
|---------|---------|
| (7,331) | (5,094) |
|---------|---------|

Total lease liability

| | |
|---------------|---------------|
| 45,780 | 47,373 |
|---------------|---------------|

Consists of:

- Current
- Non-current

| | |
|--------|--------|
| 12,290 | 19,059 |
| 33,490 | 28,314 |

Total lease liability

| | |
|---------------|---------------|
| 45,780 | 47,373 |
|---------------|---------------|

Operating leases

The Group leases various offices, warehouses and yards under non-cancellable operating leases expiring within one to ten years. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

The Group also leases various plant and vehicles under cancellable operating leases. Varying periods of notice are required to terminate these leases.

NOTE 31. PARENT ENTITY DISCLOSURES

As at and throughout the year ended 30 June 2015 Global Construction Services Limited ("The Company") was the parent entity of the consolidated entity.

The following information presented in respect of the company is prepared using consistent accounting policies per Note 3.

| | 2015 \$'000 | 2014 \$'000 |
|--|-----------------|-----------------|
| Interest of participant: Global Construction Services Limited | | |
| Result of the parent entity | | |
| Profit/(loss) for the year | (5,912) | 14,102 |
| Other comprehensive income | - | - |
| Total comprehensive profit/(loss) for the year | (5,912) | 14,102 |
| Financial position of the parent entity at year end | | |
| Current assets | 19,316 | 43,515 |
| Non-current assets | 122,137 | 103,014 |
| Total assets | 141,453 | 146,529 |
| Current liabilities | (7,102) | (5,864) |
| Non-current liabilities | (12,927) | (26,836) |
| Total liabilities | (20,029) | (32,700) |
| Contributed equity | 142,107 | 128,600 |
| Reserves | 140 | 140 |
| Accumulated losses | (20,823) | (14,911) |
| Total equity | 121,424 | 113,829 |

The parent entity has provided financial guarantees in respect of the bank facility of SmartScaff Pty Ltd, the guarantee is limited to \$2.324m.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 31. PARENT ENTITY DISCLOSURES (continued)

As at 30 June 2015 the company has no material contingent liabilities or contingent assets. The group's principal subsidiaries at 30 June 2015 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the group, and the proportion of ownership interests held equals the voting rights held by the group. The country of incorporation or registration is also their principal place of business.

| Name of Entity | Place of business | Ownership interest held by the group | |
|---|-------------------|--------------------------------------|------|
| | | 2015 | 2014 |
| BFA Investments Pty Ltd | Australia | 100% | 100% |
| CASC Constructions Pty Ltd | Australia | 100% | 100% |
| CASC Formwork Pty Ltd | Australia | 100% | 100% |
| Central Management Services (WA) Pty Ltd | Australia | 100% | 100% |
| Coastal Hire Pty Ltd | Australia | 100% | 100% |
| GCS Access Pty Ltd | Australia | 100% | 100% |
| GCS Budget Portables Pty Ltd | Australia | 100% | 100% |
| GCS Facades Pty Ltd | Australia | 100% | 0% |
| GCS Hire Pty Ltd | Australia | 100% | 100% |
| GCS Industrial Services Pty Ltd | Australia | 100% | 100% |
| GCS Integrated Services Pty Ltd | Australia | 100% | 0% |
| CGS Personnel Services Pty Ltd | Australia | 100% | 0% |
| GCS Rapid Access Pty Ltd | Australia | 100% | 100% |
| GCS Security Scaffolding Pty Ltd | Australia | 100% | 100% |
| Global Construction Services Ltd | Australia | 100% | 100% |
| Global Industrial Services (Aust) Pty Ltd | Australia | 100% | 100% |
| Global Integrated Resources Pty Ltd | Australia | 100% | 100% |
| Rappel Pty Ltd | Australia | 100% | 100% |
| Safe and Sound Labour Hire Pty Ltd | Australia | 100% | 100% |
| Safe and Sound Scaffolding Pty Ltd | Australia | 100% | 100% |
| Safe Labour Hire Pty Ltd | Australia | 100% | 100% |
| Site Services Pty Ltd | Australia | 100% | 100% |

NOTE 32. FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise revolving cash advance and equipment finance facilities and cash and short-term deposits. The main purpose of these financial instruments is to provide a component of funding of the Group's operations. The Group has various other financial asset and liabilities such as trade receivables and payables, which arise directly from its operations.

The Group's activities expose it to a variety of financial risk, market risk (including interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and aging analysis for credit risk. Risk management is carried out by the Board of Directors, who evaluate and agree upon risk management policies and objectives.

The Group holds the following financial instruments:

| | 2015 \$'000 | 2014 \$'000 |
|------------------------------|----------------|----------------|
| Financial assets | | |
| Cash and cash equivalents | 20,702 | 13,808 |
| Trade and other receivables | 36,794 | 36,119 |
| | 57,496 | 49,927 |
| Financial liabilities | | |
| Trade and other payables | 17,043 | 13,893 |
| Borrowings | 51,647 | 77,425 |
| | 68,690 | 91,318 |

The Board of Directors review the written principles for overall risk management, including the following specific areas:

a. Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. There has been no material change to the Group's exposure to market risk and how it manages those risks from 2014.

i. Foreign exchange risk

The Group undertakes certain transactions denominated in foreign currencies and is exposed to foreign exchange risk through foreign exchange rate fluctuations. Foreign exchange risk arises from future commercial transactions and recognised financial asset and financial liabilities denominated in a currency that is not the entity's functional currency. A formal risk management policy has been implemented in order to manage this risk.

The Group deems an individual foreign currency exposure greater than AUD \$250,000 of which the quantum and timing is known with certainty, to be a material exposure and required to be assessed for full or partial hedging. Individual transactions up to AUD \$500,000 can be authorised by the Chief Financial Officer, individual foreign currency exposures in the range of AUD \$500,000 and up to AUD \$1,000,000 and transactions which aggregate up to AUD \$5,000,000 are to be referred to the Executive members of the Audit and Risk Management Committee, Individual foreign currency exposures above AUD \$1,000,000 and in aggregate above AUD \$5,000,000 are to be referred to the full Board of Directors for assessment. No sensitivity analysis has been undertaken as exposure to foreign currency risk is immaterial to the statement of profit or loss and other comprehensive income.

ii. Cash flow and interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations that have floating interest rates. The Group's policy is to manage its interest cost using an appropriate mix between fixed and floating rate borrowings.

As at 30 June 2015, approximately 28% of the Group's total borrowings are at a fixed rate of interest (2014: 65%). The Group monitors forecasts and actual cash flows and the maturity profiles of financial assets and liabilities to manage its liquidity risk.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 32. FINANCIAL RISK MANAGEMENT (continued)

As at the reporting date, the financial instruments exposed to interest rate risk are as follows:

| | 2015 | | 2014 | |
|---|----------------------------------|-----------------|----------------------------------|-----------------|
| | Weighted average interest rate % | Balance \$'000 | Weighted average interest rate % | Balance \$'000 |
| Financial assets | | | | |
| Cash and cash equivalents | 1.45 | 20,702 | 2.40 | 13,808 |
| Financial liabilities | | | | |
| Borrowings | 6.69 | (37,968) | 5.27 | (27,340) |
| Net exposure to cash flow interest rate risk | | (17,266) | | (13,532) |

The following sets out the Group's exposure to interest rate risk, including the effective weighted average interest rate by maturity periods.

| | Weighted average interest rate % | 1 year or less \$'000 | 2-5 years or less % | Total \$'000 |
|------------------------------|----------------------------------|-----------------------|---------------------|-----------------|
| 2015 | | | | |
| Financial assets | | | | |
| Cash and cash equivalents | 1.45 | 20,702 | - | 20,702 |
| Financial liabilities | | | | |
| Borrowings | 6.69 | (10,163) | (27,805) | (37,968) |
| Total | | 10,539 | (27,805) | (17,266) |

2014

| | | | | |
|------------------------------|------|---------------|-----------------|-----------------|
| Financial assets | | | | |
| Cash and cash equivalents | 2.40 | 13,808 | - | 13,808 |
| Financial liabilities | | | | |
| Borrowings | 5.27 | (2,000) | (25,340) | (27,340) |
| Total | | 11,808 | (25,340) | (13,532) |

Group sensitivity

As at 30 June 2014 and 2015, a sensitivity analysis has not been disclosed in relation to the floating interest deposits for the Group, as the net results of a reasonable possible change in interest rates have been determined to be immaterial to the statement of profit or loss and other comprehensive income.

b. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's trade and other receivables. The Group has adopted the policy of only dealing with recognised creditworthy counterparties and obtaining sufficient collateral or guarantees where appropriate, as a means of mitigating the risk of financial loss from defaults. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The compliance with credit limits by customers is regularly monitored by line management. The Group measures credit risk on a fair value basis.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty.

The Group has established an allowance for impairment that represents an estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures as at 30 June 2015.

The Group's range of customers is mainly exposed to the construction industry. The Group's risk is reduced by exposure to the Residential, Commercial, and Resource, Industrial, Oil & Gas sectors of the construction industry. The Group has a significant risk exposure to one customer. The maximum amount of exposure at 30 June 2015 to the one customer is \$3.93m (2014: \$3.68m).

The ageing of the Group's past due but non-impaired trade receivables at the reporting date was:

| | 2015 \$'000 | 2014 \$'000 |
|---------------------|----------------|----------------|
| Past due 0-30 days | 8,046 | 6,471 |
| Past due 31-90 days | 3,171 | 1,771 |
| More than 90 days | 1,780 | 3,252 |
| | 12,997 | 11,494 |

The ageing of the Group's impaired trade receivables at the reporting date was:

| | | |
|---------------------|------------|------------|
| Past due 0-30 days | - | - |
| Past due 31-90 days | 2 | - |
| More than 90 days | 366 | 666 |
| | 368 | 666 |

The credit quality of financial assets that are neither past due nor impaired has been assessed by reference to external credit ratings (if available) or to historical information about default rates.

The counterparties with external credit rating were:

| | | |
|---|--------|--------|
| Cash and cash equivalents – 'AA-' S&P Rating | 20,702 | 13,808 |
| Counterparties without external credit rating which are neither past due nor impaired | 15,660 | 14,153 |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 32. FINANCIAL RISK MANAGEMENT (continued)

c. Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group has liquidity risk management policies, which assists it in monitoring cash flow requirements. Cash flow requirements for the Group are reviewed weekly.

The following are the contractual maturities of financial liabilities.

| | 1 year or less \$'000 | 1-2 years \$'000 | 2-5 years \$'000 | More than 5 years \$'000 | Total Cashflow \$'000 | Carrying amount \$'000 |
|---------------------------|--------------------------|---------------------|---------------------|--------------------------------|-----------------------------|------------------------------|
| 2015 | | | | | | |
| Borrowings | 5,884 | - | - | - | 5,884 | 5,867 |
| Hire purchase liabilities | 15,418 | 14,430 | 23,263 | - | 53,111 | 45,780 |
| Trade and other payables | 16,885 | 158 | - | - | 17,043 | 17,043 |
| | 38,187 | 14,588 | 23,263 | - | 76,038 | 68,690 |
| 2014 | | | | | | |
| Borrowings | 6,128 | 25,787 | - | - | 31,915 | 30,053 |
| Hire purchase liabilities | 22,060 | 17,814 | 12,593 | - | 52,467 | 47,373 |
| Trade and other payables | 13,685 | 208 | - | - | 13,893 | 13,893 |
| | 41,873 | 43,809 | 12,593 | - | 98,275 | 91,319 |

d. Fair value

Due to the short term nature of current receivables and liabilities, the carrying amounts approximate to their fair value. The fair values of non-current borrowings are not considered to be materially different to their carrying values, refer to Note 17(e).

NOTE 33. AUDITORS REMUNERATION

During the year the following fees were paid or payable for services provided by the auditor, BDO Audit (WA) Pty Ltd and their related entities. The Directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that Auditor independence was not compromised.

| | 2015 \$'000 | 2014 \$'000 |
|--|----------------|----------------|
| Audit services and reviews of financial statement | 185 | 185 |
| Non audit, advisory, tax compliance and other services | 145 | 149 |
| | 330 | 334 |

NOTE 34. CONTINGENCIES

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

NOTE 35. EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matters 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.

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