

Interim Financial Report

For Half Year Ended 31 December 2015

GLOBAL CONSTRUCTION SERVICES LIMITED

ABN 81 104 662 259



INTERIM FINANCIAL REPORT

FOR HALF YEAR ENDED 31 December 2015

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Appendix 4D Half Year Report Results for Announcement to the Market (Corresponding period Half Year Ended 31 December 2014)

			31 December 2015 \$000	31 December 2014 \$000
Revenue from ordinary activities	Up	17%	91,610	78,001
Profit from ordinary activities after tax attributable to members	Up	20%	6,269	5,215
Net profit after tax for the period attributable to members	Up	20%	6,269	5,215
Earnings per share (basic)			3.1 cents	3.0 cents
Net tangible assets per security			83.7 cents	79.8 cents
			Amount per security	Franked amount per Security
The Directors determined not to pay an interim dividend for the period ended 31 December 2015			-	-
The Directors determined not to pay a final dividend for the year ended 30 June 2015			-	-
The Directors determined not to pay an interim dividend for the period ended 31 December 2014			-	-
The Directors determined not to pay a final dividend for the year ended 30 June 2014			-	-

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report should be read in conjunction with the annual financial report for the year ended 30 June 2015 and any public announcements made by Global Construction Services Limited during the reporting period in accordance with the continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001.

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Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity consisting of Global Construction Services Limited and the entities it controlled at the end of, or during, the half year ended 31 December 2015.

Directors

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

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

Principal Activities

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

Review of operations

Overview

Global Construction Services Limited (GCS, GCS Group) reported a profit after tax for the half year ended 31 December 2015 (H1 FY16) of \$6.3 million (H1 FY15: \$5.2m), up 20% on the prior corresponding period. Overall this was a strong half year result in some variable market conditions and reflects the strength in our market positions and the diversity of our business.

This strong financial performance delivered revenue of \$91.6m (H1 FY15: \$78.0m), up 17% on the prior corresponding half underpinned by a strong contribution from the commercial segment and growth in maintenance services in the Resource, Industrial and Oil and Gas segment despite the impact of the challenging market conditions in the Western Australian economy and the general slowdown in demand in the Pilbara. The continued focus on reducing costs through operating efficiencies and productivity improvements, lower finance costs driven by lower gross debt, and the strong contribution from east coast associated entity SmartScaff Pty Ltd also contributed to the earnings growth.

Group EBITDA of \$15.6 million (H1 FY15: \$15.5m) was slightly better than the prior corresponding period, with Group EBITDA margin lower at 17.0% (H1 FY15: 19.9%) driven by change in margin mix from the increase in contract services, lower utilisation levels and the highly competitive pricing environment. Group EBIT of \$10.3 million (H1 FY15: \$9.3m) was 11% higher than the prior corresponding period reflecting the improved earnings. Earnings per share were 3.1 cents per share (H1 FY15: 3.0 cents per share).

With the continued strong balance sheet focus the group reported a reduction in net debt to \$18.9m, \$30.1m (61%) lower than the prior corresponding half and \$12.0m (39%) lower than at 30 June 2015. This has been achieved through strong operating cash flow and working capital management initiatives with Cash and cash equivalents increasing by \$5.3m (40%) on the prior corresponding period. Total capital expenditure (cash and hire purchase) for the half year of \$7.5m was \$2.5m higher than the prior corresponding half and reflects growth capex primarily for the supply of scaffold equipment for the Ichthys project, and formwork equipment for the Capital Square and Stadium projects. The company net debt to equity position has continued to improve and decreased to 8% from 23% in the prior corresponding half year, and from 14% at the 30 June 2015.

The Board has continually responded to market conditions by reviewing its operating segments and rationalising and aligning resources to match activity levels. Additionally, the company has continued to execute its strategy of diversifying its revenue base to more sustainable annuity streams which offer integrated labour and equipment solutions to customers over the long term project life cycle.

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The company continues to focus on improving and optimising the returns from our portfolio of businesses by continuing to drive operational efficiencies, diversifying our revenue stream, reducing costs and maintaining a disciplined approach to managing the balance sheet.

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

Segment Performance

Commercial

The Commercial formwork and concrete division (CASC) is progressing well on Tower 1 of the Capital Square project in the Perth CBD (\$46.2m Letter of Intent) and will also be commencing work on the Podium in the second half. The New Perth Stadium formwork and concrete contract for Brookfield Multiplex (\$30.0m contract) and the exclusive equipment and labour hire agreement for Brookfield Multiplex in WA are also progressing well. The Commercial labour division successfully completed installation of the façade on Brookfield Place Tower 2, and work is continuing on the Perth Children's Hospital and Kings Square projects being constructed by John Holland, and Crown Hotel being constructed by Brookfield Multiplex. The façade work on Tower 1 of the Capital Square project is commencing in second half of this year. There has also been a general improvement in plant and equipment utilisation in this segment.

Overall this segment achieved strong profitability with revenue increased by 24% to \$55.4m, and EBITDA increased by 11% to \$8.0m underpinned by the continuing strong momentum from work on major projects awarded to GCS, and the suite of other products and services offered.

The pipeline of opportunities and tendering activity in this sector remains strong and the Board remains optimistic on this investment pipeline activity increasing in the second half of financial year 2016 with further major contract awards expected. GCS has a proven track record and reputation that will ensure its successful involvement in these opportunities.

Resource, Industrial and Oil and Gas

A solid segment performance and increased profitability despite the challenging market conditions with further falls in commodity prices and decline in mining activity and capital investment as major projects moved from construction to production phase.

Revenue was up 15% to \$25.6m and EBITDA increased 3% to \$6.5m. The improvement in revenue and earnings reflects the growth in operational and maintenance services and realignment initiatives to match market demand. 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 continues to progress well. The scaffolding services contract for the Sino Iron Project by CITIC Pacific Mining for an initial 2 year term with renewal options has started well with momentum increasing. 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 first half GCS Integrated Services Pty Ltd, as Kaefer's exclusive supply chain partner, continued the supply of scaffold equipment for their Ichthys project scaffolding services package.

It is pleasing that these major contracts and the successful expansion into maintenance services and further contract 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.

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Residential

The Western Australian housing market, after a period of strong demand, has softened in the first half of FY16 with segment revenue and profitability slightly lower than the prior corresponding period. Management is continually monitoring this business to rationalise and align resources to service this market.

The outlook for this segment is cautiously positive with activity levels and performance in the first half of FY16 expected to remain broadly steady in the second half of FY16. Whilst the overall outlook in the Western Australia housing market has come off peak levels and reverted back to more normal levels, we are anticipating the ongoing strong population growth and low interest rate environment will continue to maintain and support the confidence and investment in housing which will provide a positive benefit to our operations in this sector.

Matters subsequent to the end of the half year financial results

On 19 February 2016 GCS was awarded a scaffolding service and hire equipment agreement by FMG for an initial 12 month term. The Scope of Service under this agreement is for the provision of Scaffolding Services at the Principal's Port Hedland Site for ongoing maintenance, repair and general shutdown activities. The service includes the supply, erection, modification, and removal of scaffolding and access solutions to the site. This contract represents another important step in our strategy to build and secure maintenance services revenue in the Resource, Industrial, Oil & Gas sectors.

Dividends

With the levels of uncertainty prevalent in the wider economy, the Board has determined in the best interests of the Company to not declare an interim dividend for FY16. The Board will continue to monitor business and market strength and is intending to reinstate a final dividend for FY16.

Auditor's Independence Declaration

The auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set on the next page and forms part of the Directors' Report for the half year ended 31 December 2015.

Rounding

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

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

A handwritten signature in black ink, appearing to read 'Enzo Gullotti', followed by a period.

Enzo Gullotti
Group Managing Director

Perth
26th February, 2016

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

As lead auditor for the review of Global Construction Services Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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



Glyn O'Brien

Director

BDO Audit (WA) Pty Ltd

Perth, 26 February 2016

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME for the Half Year Ended 31 December 2015

	2015 \$'000	2014 \$'000
Continuing operations		
Revenue from hire of equipment, provision of labour and contracting services	88,382	73,821
Sale of goods	3,228	4,180
	91,610	78,001
Raw materials, consumables and services	(29,951)	(18,694)
Personnel expenses	(37,279)	(34,915)
Other expenses	(5,906)	(5,621)
Occupancy	(3,827)	(3,652)
Repairs and maintenance	(1,014)	(1,231)
Depreciation expense	(5,221)	(6,090)
Amortisation expense	(53)	(38)
Other income	355	530
Finance costs	(1,907)	(2,422)
Share of profit of equity accounted investees (net of tax)	1,584	1,032
Profit before income tax expense	8,391	6,900
Income tax expense	(2,122)	(1,685)
Profit after income tax for the half year	6,269	5,215
Other comprehensive income for the half year, net of income tax	-	-
Total Comprehensive Income for the half year	6,269	5,215
Total Comprehensive Income for the half year (net of tax) attributable to Owners of the Company	6,269	5,215
Earnings per share for profit attributable to owners of the Company		
Basic earnings per share	3.1 cents	3.0 cents
Diluted earnings per share	3.1 cents	3.0 cents
Earnings per share is calculated on weighted average number of shares of:	200,284,332	176,138,803

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

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION as at 31 December 2015

	Note	31 December 2015 \$'000	30 June 2015 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		18,549	20,702
Trade and other receivables		29,489	29,046
Prepayments		1,915	4,354
Inventories		6,846	7,154
Total Current Assets		56,799	61,256
Non-Current Assets			
Other receivables		7,001	7,610
Investments accounted for using the equity method		9,925	8,341
Property, plant and equipment	3	172,062	171,652
Intangible assets		58,943	58,986
Deferred tax assets		2,282	3,264
Other financial assets		24	24
Total Non-Current Assets		250,237	249,877
TOTAL ASSETS		307,036	311,133
LIABILITIES			
Current Liabilities			
Trade and other payables		23,267	17,043
Borrowings	4	9,565	18,157
Deferred income		3,644	3,722
Current tax liabilities		763	1,017
Total Current Liabilities		37,239	39,939
Non-Current Liabilities			
Other payables		159	-
Borrowings	4	27,916	33,490
Provisions		1,125	3,567
Deferred tax liabilities		14,039	13,848
Total Non-Current Liabilities		43,239	50,905
TOTAL LIABILITIES		80,478	90,844
NET ASSETS		226,558	220,289
EQUITY			
Contributed equity		142,108	142,108
Reserves		140	140
Retained profits		84,310	78,041
TOTAL EQUITY		226,558	220,289

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

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CONSOLIDATED STATEMENT OF CASH FLOWS for the Half year ended 31 December 2015

	2015 \$'000	2014 \$'000
Cash flows from operating activities		
Receipts from customers	91,106	77,601
Payments to suppliers and employees	(73,170)	(63,548)
Income taxes paid	(1,201)	(991)
Net cash inflow from operating activities	16,735	13,062
Cash flows from investing activities		
Payments for property, plant and equipment	(2,926)	(3,158)
Proceeds from sale of property, plant and equipment	8	70
Interest received	337	405
Loans repaid by related parties	533	129
Net cash outflow from investing activities	(2,048)	(2,554)
Cash flows from financing activities		
Proceeds from borrowings	-	22,526
Repayment of borrowings	(15,290)	(42,797)
Interest paid	(1,550)	(2,422)
Proceeds from issue of ordinary shares	-	12,016
Transaction costs from issue of ordinary shares	-	(368)
Net cash inflow/ (outflow) from financing activities	(16,840)	(11,045)
Net increase/(decrease) in cash and cash equivalents	(2,153)	(537)
Cash and cash equivalents at the beginning of the period	20,702	13,808
Cash and cash equivalents at the end of the period	18,549	13,271

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the half year ended 31 December 2015

FOR THE HALF YEAR ENDED 31 DECEMBER 2015	Contributed Equity	Option Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	142,108	140	78,041	220,289
Profit for the half year	-	-	6,269	6,269
Total comprehensive income	-	-	6,269	6,269

Transactions with owners in their capacities as owners

Issue of ordinary shares, net of transaction costs	-	-	-	-
Tax-effect share based transaction expenses	-	-	-	-
Balance at 31 December 2015	142,108	140	84,310	226,558

FOR THE HALF YEAR ENDED 31 DECEMBER 2014	Contributed Equity	Option Reserve	Retained Earnings	Total Equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	128,601	140	69,300	198,041
Profit for the half year	-	-	5,215	5,215
Total comprehensive income	-	-	5,215	5,215

Transactions with owners in their capacities as owners

Issue of ordinary shares, net of transaction costs	11,648	-	-	11,648
Tax-effect share based transaction expenses	114	-	-	114
Balance at 31 December 2014	140,363	140	74,515	215,018

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

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NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

1. BASIS OF PREPARATION OF HALF YEAR FINANCIAL REPORT

This general purpose financial report for the interim half-year reporting period ended 31 December 2015 has been prepared in accordance with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This interim financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, these statements should be read in conjunction with the annual announcements made by Global Construction Services Limited in accordance with continuous disclosure requirements of the ASX Listing Rules and Corporations Act 2001 and the annual report for the year ended 30 June 2015.

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

Critical accounting estimates and judgements

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

The judgements made by management in applying the groups accounting policies during the six months ended 31 December 2015 were the same as those applied to the consolidated financial report as at and for the year ended 30 June 2015.

2. SEGMENT INFORMATION

Description of segments

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

GCS Group supplies an extensive range of specialised labour services and equipment including hire and sales of scaffolding, formwork, material hoists, 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.

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

Commercial

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

Residential

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

Resource, Industrial, Oil & Gas

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

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Segment Information (continued)

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

Segment information provided to the Managing Director for the half year ended 31 December 2015 is as follows:

Segment information	Commercial	Residential	Resource, Industrial, Oil & Gas	Total
Half year ended 31 Dec 2015	\$'000	\$'000	\$'000	\$'000
Total Segment revenue	55,365	10,616	25,629	91,610
Intersegment revenue ⁽¹⁾	-	-	-	-
Revenue from external customers	55,365	10,616	25,629	91,610
Adjusted EBITDA	8,007	2,743	6,528	17,278
Depreciation and amortisation				(5,274)
Unallocated amounts: Other revenue				778
Unallocated amounts: Corporate				(4,068)
Finance costs				(1,907)
Share of profit of equity accounted investees (net of income tax)				1,584
Profit from continuing operations before income tax				8,391

- (1) Through significant rationalisation of operations, revenue is now recognised directly within the segment to which the revenue relates thereby eliminating intersegment revenue.

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Segment Information (continued)

Segment information	Commercial	Residential	Resource, Industrial, Oil & Gas	Total
Half year ended 31 Dec 2014	\$'000	\$'000	\$'000	\$'000
Total Segment revenue	67,666	11,569	29,465	108,700
Intersegment revenue	(22,888)	(561)	(7,250)	(30,699)
Revenue from external customers	44,778	11,008	22,215	78,001
Adjusted EBITDA	7,192	3,106	6,327	16,625
Intersegment Eliminations				697
Depreciation and amortisation				(6,128)
Unallocated amounts: Other revenue				389
Unallocated amounts: Corporate				(3,293)
Finance costs				(2,422)
Share of profit of equity accounted investees (net of income tax)				1,032
Profit from continuing operations before income tax				6,900
Total Segment Assets				
At 31 December 2015	107,285	27,567	77,849	212,701
At 30 June 2015	110,274	29,880	75,405	215,559
Total Segment Liabilities				
At 31 December 2015	40,916	6,902	21,822	69,640
At 30 June 2015	39,659	10,084	24,756	74,499

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3. PROPERTY, PLANT AND EQUIPMENT

Consolidated	Land	Buildings	Office Equipment & Fittings	Motor Vehicles	Plant & Rental Equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2015						
Cost or 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
Half-year ended 31 December 2015						
Opening net book amount	9,749	4,786	750	2,356	154,011	171,652
Additions	-	138	39	18	7,295	7,490
Disposals	-	-	(3)	(10)	(1,846)	(1,859)
Depreciation charge	-	(257)	(159)	(320)	(4,485)	(5,221)
Closing net book amount	9,749	4,667	627	2,044	154,975	172,062
At 1 July 2014						
Cost or 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
Half-year ended 31 December 2014						
Opening net book amount	9,749	4,741	1,018	2,756	155,465	173,729
Additions	-	433	105	5	4,426	4,969
Disposals	-	(48)	(16)	(38)	(1,955)	(2,057)
Depreciation charge	-	(163)	(196)	(395)	(5,336)	(6,090)
Closing net book amount	9,749	4,963	911	2,328	152,600	170,551

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4. LOANS AND BORROWINGS

	31 December 2015 \$'000	30 June 2015 \$'000
Current		
<i>Unsecured</i>		
Borrowings	593	2,373
Total unsecured current borrowings	593	2,373
<i>Secured</i>		
Debt financing	(3,655)	3,494
Hire purchase finance	12,627	12,205
Lease liability	-	85
Total secured current borrowings	8,972	15,784
Total current borrowings	9,565	18,157
Non-current		
<i>Secured</i>		
Hire purchase finance	27,916	33,490
Total secured non current borrowings	27,916	33,490

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5. DIVIDENDS

The entity has not paid any interim or final dividends during the period ended 31 December 2015 (2014: nil).

6. CONTINGENCIES

As at 31 December 2015 the Group has no contingent liabilities or contingent assets.

7. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 19 February 2016 GCS was awarded a scaffolding service and hire equipment agreement by FMG for an initial 12 month term. The Scope of Service under this agreement is for the provision of Scaffolding Services at the Principal's Port Hedland Site for ongoing maintenance, repair and general shutdown activities. The service includes the supply, erection, modification, and removal of scaffolding and access solutions to the site. This contract represents another important step in our strategy to build and secure maintenance services revenue in the Resource, Industrial, Oil & Gas sectors.

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DIRECTORS' DECLARATION

The Directors of the Company declare that:

The financial statement and notes set out on pages 7 to 16 are in accordance with the Corporations Act 2001, including:

1. complying with Accounting Standards AASB134 Interim Financial Reporting and Corporation Regulations 2001 and other mandatory professional reporting requirements, and
2. giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and

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

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

A handwritten signature in black ink, appearing to read 'Peter Wade', is written over a horizontal line.

Peter Wade
Chairman
26th February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Global Construction Services Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Global Construction Services Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Global Construction Services Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', is written over a faint, larger 'BDO' logo.

Glyn O'Brien

Director

Perth, 26 February 2016