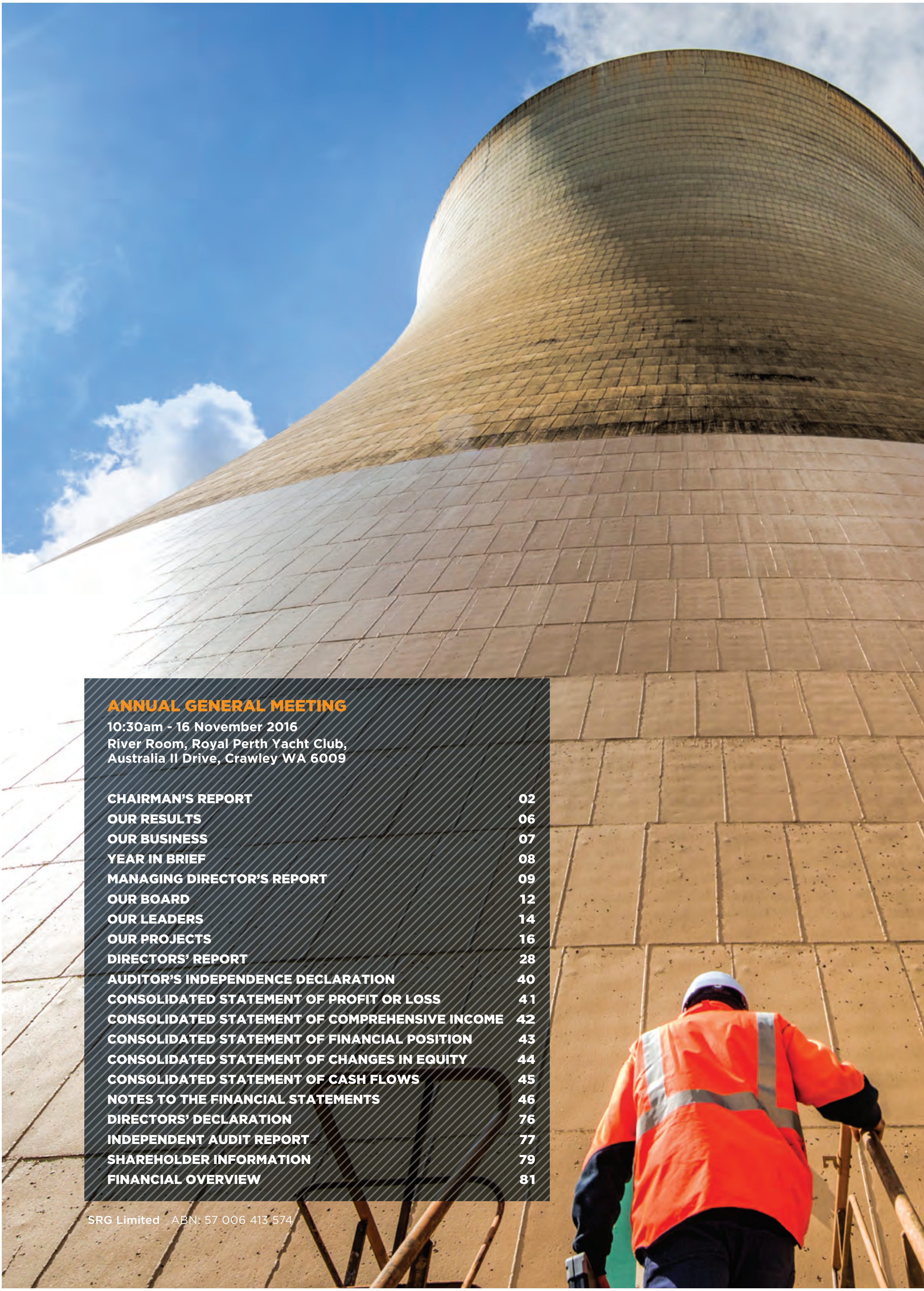
SRG

2016 ANNUAL REPORT

FOR THE YEAR ENDING 30 JUNE 2016



ANNUAL GENERAL MEETING

10:30am - 16 November 2016
River Room, Royal Perth Yacht Club,
Australia II Drive, Crawley WA 6009

SRG Limited ABN: 57 006 413 574

BRING US YOUR IMPOSSIBLE

We are an Australian complex services company. We solve the challenging and difficult problems that others can't. Our vision is to make the complex simple for our customers.

We have people working across Australia and the world bringing our unique blend of innovation, precision, technical excellence and safety to every civil, mining and building project we touch.

We are not afraid to challenge what is considered possible.

FY16 - ANOTHER SIGNIFICANT STEP FORWARD

It is my pleasure to present SRG's FY16 annual report. During the year the team built upon the solid foundations laid in FY15 and made significant progress executing our strategic objectives of securing profitable growth, disciplined project execution, building brand recognition and positioning SRG for international growth. These efforts have allowed us to show a significant step forward in profitability, financial strength and returns to shareholders.

BUILDING ON FOUNDATIONS

In last year's report, I spoke of the critical initiatives that the new senior management team, led by Managing Director David Macgeorge, had undertaken to position the business for sustainable growth as "one business, one team".

This was important to ensure we operated as a unified SRG, offering a number of products and services to our customers. Our business values – zero harm, innovation, integrity, team work and excellence – continue to be embedded across the business.

Our vision is "making the complex simple". Our people strive to achieve our vision in every aspect of our company's daily activities, from designing innovative post-tensioning solutions for our building clients to delivering complex infrastructure projects in Australia and around the world, through to working with design consultants and partners to deliver innovative products such as SureLok™ to the market.

We continue to enhance our processes and delivery through discipline, rigour and by driving accountability across our business. We also continue to strive for opportunities for our business units to work together and I am pleased to see progress in this area.

We grew the business through the acquisition of CCM Group Australia, which has since been integrated into our Services division and restated our commitment to expansion through select acquisitions where it makes sense for sustainable growth. We also expanded our geographic footprint, delivering projects across several different countries and providing us with a platform to leverage our wider service offerings.

TRANSITIONING FROM A SOLID PLATFORM

The initiatives summarised above were key to positioning the business to perform above expectations in FY16. We stated that FY15 was our foundational year and one in which we had set up a platform for sustainable growth. During FY16, the business started its transition from the Foundation phase into its Development phase. While we will carry forward and maintain many of the valuable initiatives implemented during the Foundation phase, we are now firmly focused on the Development phase of our strategy which is focused on growth, expansion and execution.

I am pleased that FY16 has seen a 53% increase in our Net Profit Before Tax (NPBT) result to $9.2m compared to the underlying NPBT of $6m in the prior period. The Board has declared a final fully franked dividend of 4 cents, with a record date of 16 September 2016 and payment date of 14 October 2016. This brings the total dividends declared for FY16 to 6 cents (up 140% on the 2.5cps paid in FY15).

FOUNDATION 1 YEAR	DEVELOPMENT 1-3 YEARS	MARKET LEADERSHIP 3+ YEARS
Develop vision / strategy ✓	Execute strategy	Zero Harm industry leader
Drive Zero Harm ✓	Projects delivered above green sheet	Global complex service partner of choice
Right structure / capability ✓	Secure specialised civil projects of scale	Strong brand
Develop brand / value proposition ✓	Organic growth in target markets	Employer of choice
Rigorous review mechanisms in place ✓	Growth in complementary services / markets	ASX top 200
Formalise relationships with key stakeholders ✓	Selective acquisitions to accelerate growth	Consistent performance
Drive improvement / efficiency ✓	Brand recognition	Above market returns
Resolve legacy issues ✓		Diversified international specialist contractor

"WE ARE NOW FIRMLY FOCUSED ON THE DEVELOPMENT PHASE OF OUR STRATEGY"

INCREASED INVESTOR ENGAGEMENT

We are pleased that the market has recognised the strong performance of our Company with the share price increasing 61% from $0.61 per share on 1 July 2015 to finish at $0.98 per share on 30 June 2016. We have significantly outperformed the market in terms of growing SRG's value. Looking back two years from 30 June 2016, our market capitalisation has grown by 72% to $61.7m. The increasing company valuation has captured the attention of institutional investors and the broader investment community.

In March 2016, Perth based stockbroking firm, Hartleys Limited initiated independent research coverage on SRG. In addition to the formal coverage, several broking houses have incorporated SRG into their watch-lists, with regular flash note coverage issued to clients, further increasing our reach into investor networks where we previously had little penetration.

We are now conducting biannual roadshows for new and existing investors to further enhance market knowledge of SRG and our strategy.

Also of note, during the period, the SRG ticker code was released from escrow by the ASX enabling the Company to transition from the prior code "STS" to now trade under "SRG". This change was important for business recognition and now aligns our company name with our stock code.

THE SUM OF ALL PARTS

As the business moves further into its Development phase, the Board and I are very pleased by the ongoing efforts of MD, David Macgeorge and his team. The team has retained its sharp focus on assessing opportunity and delivering projects in a relentlessly disciplined manner. The FY16 result reflects a significant step in the right direction.

On behalf of the Board, I would like to thank David Macgeorge and the broader SRG team who worked so cohesively and in a manner closely aligned with our values and vision during the year.

IN CLOSING

The year in review has been an excellent one for SRG. We have grown profitably and sustainably despite headwinds in certain operating markets. Our diversity through the Building, Civil, Services, Mining and Products divisions and across our global customer-base has served us well.

We have our eye firmly on our mission to become a recognised leader in the provision of complex services to the construction and mining industries worldwide.

Over the next three years while the business is in its Development phase, shareholders can expect to see us executing on our strategy and delivering substantial sustainable growth both domestically and internationally where it makes sense to do so.

We are focused on increasing shareholder value through profitable project execution, securing specialised civil projects of scale, achieving organic growth in target markets, growing in markets and services that are complementary to the existing business, acquiring bolt-on businesses where it makes commercial sense to do so and strengthening our brand recognition with customers. At the same time, we will continue to ensure our foundational work remains intact, that we are living by our values and working as one unified business.

A resolute focus on our strategy will enable us to deliver on the vision of making the complex simple – solving difficult problems, both at the business level and for our customers.

I am sure shareholders will agree that the growth in our profit to date has been excellent. We are, however, at the beginning of our growth trajectory and keenly focused on continuing to achieve our strategic objectives. We anticipate that continued performance will deliver further value to shareholders.

It is an exciting time to be an SRG shareholder and we are just at the start of the journey.

Peter McMorrow
Chairman

CORPORATE HIGHLIGHTS FY16

ZERO HARM IMPROVEMENT

- LTIFR IMPROVED 55%
- TRIFR IMPROVED 43%
- CRITICAL RISK INITIATIVES PROGRESSED

GOOD CONTRACT WINS / EXTENSIONS

- EVOLUTION MINING $150M EXTENSION
- 5 DAM PROJECTS AWARDED
- 133 BUILDING WINS

RECORD WORK IN HAND AND STRONG PIPELINE

- WORK IN HAND OF $240M, UP 56% ON FY15
- $975M PIPELINE OF OPPORTUNITIES

STRENGTHENED SERVICE OFFERING

- SRG INTEGRATED SERVICE OFFERING
- SURELOK™ LAUNCHED AND 20,000 UNITS SOLD

STRONG FULL YEAR FINANCIAL RESULT

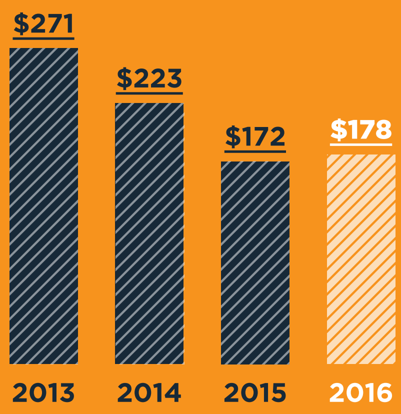
- NPBT UP 53% ON FY15
- 284% INCREASE IN EPS TO 9.84CPS
- 6 CENT FULL YEAR FULLY FRANKED DIVIDEND

FINANCIAL STRENGTH

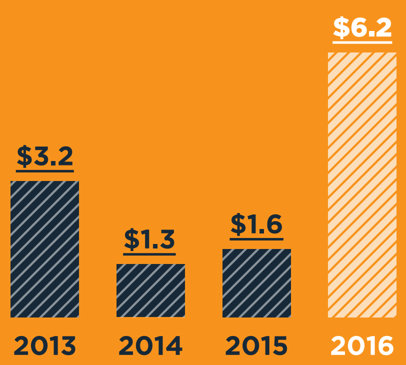
- CASH IN HAND $21.9M
- NO NET DEBT
- EV/EBITDA <3 TIMES
- 61% INCREASE IN FY16 SHARE PRICE

HOW ARE WE DOING?

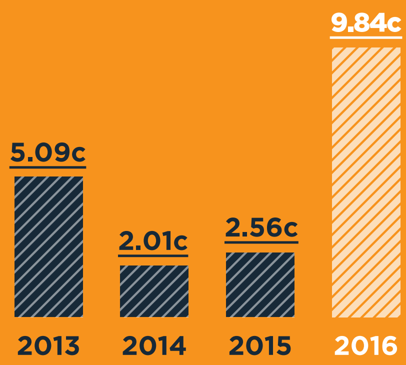
SALES
($M)



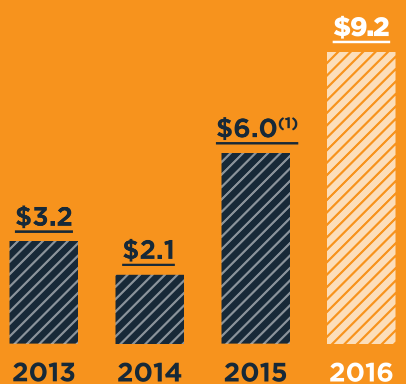
NET PROFIT AFTER TAX
($M)



EARNINGS PER SHARE
(CENTS)

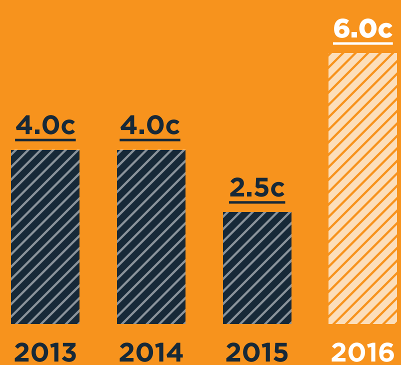


NET PROFIT BEFORE TAX
($M)



[1] Adjusted for ETP dispute settlement

DIVIDEND DECLARED
(CENTS)



WE SOLVE THE COMPLEX PROBLEMS THAT OTHERS CAN'T

Anchoring the Snowy Mountain Scheme in 1961 gave us our start. A global company built to take on the infrastructure and mining projects others consider too challenging or complex.

Who we are

We are an ASX listed Australian complex services company.

Our story began in 1961 with our first contract to install rock anchors for the Snowy Mountain Scheme.

Since then we have gone on to work on many iconic stadiums, skyscrapers, bridges, dams, structures and mining projects, both here in Australia, and in Asia, Europe, Africa and the Middle East.

Today, our technical capability is second to none and thinking outside the box is ingrained in our DNA.

Some of the best civil, mining and building problem solvers and technical experts can be found working within our business.

Our vision is to make the complex simple for our customers, underpinned by the five values that define us which are Zero Harm, Innovation, Integrity, Teamwork and Excellence.

What we do

We solve the challenging and difficult problems that others can't.

We have people working across Australia and the world bringing our unique blend of innovation, precision, technical excellence and safety to every mining, civil and building project we undertake.

Few complex services companies have amassed the same knowledge, developed as many innovations or worked on as many world-class projects as we have over the past 50 years.

When you need people who are not afraid to challenge what is considered possible, you can call on us.

We bring a solution driven culture to every project and we do so as one company, united by our values and culture of innovation, with a single set of safety and quality standards.

CIVIL

Bridge Construction
Bridge Maintenance
Dam Strengthening
Ground Anchors
Silo and Tank Construction
Heavy Lifting
Load Handling
Slipform
Stay Cable Systems

MINING

Drill and Blast
Ground Support
Monitoring
Engineering
Technical Access
Underground
Open Pit

BUILDING

Post-Tensioning
Slab on Ground
Industrial Pavements
Multistorey Post-Tensioning
Post-Tensioning Design
Slipform
Reinforcement
Remedial

PRODUCTS

SureLok™
Refobar
Macalloy
Concrete Canvas
Rock Mesha
Ground Support Products
Geotechnical Equipment
Ducting and Duct Chairs
Barrels and Wedges

SERVICES

Remedial Diagnosis and Investigation
Concrete Repair
Structural Strengthening
Waterproofing
Structural Crack Repair
Facade Restoration
Architectural Restoration
Cathodic Protection

LEARN ABOUT OUR SERVICES
SRGLIMITED.COM.AU

MINING

- Excellent safety performance
- Outstanding execution in Drill and Blast
- Group wide $150M contract with Evolution Mining and secured Mt Carlton mine
- Strong cross selling and wins in Geotech and Radar businesses
- Completed geotech crusher pockets with First Quantum in Zambia

CIVIL

- Secured over $20M work with SunWater for Dam Improvement contracts in Queensland
- Secured B3 Bridge Prequalification
- Completed iconic Elizabeth Quay Bridge project in WA
- Completed Samson Brook Dam in WA
- Secured 6 slipform concrete silos with Hanson / Brolton

BUILDING

- Outstanding execution of projects
- Secured $65M new work (133 projects)
- Commonwealth Games Village progressing well
- Commenced Northern Beaches Hospital, cross selling of SureLok™
- Completed work on Barangaroo

PRODUCTS

- Good gains in procurement from key partners
- Introduced SureLok™ to the Australian market
- Ongoing discussions for the international distribution of SureLok™
- Strong early sales of SureLok™
- SureLok™ received award from Concrete Institute of Australia in Technology category

SERVICES

- Integration of CCM Group
- Secured contract with UGL / Kentz at Inpex
- Commenced Monash University facade refurbishment project
- Condensate bund refurbishment works completed in Karratha
- Secured Palais Theatre upgrade

INTERNATIONAL

- Doha Metro progressing well
- Re-established office in Hong Kong
- Hazelmere Dam project in Durban progressing well
- New EGM International appointed
- Middle East progressing to plan

FROM FOUNDATION TO DEVELOPMENT

SRG has performed strongly in FY16 as we strengthened the foundations of the business and commenced transitioning into the Development Phase of our strategy, focused on growth, expansion, acquisitions and disciplined execution.

BUILDING MOMENTUM

Last year we outlined that the Foundation strategy work initiated in FY15 would enable the business to grow and deliver sustainable, long term returns to shareholders. I am pleased to report that in FY16 we markedly improved both our operating margins and financial performance. This resulted in 53% growth in NPBT (net profit before tax), earnings per share increasing more than three fold, record work in hand levels and significantly increased returns to shareholders for the period.

We also started seeing the benefits of the "one business, one team" unified SRG approach. We offer an integrated SRG to customers who are increasingly recognising our capability and breadth of service offering.

Whilst there is still much to do, I believe our clear vision and strategy is providing an environment for our people to thrive. This will continue to enable us to grow and deliver real value to our customers and most importantly increased and sustainable returns to our shareholders.

CULTURE, COLLABORATION AND VALUES

In last year's report I noted the work we had undertaken to embed a set of core values across the organisation. It's encouraging to look back across the year and see so many examples of our values in practice.

A business that is run with safety top of mind is a good one, and SRG made significant inroads during the period, improving safety and environmental performance across the board. Thanks to our continued focus on **ZERO HARM**, we saw circa 50% improvement across all key metrics in FY16. This improvement was achieved with over 100 projects operating in tandem at any given point in time.

INNOVATION is one of the cornerstones of what we do as a company and our innovative temporary movement joint product, SureLok™ is a good example of how we can turn innovative ideas into new commercial products that generate revenue in their own right. Compared to competing products SureLok™ is a superior product and a more cost effective solution for customers. This was recognised with a Concrete Institute Association (CIA) award during the year. The CIA stated, "Whilst other similar products exist in the market place, the judges commended SureLok™ for its reliability, simplicity and most importantly for its economy."

Building relationships with key stakeholders and doing what we say we're going to do is core to ensuring the **INTEGRITY** of our relationships. One good example of this came via the award of a major contract with Evolution Mining in December 2015, which extended our existing relationship and contributed to our now record work in hand of $240m which is 56% up on this time last year.

We have also increased the engagement with our investors and consistently achieved our stated milestones during the year. Not only have we delivered outstanding financial performance for our shareholders, we have also executed the strategic initiatives that we set for ourselves during the Foundational phase of our strategy and have commenced working on the Development phase.

In challenging operating environments, good people, good businesses and good teams stand up and add value. It's been heartening to see our team further embrace the opportunity to work in close collaboration during the year. This **TEAMWORK** enabled us to tender for work across two or more divisions on a number of occasions as an integrated SRG service offering. We are now seeing healthy cross selling between areas such as Services and Mining, Products and Building and Civil and Mining. Multiple examples of teamwork have resulted in the business delivering a better outcome for customers and more profitability for shareholders.

Further, we are demonstrating **EXCELLENCE** in project execution, delivering hundreds of projects across the business with relentless discipline in customer focus, cost control and risk mitigation.

PROCESS LEADS TO PERFORMANCE

To enable strong growth of pipeline and work in hand, during the period we implemented a rigorous work winning program. Underpinned by proprietary software, the program provides the SRG team with a framework through which it can leverage new and existing contract opportunities.

Commercial training was also undertaken with all SRG managers during the year designed to ensure the broader team was educated on critical contract management. Training addressed the way we contract with our customers, our decision process, the way we execute projects and manage risk. This extension to our foundational work has been key to working as a unified business across the various business units.

OPERATIONAL HIGHLIGHTS

SRG MINING

Despite another challenging year in the mining sector, the SRG Mining business has had an excellent year. As briefly noted earlier, winning the contract extension with Evolution Mining extended this division's work in hand by an additional $110m, taking the total value of our contract with Evolution to $150m.

Looking forward in the SRG Mining business, we will continue to optimise re-deployable assets, cross-sell additional services and pursue contract renewals.

SRG BUILDING

SRG Building experienced an outstanding year, contributing strongly to the solid profit result. A record number of projects were completed during the year. The Building division converted the significant pipeline of opportunities we had in New South Wales and Queensland.

Better prospects are starting to come through in Western Australia, and new initiatives were put in place to capture more of the Victorian market.

Overall, the outlook for SRG Building is strong. Looking forward we will seek to maintain market leadership, leverage our alliances and drive operational efficiencies for our customers.

SRG CIVIL

The SRG Civil business is starting to gain momentum and is building a solid work base.

Significant focus has been applied to improving the work in hand position for the Civil business and our pipeline of opportunities is now looking good with some projects starting to be brought forward.

Immediately post the reporting period, we were pleased to announce a sub-contract under Brolton Group, valued at $8.4m for the design, development and construction of concrete silos and associated concrete structures at the Bass Point Quarry near Wollongong.

Dams remain an exciting part of our Civil work and we were pleased to announce new contract wins with Fairbairn and Paradise Dams in Queensland. At the time of writing, SRG Civil have five dam projects in progress.

A highlight for the Civil division was being awarded a B3 accreditation under the National Prequalification System with Main Roads Western Australia. Formerly B2 certified, now with the B3 qualification, SRG Civil can tender for more complex bridge projects, opening up more opportunities to win work on these larger projects throughout Australia.

Looking ahead, we will retain our focus on securing specialised civil projects of scale in water, bridge and tanks sectors. We will execute key projects in rail and dam sectors and further develop our international strategy.

SRG SERVICES

The SRG Services business has had a challenging year, however has strong medium term prospects. Improving growth in the Services business will be an area of further focus for the business in FY17 as we focus on targeting larger scale projects.

SRG acquired Western Australian CCM Group in July 2015 and it was successfully integrated into the Services division during the period.

Looking ahead, we expect to expand our capability across the SRG Services business organically and through acquisition. We will have a strong focus on project execution, on securing larger term contracts and continue our work to cross sell with other SRG businesses.

SRG PRODUCTS

The Products division had a good year thanks to further efficiencies in our manufacturing operations and the introduction of SureLok™. Since its launch in 2015, we have sold almost 20,000 units of the award winning product, which has delivered revenue into the business that wasn't previously available and provided a cross selling opportunity into our client base.

We have received excellent feedback from customers using the product and continue to develop further applications for it. We are also in the process of entering international markets and this is expected to deliver future growth opportunities.

Looking ahead, we expect to drive efficiencies in the manufacturing business, grow SureLok™ in domestic and international markets and continue to develop a pipeline of products to introduce in future years.

ZERO HARM INITIATIVES DELIVERED A 50% IMPROVEMENT IN KEY METRICS

THE FOLLOWING INITIATIVES WERE IMPLEMENTED ACROSS THE SRG BUSINESS IN THE LAST 12 MONTHS:

- NATIONAL ZERO HARM LEADERSHIP TEAM CONTINUED WORK AROUND LEADING POSITIVE SAFETY CULTURE
- EASTERN AND WESTERN ZERO HARM LEADERSHIP TEAMS WORKED IN CONJUNCTION WITH NATIONAL TEAM, FOCUSED ON SAFETY AT A LOCAL LEVEL
- TAKE 5'S PROACTIVE RISK IDENTIFICATION TOOL EMBEDDED ACROSS BUSINESS
- CRITICAL RISK WORKING GROUPS ESTABLISHED AND WORKING TO PLAN - DEVELOPING AND IMPLEMENTING FURTHER LAYERS OF CONTROL FOR EACH RISK
- REGULAR SAFETY ALERTS NOW BEING ISSUED ACROSS THE BUSINESS
- DEVELOPED ELEVATED WORK PLATFORM EARLY WARNING DEVICE
- DESIGNED, PROTOTYPED AND INTRODUCED LIGHTWEIGHT EQUIPMENT IN POST TENSIONING APPLICATIONS
- AUDITED AND UPGRADED GUARDING IN SRG PRODUCTS MANUFACTURING FACILITIES
- REVIEWED AND UPDATED ASSET MANAGEMENT TOOLS TO DRIVE STANDARDISATION AND BEST PRACTICE
- 43% REDUCTION IN THE TRIFR RATE SINCE 1 JULY 2015
- 55% REDUCTION IN THE LTIFR RATE SINCE 1 JULY 2015

SUSTAINABLE GROWTH IS KEY TO PERFORMANCE

Revenues for FY16 were up from $172m in FY15 to $178m in FY16. Importantly, the composition of our growth has improved, leading to stronger profitability. Major new project wins have come into the mix, particularly in dams. It has been the team's relentless pursuit of the right kind of projects in the right geographies, relentless discipline around cost control and improvement of margins from both a dollar and percentage perspective that has delivered the growth and resulted in better quality revenue than this time last year.

In FY15 we indicated that whilst we believe there are significant opportunities for organic growth, SRG will continue to assess selective acquisition opportunities to accelerate our growth plans.

We will keep driving organic growth in our existing businesses through the capabilities and client relationships that already exist in SRG, whilst being disciplined in our assessment of further acquisition opportunities in FY17.

OUR DIVERSE BUSINESS AND MARKET CONDITIONS

SRG's diversity in our five businesses of Building, Civil, Services, Mining and Products, along with our geographic spread, continue to act as a natural hedge against the cyclical nature of each of those sectors.

Whilst market conditions remain challenging in parts of our business, our diversity as an international specialist contractor provides both protection and opportunity. We are pleased that all business streams have significant organic opportunities as part of a $975m opportunity pipeline.

Our stated mission is "to be a recognised leader in the provision of complex services to the construction and mining industries worldwide." We remain optimistic of the growth opportunities for our International business in the Middle East, Hong Kong and beyond. We continue to apply a disciplined and focused approach to international growth opportunities with client and project selection being a key part of the assessment criteria. The development of our business in new markets will take time and we are conscious of the requirement for human capital and monetary investment for our international growth plans.

At this point, we have re-established our Hong Kong presence, seen positive performance in the Middle East and are executing the Hazelmere Dam project in South Africa. Each of these regions bring their own development pipelines and expand our potential reach.

FY16 FINANCIALS

Net profit before tax (NPBT) was $9.2 million, representing an increase of 53% on the underlying[i] FY15 NPBT. The underlying FY16 NPAT of $6.2 million represents a 288% improvement against the FY15 results of $1.6m. Earnings per share increased 284% to 9.84 cents per share and this measure clearly shows the strong performance of the company in what are challenging market conditions.

The Group finished the year with a very strong cash position and no net debt. Cash flow from operations was $13.6 million (after adjusting for the ETP settlement). In 2016, $1.6 million in dividends were paid which includes the 2015 final and 2016 interim dividend. Dividends declared for the year totalled 6 cents per share fully franked and represents a 140% increase.

At year end, the work in hand for the Group increased 56% to $240 million, up from $154 million in the prior year.

Mining

SRG Mining recorded revenue of $56.6 million down 15% from the $66.3 million recorded in the previous year. Whilst activity has decreased in the mining and exploration sectors the profit before tax for the mining segment increased to $5.8 million (2015: $5.3 million) and key contracts across the Drill and Blast, and Geotech areas were either expanded or retained.

This resulted in an increase in SRG Mining's work in hand at the end of the financial year of 53% to $150.9 million compared to $98.7 million in 2015.

Construction

The construction segment saw an increase in revenue to $121 million from $105 million in the previous year. The segment had a net profit before tax of $4.9 million. This is a 123% increase compared to the $2.2 million profit recorded in 2015.

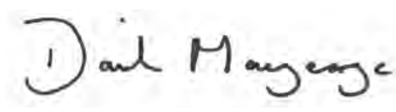
At the end of 2016, the Construction work in hand increased 61% to $88.8 million compared to $55.1 million in 2015.

OUTLOOK: TRANSITIONING INTO THE DEVELOPMENT PHASE OF OUR STRATEGY

Building on the solid foundation we have established, we will continue our relentless pursuit of sustainable growth. Our stakeholders and shareholders can expect to see SRG work towards:

- Being a Zero Harm industry leader: driving further progress with our core, Zero Harm company value, and ensuring all our values remain embedded across the business
- Becoming a global complex service partner of choice: being the preferred supplier and converting more projects which have the ability to deliver profitable growth across the business streams – projects not solely targeted for revenue growth
- Undertaking a disciplined and highly targeted acquisition approach
- Driving our Talent Management Program: further developing our team, with talent mapping and training across the business to support our growth
- Maintaining and rounding out the good work laid during our Foundation phase with a focus on discipline, rigour, accountability and good corporate governance
- Developing into a diversified international specialist contractor, and importantly
- Generating above market returns: delivering sustainable returns to shareholders.

We are targeting continued revenue and profit growth in FY17. Our Company is in a strong position with no net debt, a unified team and a robust balance sheet. We are very well placed as we enter the Development phase of our strategy which is focused on growth, expansion and execution and we look forward to continuing to work with our customers and partners in **"making the complex simple."**



David Macgeorge
Managing Director

[i] Underlying refers to a $6m NPBT, prior to accounting for the ETP dispute settlement costs.

OUR BOARD

PETER McMORROW

CHAIRMAN

Peter McMorrow joined the Board of SRG as a Director in July 2010, and moved into the role of Chairman in July 2014. He is also a member of the Remuneration and Benefits Committee.

Peter has over 35 years project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations.

Most recently, Peter was Managing Director of Leighton Contractors, for the period between 2004 and September 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees.

Peter is an advocate for health and safety, and brings a strong zero harm vision to both SRG and the industry in which it operates.

DAVID MACGEORGE

MANAGING DIRECTOR

David Macgeorge joined SRG as Managing Director in May 2014.

David has extensive senior executive experience in contracting, logistics, infrastructure and mining service industries and has a strong record of leading business transformations, driving value creation and growth through a unique understanding of strategy, customer focus and shareholder returns.

Prior to joining SRG, David held senior executive roles with BIS Industries, Cleanaway and CHEP (a subsidiary of Brambles). He also provided consultancy to Leighton Contractors.

David holds a Bachelor of Business and has completed the Senior Executive Management program at INSEAD Business School in France.

MICHAEL ATKINS

NON-EXECUTIVE DIRECTOR

Michael joined the SRG Board as a Director in September 2014, and is Chairman of the Audit Committee.

Michael was a founding partner of a national Australian Chartered Accounting practice from 1979 to 1987 and was a Fellow of the Institute of Chartered Accountants in Australia. Since 1987 he has been both an executive and non-executive director of numerous publicly listed companies with operations in Australia, USA, South East Asia and Africa.

Since February 2009 Michael has been a Director – Corporate Finance at Paterson Securities Limited and is currently Non-Executive Chairman of Australian listed companies Legend Mining and Azumah Resources as well as a Non-Executive Director of Castle Minerals Ltd.

Michael is a Fellow of the Australian Institute of Company Directors.

PETER BRECHT

NON-EXECUTIVE DIRECTOR

Peter Brecht joined the Board of SRG Limited in September 2014. He is Chairman of the Remuneration, Nomination and Benefits Committee.

Previously the Managing Director - Construction Australia for Lend Lease, CEO of Bilfinger Berger Australia, Managing Director of Abigroup, Peter has more than 35 years' experience in the construction industry.

Peter is the Chairman of SMC (Sydney Motorway Corporation) and Board Member of Fulton Hogan Limited. He has been a Member of the Australian Institute of Company Directors since 2000.

ROBERT FREEDMAN

NON-EXECUTIVE DIRECTOR

Bob Freedman has been involved with SRG since 1970 when he joined the business as Manager WA. He held the role of Managing Director from 1985 until 2009 and has been a Director since 1985, serving as Chairman of the Board between 2009 and 2014. He is also a member of the Audit Committee.

Bob has been involved in the construction industry since 1967 and has been involved with the construction of many iconic projects, including Sydney Tower, Stadium Australia and the Emirates Tower. He was responsible for establishing SRG's overseas operations in Asia, the United Kingdom, the Middle East and South Africa.

Bob is a Member of the Institution of Engineers Australia, and holds a Post Graduate Diploma in Business Administration (W.A.I.T).

OUR LEADERS

ROGER LEE

CHIEF FINANCIAL OFFICER AND COMPANY SECRETARY

Roger joined SRG as CFO and Company Secretary in July 2014, and brings over 25 years' experience in senior and executive management in Australia.

Prior to joining SRG, Roger played an integral role in the establishment and growth of Broad Group Holdings (now part of the Leighton Contractors Group), a national commercial and civil construction company which grew from inception to annual revenues of over half a billion dollars during his tenure.

During his time at Broad, he held various executive roles including Director/CFO, and subsequently Managing Director of Broad. He has also held other Executive Finance roles at Leighton Contractors, both at corporate level and within the Infrastructure Division.

Roger is a qualified CPA and is a graduate of the University of Western Australia in Commerce, majoring in Finance and Accounting.

JOE THOMAS

EXECUTIVE GENERAL MANAGER MINING & PRODUCTS

Joe joined SRG in October 2014 as Executive General Manager Mining & Products. In addition to his EGM role, Joe leads SRG's National Zero Harm Leadership Team, helping to embed the Zero Harm value through the Company from the bottom up and top down.

Prior to commencing with SRG, Joe held General Manager roles at IES Resources, Queensland Rail, and Mountain Industries (a subsidiary of Asciano). He also held the role of Director of Coal Services at Bis Industries across a five year period.

Joe studied Mathematics at the Queensland University of Technology, has completed a Diploma in Business Coaching and the Advanced Management Program at INSEAD in Singapore.

MIKE CLARKE

EXECUTIVE GENERAL MANAGER INTERNATIONAL

Mike joined SRG as Executive General Manager International in June 2016 and brings over 26 years international experience.

Prior to joining SRG, Mike held the role of General Manager (Macau) at Leighton Asia. He has also held senior roles on high profile and complex civil, building and mining projects throughout Asia.

A Chartered Engineer, Mike holds a Bachelor of Science degree from the University of Leeds and a Doctorate (Mining Engineering) from the University of Nottingham. He is also a member of the Hong Kong Institution of Engineers, the Institution of Materials, Minerals and Mining, and the Chartered Institute of Building.

AMY HANCOCK

GENERAL MANAGER PEOPLE

Amy joined SRG as General Manager, People in August 2014, and brings over 14 years' experience in senior human resources and employee relations to the role.

Prior to commencing with SRG, Amy held the role of Group Manager – People with Bis Industries and formerly was the Employee Relations Manager with Brambles.

Amy holds a Bachelor of Economics and a Master of Labour Law and Relations from the University of Sydney.

COREY MARANESI

GENERAL MANAGER COMMERCIAL

Corey joined SRG in March 2015 and has over 20 years senior management experience in commercial, risk and finance positions. His previous roles have covered a wide range of industries including infrastructure, logistics, mining and manufacturing. He holds a Bachelor of Commerce degree, Masters in Business Administration and is also a Certified Practicing Accountant.

MICHELLE QUIGLEY

GENERAL COUNSEL

Michelle joined SRG as General Counsel in September 2014, and brings significant experience to the role, managing all the legal issues and aspects for the company internationally. She is also responsible for the comprehensive global insurance program and code of conduct compliance. Prior to SRG, Michelle acted for many years as a senior in house legal counsel for Leighton Contractors Pty Ltd and its wholly owned subsidiary, Broad Group Holdings, managing the litigation division.

Michelle is a certified legal practitioner, admitted to practice, after completion of her Articles in 2004. She also completed a Master of Laws with the University of Melbourne, specialising in Construction Law.

SRG AWARDED FIVE KEY DAM IMPROVEMENT PROJECTS DURING FY16

QUEENSLAND

In April 2016, SRG were awarded two contracts with SunWater for works at Paradise and Fairbairn Dams in Queensland valued at over $20M.

The award of these two contracts supports SRG's civil strategy of securing specialised projects of scale in the water sector and extends SRG's strong existing working relationship with SunWater.

Works are currently underway on both projects with SRG undertaking the role of principal contractor utilising both their civil and mining businesses. The civil business is managing the core construction components and SRG's mining business will be responsible for the drilling and geotechnical works on each project.

PARADISE DAM

Paradise Dam lies on the Burnett River and is situated near Childers, 80kms south-west of Bundaberg in Queensland.

The Paradise Dam Safety Improvement Project involves strengthening of the downstream structure. Works commenced in May 2016 and are scheduled to be complete by October 2016.

FAIRBAIRN DAM

Fairbairn Dam is Queensland's third largest water storage facility and meets demand for industrial, mining and urban sectors. It is an embankment dam across the Nogoa River, located southwest of Emerald and 270km west of Rockhampton in Central Queensland.

The Fairbairn Dam Improvement Project involves the construction of improvements to the dam's chute slab, including upgrading the under-drainage system, installing ground anchors and constructing reinforced concrete overlay slab.

WESTERN AUSTRALIA

SRG were awarded two dam improvement contracts with the Water Corporation of Western Australia during FY16. Works at Lefroy Brook Weir and Samson Brook Dam in the south west of Western Australia were recently completed.

SAMSON BROOK DAM

Samson Brook Dam is located approximately 110 kilometres south east of Perth. This contract involved remediation works to the dam including a spillway upgrade. The upgrade included decommissioning the existing glory hole spillway and constructing a new spillway with a design capacity of 280 cumecs on the right abutment. Works commenced on site in October 2015 and were completed in August 2016.

LEFROY BROOK WEIR

The Lefroy Brook Weir is located in Pemberton in WA. Remediation works on this project included detailed excavation, abutment repairs, filter layer construction and weighting the embankment. The reservoir supplies the water treatment plant in Pemberton and the Department of Fisheries hatchery. A bypass system was designed and installed to provide uninterrupted water supply to the end users which required provision of emergency back up, remote monitoring and 24/7 call out attendance. Works commenced on site in March 2016 and were completed in May 2016.

This project involved a high level of environmental management to ensure the hatchery was supplied with water and protected for the project duration. A letter from the Pemberton Freshwater Research Centre within the Department of Fisheries was received acknowledging and congratulating the team on the successful delivery of the project.

SOUTH AFRICA

In October 2015, SRG were awarded a contract with Group Five Coastal for strengthening and heightening works to the Hazelmere Dam in Durban KwaZulu Natal, South Africa.

HAZELMERE DAM

Hazelmere Dam is a concrete gravity arch-type structure which is 478m long with a centre line radius of 725m. it incorporates a 103m long ogee spillway, situated 60m from the right back end. The dam was originally completed in 1976 and was designed and built to accommodate a proposed 7m increase in dam height through the installation of steel gates. The project includes repair to the grout curtain to reduce leakage under the dam wall, the construction of piano key weirs to increase the stored water height and ground anchors to strengthen the wall to take the increased loads due to the higher water level. When complete, the Hazelmere Dam will hold close to double the current 18,000 mega litres.

SRG's team working on this project recently set another anchoring world record when they completed the largest full scale proving test anchors ever undertaken in the world. The four anchors were tested in accordance with the very rigorous British Standard. The test anchors were each 61 strands using 15.7mm (279kN) strand. They were testing up to 80% of breaking load, and achieved a maximum load of 13,615kN using SRG's 1500t stressing jacking with 300mm stroke. The entire load was transferred over a 3m length of the 355mm drill hole into the dam's sandstone foundation.

Works at Hazelmere Dam commenced onsite in November 2015 and are scheduled to be complete in 2017.

EVOLUTION MINING $150M UMBRELLA AGREEMENT

In December 2015, SRG secured a $150M umbrella agreement with Evolution Mining to extend the terms of current drill and blast operations at the Mt Rawdon, Cowal and Edna May mine sites as well as securing an additional drill and blast contract at the Mt Carlton mine in Queensland.

The works under this three year plus two year agreement are expected to generate revenues of approximately $150M across the five year period, which increases SRG's work in hand by approximately $110M.

This significant achievement for SRG and the mining team further reinforces SRG's strong working relationship with Evolution Mining.

The addition of the Mt Carlton contract deployed three existing drill rigs to site which would otherwise not be in use. SRG mobilised to site in January 2016 and works are now underway at the Mt Carlton mine.

Mt Carlton is an open pit mine located 150 kilometres south of Townsville in Queensland. The mine produces gold, silver and copper concentrate and is owned and operated by Evolution Mining.

SRG's primary contracts with Evolution Mining are for drilling or drill and blast works, however additional services outside of this scope have also been provided at Cowal, Mt Rawdon, Edna May and Mt Carlton.

SRG's Geotechnical team has been performing ground support works at the Cowal site in New South Wales, Mt Rawdon in Queensland and Edna May in Western Australia.

Drape meshing installation has been provided at Cowal which involve the scaling of loose rocks and slope support using drape mesh. Large hanging blocks have been removed using rope access techniques to access the area and specialist blasting techniques to remove the material.

Ground support works at Edna May have included installation of mesh onto pit walls at two locations, installation of high tensile shear pins and also high reach drilling to install cable bolts to secure a critical ramp.

SRG also provide in cycle cable bolting as required by Mount Rawdon operations and provide Rope Access Technicians as required for specialist tasks including prism installation and scaling. Crews also installed prisms above a new portal at Edna May and also general prism installations at Cowal.

These ground support works are performed to remove or manage rock falls to improve mine safety in open pit mining. All works included the use of specialised rope access techniques to safely access the slope for meshing / prism installation and drilling for the cable bolts.

Additionally to the Geotechnical work, the Products team have been providing cable bolts to Mt Rawdon and Mt Carlton sites which are installed for their ground support works by Evolution.

STRONG BUILDING PERFORMANCE ON EAST COAST

SRG secured over 130 new building contracts during the 2016 financial year valued at over $60M, with a large percentage of these projects located in Queensland and New South Wales.

Two of the key building projects secured in the 2016 financial year include the Parklands Project in Southport, Queensland and Northern Beaches Hospital in Sydney, New South Wales.

PARKLANDS PROJECT

The Parklands Project is a $550 million mixed-use masterplanned development which features 1,252 dwellings with a mix of apartments and townhouses, a retail precinct and green landscaped space built around a 'Village Heart'.

This project is a good example of cross selling between the business streams of Building and Products for SRG. Since works commenced on site in November 2015, SRG have installed over 700 tonnes of post-tensioning as well as approximately 3,500 units of SRG's product SureLok™.

NORTHERN BEACHES PROJECT

Construction of the Northern Beaches Hospital Project commenced in 2015 and is scheduled to open its doors to the public in 2018. The new hospital, which is located in Frenchs Forest in New South Wales, will provide health services for both public and private patients. As well as including 488 hospital beds, the hospital will also include a large integrated emergency department, state-of-the-art intensive care and critical care units and a modern inpatient mental health facility.

SRG were awarded a design and construct contract from CPB Contractors (formerly Leighton) for the post-tensioning design, supply, installation, stressing and grouting.

The hospital building is 9-storeys including a helipad on level eight. Construction of the multi deck carpark with eight levels of post-tensioned slabs has commenced. The total area of post-tensioned slabs in this prominent project will exceed 106,000m^2.

ELIZABETH QUAY BRIDGE COMPLETE

Located on the north shore of the Swan River on the Perth City foreshore, the Elizabeth Quay development is a project delivered by the State Government of Western Australia designed to revitalise Perth and embrace one of the city's best natural assets. Part of the development included the construction of a pedestrian and cyclist bridge, forming an iconic feature of Elizabeth Quay.

The $20M contract to build the unique bridge was awarded to the Decmil, SRG Limited and Hawkins Civil joint venture, operating as DASSH JV (DASSH).

DASSH were responsible for the construction of the 110m long, 20m high double arch, cable stay suspension bridge, the first of its kind in Perth. The bridge provides a link from Williams Landing to the new Island, reinstating the pedestrian and cyclist access from the Narrows Bridge to the Causeway.

Innovative structural engineering and detailed civil infrastructure works were integral to bringing this ambitious architectural design to reality.

The project consisted of four partially immersed concrete piers supporting the pair of inclined arches, in-turn suspending the torsion box bridge deck with 16 cable stays. The arches and bridge deck were fabricated and modulised off site to enable a safer and more efficient installation. Upon delivery to site, the modules were butt welded and painted onsite then lifted into position. The architecturally driven design called for stainless steel cladding, jarrah timber decking, data controlled light installations and seamless sweeping curves to create an iconic landmark to the Elizabeth Quay development.

THE PROJECT PRESENTED MULTIPLE ENGINEERING CHALLENGES, DRAWING ON THE INGENUITY, CREATIVITY AND OUTSIDE-OF-THE-BOX THINKING FROM THE PROJECT TEAM TO DELIVER THIS ICONIC LANDMARK PROJECT.

MAKING THE COMPLEX SIMPLE 113M OFF THE GROUND

SRG's Services team have been performing concrete repair, strengthening and coating works on a 113m tall cooling tower for AGL at the Loy Yang Power Station in Victoria.

The Loy Yang power station is a brown coal-fired thermal power station located in the Latrobe Valley, 165 kilometres south east of Melbourne in Victoria. it is an integral part of Australia's national electricity market and produces enough electricity each year to power over two million Australian homes.

In order to perform the works on the cooling tower, a cradle scaffold system was required to lifted into place by a helicopter. The cradle system enables workers to ascend and descend the tower for the duration of the works.

The majority of the works are being performed at the rim of the tower. Works to this scale have not been completed before on a cooling tower.

SRG's scope includes concrete repair, crack injection, carbon fibre strengthening, water blasting and protective coatings to the entirety of the concrete shell.

The carbon fibre strengthening works involve installation of carbon fibre rods to the top three metres of the circumference of the tower. The cooling tower was shut down for one month at the beginning of the projects so works could be conducted in the basin of the cooling tower. All remaining works are being performed while the cooling tower is operational.

Elevated viaduct construction

SRG DELIVERING 6KM LONG VIADUCT IN QATAR

A key project for our international operations which commenced during FY16 is the Doha Metro Project in Qatar.

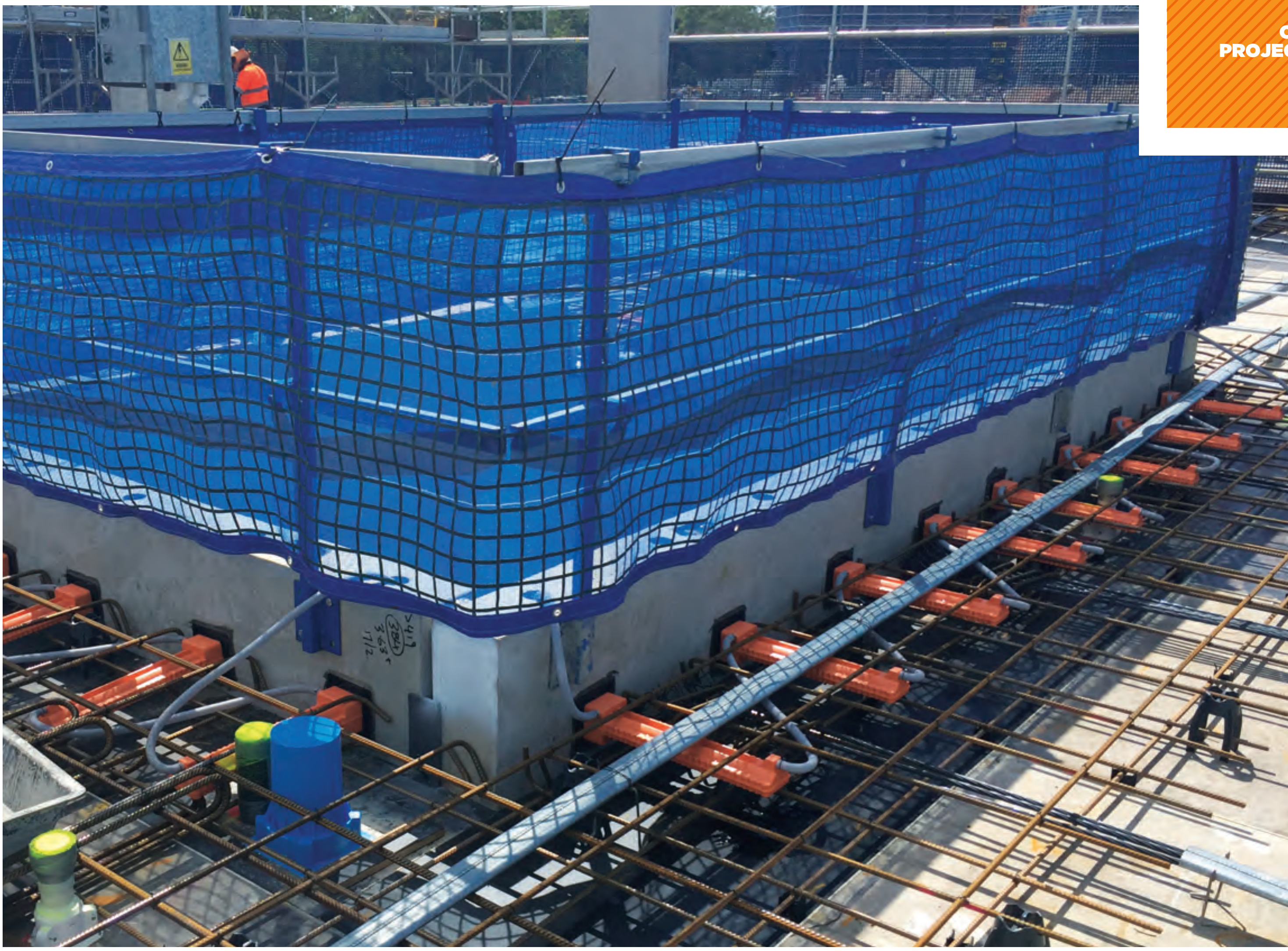
The Doha Metro project involves the construction of a light rail in Qatar. There are three lines associated with phase one of the Doha Metro including the Red Line, Green Line and Gold Line.

SRG are currently performing works on the Red Line project and are responsible for prestressing the precast elements of the six kilometre long elevated viaduct as well as undertaking post-tensioning works to bridges associated with the project.

There are approximately 1,465 tonnes of post-tensioning to be installed in precast segments, pier caps, girders and insitu works. SRG are working on numerous fronts simultaneously, with works in the precast yard ongoing whilst the site works proceed with three separate launching gantries.

Spans are typically 32 metres extending up to 44 metres in length. SRG are constructing up to three complete typical spans with one launching gantry per week.

The post-tensioning works are being delivered in collaboration with BBR-PTE, a wholly owned subsidiary of FCC Construcción, S.A. and a fellow member of the BBR Network of Experts.



DEVELOPING INNOVATIVE SOLUTIONS FOR OUR CUSTOMERS

SRG's Products business underwent an internal restructure during the 2016 financial year. The Products business is a think tank for innovation for SRG and has an exciting pipeline of products which are relative to making the complex simple for our mining and construction customers.

SureLok™ Slab-to-Wall is one of these products, which has now successfully been installed on site.

SureLok™ Slab-to-Wall was conceived and designed to meet specific market demand after the successful launch of the SureLok™ Slab-to-Slab product.

Whilst marketing and presenting the original SureLok™ product to both consultants and builders, the most common feedback was that customers were very happy with the original Slab-to-Slab product however they would ideally like the same product to suit a slab-to-wall connection also.

SRG's innovative products team developed a solution to meet market demand and SureLok™ Slab-to-Wall was introduced to the market.

The final solution involved redesigning the male piece to suit both circumstances of slab-to-wall and slab-to-slab, while incorporating a sacrificial void former at the same time.

The slab-to-wall connection differs from slab-to-slab primarily in the anchor casting foot which is first installed into the wall or precast element with a sacrificial void former. Once the wall formwork is stripped, the sacrificial void former is removed which allows a threaded N24 bar to be screwed into the wall casting foot. The SureLok™ sleeve is then slid over the wall dowel bar, chaired and plumbed to complete the installation process.

The first SureLok™ Slab-to-Wall product was installed at Bunnings Kingsgrove in New South Wales. The application required SureLok™ to withstand high lateral earth pressures in combination with the typical vertical loads. SureLok™ was chosen for its reliability, simplicity and economy.

Over 4,000 SureLok™ Slab-to-Wall units have also been incorporated into nine multi-level accommodation buildings within the $550 million Parklands Project on the Gold Coast. The units were installed into more than 2,000 precast panels, with the final installation completed by SRG's building division who are responsible for the post-tensioning on the project.

DIRECTORS' REPORT

Introduction

The Directors present their report on the consolidated entity consisting of SRG Limited ABN 57 006 413 574 ("SRG" or "Company") and the entities it controlled ("consolidated entity" or "Group") for the year ended 30 June 2016 and the independent audit report thereon.

Principal activities

During the financial year, the principal activities of the consolidated entity were drilling and ground control services, engineering, remedial and construction contracting and manufacture of post-tensioning components.

Operating and financial review

A summary of the consolidated revenues and results is as follows:

Results for the year	2016 $'000	2015 $'000
Revenue	178,007	172,259
Construction and servicing costs	(151,207)	(146,576)
Other expenses	(11,856)	(10,980)
EBITDA Continuing Operations	**14,944**	**14,703**
Depreciation and amortisation expense	(5,404)	(7,954)
Finance costs	(309)	(711)
Settlement of Eastern Treatment Plant dispute (net)	-	(3,530)
Profit before income tax	**9,231**	**2,508**
Income tax expense attributable to profit	(3,033)	(899)
Profit attributable to the members of SRG Limited	**6,198**	**1,609**

For details, refer to the Managing Director's report on pages 9 to 11.

Directors

The following persons were directors of SRG Limited during the financial year and until the date of this report:

Peter J McMorrow

David W Macgeorge

Peter J Brecht

Michael W Atkins

Robert W Freedman

Company Secretary

Roger Lee is a qualified Certified Practising Accountant and has over 20 years of experience in senior and executive management in Australia. During his time at Broad Group Holdings and Leighton, Roger held various executive roles including Director/CFO, and subsequently Managing Director at Broad.

Information on Directors of SRG Limited

Michael W Atkins - Director
Appointed 9 September 2014
Interest in Shares: 100,000 Held by Atkins Superannuation Fund
Options to acquire 200,000 ordinary shares.

Michael is a Fellow of the Australian Institute of Company Directors. Since February 2009 Michael has been a Director - Corporate Finance at Patersons Securities Limited and is currently Non-Executive Chairman of Australian listed companies Legend Mining Ltd (since February 2003) and Azumah Resources Ltd (since October 2009) as well as a Director of Perth Theatre Company.

Peter J Brecht - Director
Appointed 4 September 2014
Interest in Shares: 514,311 Held by Peter Brecht Superannuation Fund
Options to acquire 200,000 ordinary shares.

Peter was previously the Managing Director - Construction Australia for Lend Lease, CEO of Bilfinger Berger Australia and Managing Director of Abigroup. Peter has more than 35 years experience in the construction industry.

Peter is a Board member of SMC (Sydney Motorway Corporation) (since October 2015) and Fulton Hogan Limited (since November 2013). He has been a Member of the Australian Institute of Company Directors since 2000.

Robert W Freedman - Director
Director since 1985
Interest in Shares: 1,099,136 Held by Freedman Superannuation Fund
Options to acquire 200,000 ordinary shares.

Robert has been a Director since 1985, Managing Director 1998 to 2008 and Chairman from 2009 to 2014. He is a member of the Institution of Engineers Australia, Post Graduate Diploma in Business Administration (W.A.I.T).

There are no other listed companies of which Robert has served as a director during the last three years.

David W Macgeorge - Managing Director
Director since 12 May 2014
Interest in Shares: 366,000 Held personally
Options to acquire 500,000 ordinary shares

David has extensive Senior Executive experience in contracting, logistics, infrastructure and mining service industries and has a strong record of leading business transformations, value creation and growth through a unique understanding of strategy, customer focus and shareholder returns. David holds a Bachelor of Business in Marketing and has completed the Senior Executive Management program at INSEAD Business School in France.

Peter J McMorrow - Chairman
Director since 2010, member of the SRG Remuneration Committee
Interest in Shares: 3,866,608 Held by The McMorrow Superannuation Fund
Options to acquire 400,000 ordinary shares.

Peter has been a Director since 2010 and Chairman since July 2014. Peter was Managing Director of Leighton Contractors from 2004 until September 2010. Under his guidance, Leighton Contractors expanded considerably with turnover increasing to over $5 billion and the workforce increasing fourfold to approximately 10,000 employees.

Peter has over 35 years project and executive experience and is a respected leader in the infrastructure and resources industries. Encompassing a wide variety of large and complex infrastructure projects both overseas and within Australia, his industry knowledge extends to all facets of engineering, project identification, winning and delivery as well as management of dynamic, profitable and long lasting business operations. Mr McMorrow is an advocate for safety and health, with a vision to create and sustain an industry where no one is harmed.

There are no other listed companies of which Peter has served as a director of during the last three years.

Directors attendance at meetings	SRG Board		Audit Committee		Remuneration, Nomination and Benefits Committee	
	Held	Attended	Held	Attended	Held	Attended
M W Atkins	11	10	4	4	-	-
P J Brecht	11	11	-	-	4	4
R W Freedman	11	11	4	4	-	-
D W Macgeorge	11	11	-	-	-	-
P J McMorrow	11	11	-	-	4	4

Remuneration Report (Audited)

The Directors present the remuneration report for the year ending 30 June 2016. The information provided in this remuneration report has been audited as required by section 308(3c) of the *Corporations Act 2001*.

Key Management Personnel have authority and responsibility for planning, directing, and controlling the activities of the Company and the Group. Key Management Personnel comprise the Directors of the Company, the Chief Financial Officer and the Executive General Managers of the Company and the Group.

1. Board Policy on Remuneration

The Board has adopted a policy that remuneration will:

- Encourage Executives to improve SRG's overall performance and to enhance shareholder value
- Motivate Executives by providing the opportunity to be rewarded for the achievement of financial performance and safety outcomes
- Reward superior performance
- Ensure remuneration is competitive by market standards
- The Board has appointed a Remuneration Committee, comprising Mr Brecht (Non-Executive Director) as Chairman, and Mr McMorrow (Chairman). The Remuneration Committee is charged with determining the remuneration levels for Non-Executive Directors (subject to shareholder approval), the Managing Director and members of the Executive Committee. They are also charged with approving the Short and Long Term Incentive Scheme for the business.

2. Remuneration Strategy and Structure

SRG drives a strong performance-based approach to remuneration and reward for Executives. The Company aims to provide a competitive reward proposition, targeted at attracting, motivating and retaining the most appropriately qualified and experienced individuals.

The Company's policy for determining the nature and amount of remuneration of Board and Senior Executives of the Company is as follows:

- The remuneration level of the Managing Director attributable to the 2016 financial year was evaluated and approved by the Remuneration Committee. His remuneration package takes into account factors such as experience, qualification and performance.
- The remuneration levels of the members of the Executive Committee reporting to the Managing Director attributable to the 2016 financial year was submitted by the Managing Director to the Remuneration Committee for approval. Remuneration packages are structured such that the Group is able to attract and retain personnel with the expertise and ability to create value for shareholders.
- The remuneration level of Non-Executive Directors is reviewed and approved by the Remuneration Committee on an annual basis within the aggregate amount of Non-Executive Directors' fees of $500,000 approved by shareholders at the 2012 Annual General Meeting.
- In 2015, the Remuneration Committee sought advice and provision of market data in relation to Chairman and Non-Executive Director remuneration from Hay Group at a fee of $4,350. The Chairman and Non-Executive Director's remuneration was reviewed in line with the recommendation.

Both independent external advice and internal advice may be sought as required to assist the Remuneration Committee in determining appropriate remuneration arrangements for the Key Management Personnel. This includes the remuneration levels of comparable positions within other public companies. None such advice for Key Management Personnel was sought for the year ended 30 June 2016.

The following summarises the mix of reward elements for the Non-Executive Directors and Senior Executives:

Elements of remuneration		**Directors**		**Executive General Management**
		Non-Executive	**Managing Director**	
Fixed remuneration	Cash Salary	✗	✓	✓
	Cash fees	✓	✗	✗
	Superannuation	✓	✓	✓
	Other benefits[1]	✓	✓	✓
Short term incentives	Cash	✗	✓	✓
Long term incentives	Equity	✓	✓	✓
Post employment	Termination payments	✗	✓	✓

[1] Other benefits include motor vehicles lease payments, running costs, allowances and Fringe Benefits Tax.

3. Key Management Personnel (KMP)

In addition to the Non-Executive Directors, the following are the members of the Executive Committee who are included in the Key Management Personnel and to whom this report applies.

Elements of remuneration	
D Macgeorge	Managing Director
R Lee	Chief Financial Officer and Company Secretary
J Thomas	Executive General Manager Products, Mining and Services
M Palmer	Executive General Manager Construction (until 5 June 2016)
M Clarke	Executive General Manager International (appointed 30 May 2016)

4. Executive Remuneration

4.1 Fixed Remuneration

Fixed remuneration comprises cash salary and superannuation contributions.

The remuneration of Senior Executives is market based and has regard to remuneration levels that apply to similar positions in comparable companies and the performance of the executive during the year.

4.2 Short-term incentive plan

Managing Director

David Macgeorge has been granted a short term incentive (STI) award of up to a maximum of 100% of bonus base which is 80% of Total Fixed Remuneration depending on the achievement of targets to be agreed with the board. For details, refer to Note 5 of the Remuneration Report.

General Scheme

The Managing Director, upon achievement of PBT target for the Group, submits his recommendation to the Board for approval in line with the approved incentive plan.

4.3 Long-term incentive plan (LTI)

Managing Director

No additional share options or performance rights were issued for financial year 2016. On 30 June 2014, shareholders approved a grant of 500,000 options in a single tranche which will vest on and be capable of exercise from 31 July 2016. The exercise price of the options is 83.5 cents a share and the options will expire on 30 June 2018.

On 19 November 2014, shareholders approved performance rights as follows:

- Tranche 1 - 250,000 Performance Rights, for the Performance period ending on 30 June 2016
- Tranche 2 - 250,000 Performance Rights, for the Performance period ending on 30 June 2017
- Tranche 3 - 250,000 Performance Rights, for the Performance period ending on 30 June 2018

Senior Executives

A total of 600,000 options approved by shareholders on 18 February 2015 were granted to the senior executives. These options will vest on and be capable of exercise from 31 July 2016. The exercise price of the options is 83.5 cents a share and the options will expire on 30 June 2018. During the year, a Senior Executive left the organisation. The performance conditions require that the Senior Executive be employed in order for options to be exercised. As such, 200,000 options have now lapsed. As at 30 June 2016, 400,000 options are exercisable from 31 July 2016.

A total of 200,000 options were granted to a Senior Executive on 30 May 2016. These options will vest on and be capable of exercise from 30 May 2018. The exercise price of the options is 73 cents a share and the options will expire on 30 May 2020.

Performance Rights were issued to the senior executives as follows:

- Tranche 1 - 200,000 Performance Rights, for the Performance period ending 30 June 2016, granted on 19 November 2014
- Tranche 2 - 300,000 Performance Rights, for the Performance period ending 30 June 2017, granted on 19 November 2014
- Tranche 3 - 300,000 Performance Rights, for the Performance period ending 30 June 2018, granted on 19 November 2014
- Tranche 4 - 100,000 Performance Rights, for the Performance period ending 30 June 2019, granted on 30 May 2016

Chairman and Non-Executive Directors

No additional share options or performance rights were issued for financial year 2016. On 19 November 2014, shareholders approved the grant of 1,000,000 options in a single tranche for the Chairman and Non-Executive Directors which will vest on and be capable of exercise from 31 July 2016. The exercise price is 82.7 cents and the options will expire on 19 November 2018.

5. Company performance – the link to reward

The Board's policy is to align executive reward to the performance of the Company. To achieve this, the "at risk" element is directly linked to achieving business results.

5.1 Company Financial Performance

The following table provides details of the financial performance of the Company over the past five financial years:

Measure	Financial Year				
	2016	2015	2014	2013	2012
Revenue ($'000)	178,007	172,259	223,125	271,172	280,478
Operating profit from continuing operations before tax ($'000)	9,231	6,038	2,105	3,220	10,697
Profit after tax ($'000)	6,198	1,609	1,267	3,218	7,996
Total dividend per share paid (cents)	2.5	3.5	4.5	4.0	5.0
Share price ($)	0.98	0.64	0.57	0.32	0.71
Earnings per share (cents)	9.84	2.56	2.01	5.09	12.52

5.2 Short term incentive plan

The short term incentive plan is based on achieving Net Profit Before Tax ("NPBT") and is ultimately at the discretion of the Board. The budget NPBT is determined in the business plan for the financial year. Participants in this plan include the Managing Director and the key management personnel and other employees as recommended by the Managing Director and approved by the Remuneration and Benefits Committee.

5.3 Long term incentive plan

The Company's earnings per share (EPS) performance will be the measure over the relevant performance period to determine vesting of the Performance Rights. Details of Performance Rights granted are as follows:

Performance Rights Vesting	EPS Performance Over Relevant Performance Period			
	Tranche 1 30 June 2016	Tranche 2 30 June 2017	Tranche 3 30 June 2018	Tranche 4 30 June 2019
0% vesting	Between 6.56 cents (threshold target) and 8.19 cents per share	Between 9.84 cents (threshold target) and 11.06 cents per share	Between 12.30 cents (threshold target) and 13.83 cents per share	The EPS performance for this tranche is yet to be agreed upon
Pro-rata vesting between 50% and 100%	Between 8.20 cents and 9.84 cents (stretch target) per share	Between 11.07 cents and 12.30 cents (stretch target) per share	Between 13.84 cents and 15.38 cents (stretch target) per share	
100%	9.85 cents or higher	12.31 cents or higher	15.39 cents or higher	

6. KMP Service Contact Details

Members of the Executive Committee receive termination payments in accordance with statutory requirements. The termination notice periods for the current members of the Executive Committee are summarised in the below table.

Name	Notice period by SRG	Notice period by Executive
D Macgeorge	6 months	6 months
R Lee	6 months	6 months
J Thomas	3 months	3 months
M Clarke	3 months	3 months

Non-Executive Director Remuneration

The remuneration of Non-Executive Directors is determined by the full Board, within a maximum amount approved by shareholders in a general meeting and with regard to the level of fees paid to Non-Executive Directors by other companies of similar size.

In the last financial year, the Board paid $425,588 of this amount as Non-Executive Director remuneration - see 7.1 below.

Non-Executive Director's fees were reviewed in 2015 in line with market data in relation to Chairman and Non-Executive Directors by Hay Group. Prior to this review, Non-Executive Director fees had not been reviewed since 2009. Non-Executive Directors are not entitled to retirement benefits other than statutory superannuation or other statutory required benefits. The Chairman does not receive fees for his role on the Remuneration, Nomination and Benefits Committee. Non-Executive Director fees (excluding superannuation) are comprised as follows:

Non-Executive Director Fees

- Chairman of the Board $150,000
- Non-Executive Director $70,000
- Chairman of the Audit Committee $12,500
- Member of the Audit Committee $7,000
- Chairman of the Remuneration, Nomination and Benefits Committee $10,000
- Member of the Remuneration, Nomination and Benefits Committee $6,000
- Statutory superannuation of 9.5%
- There is no element of Non-Executive Director fees contingent on performance.

In 2016, SRG engaged Peter McMorrow on a consultancy basis to provide advice outside the scope of his role as Chairman. This consultancy primarily covers advice on:

- Assisting in the assessment of potential M&A opportunities
- Assisting with the development of the Hong Kong business
- Expansion and development of other international operations

7. Details of remuneration

7.1 Directors' and Senior Executives' remuneration

		Short term employee benefits				Long term employee benefits [2]	Post employment benefits	Share based payments [3]	Total	Bonus
		Salary	Bonus [1]	Other Benefits	Termination Benefits		Superannuation	Options & Performance Rights		
Directors		**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**%**
M W Atkins Director (Non-Executive)	**2016**	**70,000**	**-**	**12,500**	**-**	**-**	**7,588**	**15,939**	**106,027**	**-**
	2015	48,615	-	8,621	-	-	4,618	4,865	66,719	-
P J Brecht Director (Non-Executive)	**2016**	**70,000**	**-**	**10,000**	**-**	**-**	**7,600**	**15,939**	**103,539**	**-**
	2015	45,000	-	6,667	-	-	4,908	4,865	61,440	-
R W Freedman Director (Non-Executive)	**2016**	**70,000**	**-**	**7,000**	**-**	**-**	**6,650**	**15,939**	**99,589**	**-**
	2015	60,000	-	33,848	-	-	5,700	4,865	104,413	-
D W Macgeorge Managing Director	**2016**	**578,081**	**400,000**	**-**	**-**	**29,692**	**30,183**	**217,335**	**1,255,291**	**32%**
	2015	560,903	-	-		29,188	25,435	19,853	635,379	-
P J McMorrow [4] Chairman	**2016**	**150,000**	**-**	**105,000**	**-**	**-**	**14,250**	**33,648**	**302,898**	**-**
	2015	120,000	-	-	-	-	11,400	9,730	141,130	-
Total Remuneration Directors	**2016**	**938,081**	**400,000**	**134,500**	**-**	**29,692**	**66,271**	**298,800**	**1,867,344**	
	2015	834,518	-	49,136	-	29,188	52,061	44,178	1,009,081	
Senior Executives		**$**	**$**	**$**		**$**	**$**	**$**	**$**	**%**
R Lee Chief Financial Officer / Company Secretary	**2016**	**412,464**	**250,000**	**-**	**-**	**22,829**	**18,843**	**89,184**	**793,320**	**32%**
	2015	324,105	-	-	-	23,290	29,798	4,865	382,058	-
M Palmer [5] Executive General Manager Construction	**2016**	**383,292**	**64,726**	**-**	**178,890**	**-**	**27,207**	**14,763**	**668,878**	**10%**
	2015	206,300	-	-	-	21,635	10,044	4,865	242,844	-
J Thomas Executive General Manager Products, Mining and Services	**2016**	**346,944**	**67,562**	**-**	**-**	**21,750**	**22,285**	**89,184**	**547,725**	**12%**
	2015	249,104	-	-	-	22,582	23,665	4,865	300,216	-
M Clarke [6] Executive General Manager International	**2016**	**33,795**	**-**	**5,501**	**-**	**3,743**	**-**	**2,911**	**45,950**	**-**
	2015	-	-	-	-	-	-	-	-	-
Total Remuneration Executives	**2016**	**1,176,495**	**382,288**	**5,501**	**178,890**	**48,322**	**68,335**	**196,042**	**2,055,873**	**-**
	2015	779,509	-	-	-	67,507	63,507	14,595	925,118	-

(1) Bonuses relate to short term incentives. All bonuses disclosed above are paid for the 2015 financial year. No bonuses were forfeited.

(2) Long term benefits include, where applicable, movements in annual leave and long service leave accruals

(3) Values disclosed represents the portion of the options' and performance rights fair value that were recognised as an expense in the relevant reporting period.

(4) Peter McMorrow's other benefits relate to consultation fees for advice outside scope of his role as Chairman. Please refer to Note 6 of Remuneration Report for details.

(5) Until 5 June 2016.

(6) Commenced 30 May 2016. Mike Clarke's other benefits include an accommodation allowance.

7.2 Shares held by Key Management Personnel

The following table provides details of the shares held by Key Management Personnel:

	Balance 01/07/2015	Received as remuneration	Number of ordinary shares on exercise of options	Net Change [(1)]	Balance 30/06/2016
Directors					
M W Atkins	90,000	-	-	10,000	100,000
P J Brecht	339,311	-	-	175,000	514,311
R W Freedman	1,099,136	-	-	-	1,099,136
D W Macgeorge	366,000	-	-	-	366,000
P J McMorrow	3,376,608	-	-	490,000	3,866,608
Senior Executives					
R Lee	200,000	-	-	100,000	300,000
J Thomas	151,106	-	-	49,800	200,906
M Palmer [(2)]	-	-	-	500,000	500,000
M Clarke [(3)]	-	-	-	-	-
Total	**5,622,161**	**-**	**-**	**1,324,800**	**6,946,961**

(1) Net change represents on-market purchases and disposal of shares and holdings.

(2) Until 5 June 2016

(3) Commenced 30 May 2016

7.3 Options

Options granted as remuneration

	Balance 01/07/2015	Grant Details			Exercised		Lapsed		Balance 30/06/2016
		Issue Date	No.	Value $	No.	Value $	No.	Value $	
Directors									
M W Atkins [(1)]	200,000	19/11/2014	200,000	30,000	-	-	-	-	200,000
P J Brecht [(1)]	200,000	19/11/2014	200,000	30,000	-	-	-	-	200,000
R W Freedman [(1)]	200,000	19/11/2014	200,000	30,000	-	-	-	-	200,000
D W Macgeorge [(1)]	500,000	30/06/2014	500,000	75,000	-	-	-	-	500,000
P J McMorrow [(1)]	400,000	19/11/2014	400,000	60,000	-	-	-	-	400,000
Senior Executives									
R Lee [(1)]	200,000	18/02/2015	200,000	30,000	-	-	-	-	200,000
J Thomas [(1)]	200,000	18/02/2015	200,000	30,000	-	-	-	-	200,000
M Palmer [(1)] [(2)]	200,000	18/02/2015	200,000	30,000	-	-	200,000	30,000	-
M Clarke [(3)]	-	30/05/2016	200,000	68,000	-	-	-	-	200,000
Total	**2,100,000**			**383,000**	**-**	**-**	**200,000**	**30,000**	**2,100,000**

- The options have been granted subject to continued employment with SRG Limited until 31 July 2016.
- The fair value of options granted as remuneration and as shown in the above table has been determined in accordance with Australia Accounting Standards and will be recognised as an expense over the relevant vesting period to the extent that conditions necessary for vesting are satisfied.

(1) The fair value per option is 15 cents

(2) Until 5 June 2016

(3) Commenced 30 May 2016. The fair value per option is 34 cents

	Balance at end of year No.	Vested Exercisable No.	Vested Unexercisable No.	Vested Total at end of year No.	Unvested Total at end of year No.
Directors					
M W Atkins	200,000	-	-	-	200,000
P J Brecht	200,000	-	-	-	200,000
R W Freedman	200,000	-	-	-	200,000
D W Macgeorge	500,000	-	-	-	500,000
P J McMorrow	400,000	-	-	-	400,000
Senior Executives					
R Lee	200,000	-	-	-	200,000
J Thomas	200,000	-	-	-	200,000
M Clarke	200,000	-	-	-	200,000

Description of options issued as remuneration

Details of the options granted as remuneration to those KMP listed in the previous table are as follows:

Grant Date	Issuer	Entitlement on exercise	Dates exercisable	Exercise price $	Value per option at grant date $	Amount paid / payable by recipient
30/06/2014	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/06/2018	0.835	0.15	-
19/11/2014	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/06/2018	0.827	0.15	-
18/02/2015	SRG Limited	1:1 ordinary shares in SRG	From 31/07/2016 to 30/06/2018	0.835	0.15	-
30/05/2016	SRG Limited	1:1 ordinary shares in SRG	From 30/05/2018 to 30/05/2020	0.73	0.34	-

(1) Option values at grant date were determined using the Black-Scholes method.

This ends the audited remuneration report.

Dividends

Dividends paid or declared by the Company to members since the end of the previous year were:

	Cents per share	Total amount $	Date of payment
Declared and paid during the year			
Final dividend 2015	0.5	314,798	16/10/2015
Interim dividend 2016	2.0	1,259,184	20/04/2016
		1,573,982	

The Directors resolved to declare a fully franked final dividend of 6 cents for the year. Record date for determining entitlement is 16 September 2016 and the dividend is payable on 14 October 2016.

Significant changes in state of affairs

There was no significant change in the state of affairs on the Group during the 2016 financial year.

Likely Developments

For information on likely developments, refer to the Managing Director's report.

Matters subsequent to the end of the financial year

No other matters or circumstances have arisen since the end of this financial year which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the consolidated group in the future financial years.

Non-audit services

The Board of Directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The Directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with *APES110: Code of Ethics* for Professional Accountants set by the Accounting Professional & Ethical Standards Board.

The following fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2016:

	2016 $	2015 $
Taxation services	28,468	28,000
Due diligence services	36,820	-

Directors' and auditor's indemnification

Under the Constitution of SRG Limited the Directors, Auditors, Company Secretary and all other Officers of the Company when acting in those capacities are indemnified to the extent permitted by law for liability incurred in defending any proceeding in which judgement is given in his favour or in which he is acquitted or in any application under the Corporations Law in which relief is granted to him by the Court in respect of any negligence, default, breach of duty or breach of trust.

No person has applied for leave of a Court to bring proceedings on behalf of the Company or to intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of these proceedings.

During the financial year the Company has paid insurance premiums in respect of Directors and Officers Liability and Legal Expenses Insurance contracts, for current Directors and Officers, including Executive Officers of the Company and Directors, Executive Officers and Secretaries of its controlled entities. The insurance premiums relate to:

- costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- other liabilities that may arise from their position, with the exception of conduct involving a wilful breach of duty or improper use of information or position to gain a personal advantage.

The insurance policies outlined above do not allocate the premiums paid to each individual Officer of the Company.

Environmental Regulation

The Group's operations are subject to significant environmental regulation under international, Federal and State legislation.

The Company has systems in place to manage its environmental obligations within its construction and mining activities. The Directors are not aware of any breaches of environmental regulations and any specific site environmental requirements during the year.

Corporate Governance

The SRG Limited Board of Directors ("Board") believes that good corporate governance is essential in ensuring integrity and creating sustainable value for its shareholders. The Board endorses the 3rd edition of the Australian Securities Exchange Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments originally issued by the ASX Corporate Governance Council in August 2007.

For further information on corporate governance policies adopted by SRG Limited, refer to our website:

http://www.srglimited.com.au/about-us/corp-governance.html

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found attached to this Director's report.

Options

At the date of this report, the unissued ordinary shares of SRG Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under option
30/06/2014	30/06/2018	$0.835	500,000
19/11/2014	19/11/2018	$0.827	1,000,000
18/02/2015	30/06/2018	$0.835	1,360,000
30/05/2016	30/05/2020	$0.73	200,000

Option holders do not have any rights to participate in any issues of shares or other interests in the Company or any other entity. There have been no options granted over unissued shares or interests of any controlled entity within the Group during or since the end of the reporting period.

For details of options issued to directors and executives as remuneration, refer to the remuneration report.

During the year ended 30 June 2016, no options were exercised.

Rounding of Amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, amounts in the financial report and Director's report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a Resolution of the Board of Directors and is signed for and on behalf of the Directors.

Dated 29 August 2016.

P J McMorrow

D W Macgeorge

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF SRG LIMITED AND CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the year ended 30 June 2016 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

— no contraventions of any applicable code of professional conduct in relation to the audit.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N.S. BENBOW
Director
Dated this 29th day of August 2016

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Telephone: +61 3 9824 8555
williambuck.com

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended 30 June 2016

	Note	SRG GROUP 2016 $'000	2015 $'000
Revenue	2	178,007	172,259
Construction and servicing costs		(151,207)	(146,576)
Depreciation and amortisation expense	3 (a)	(5,404)	(7,954)
Finance costs	3 (a)	(309)	(711)
Settlement of Eastern Treatment Plant dispute (net)	3 (b)	-	(3,530)
Other expenses		(11,856)	(10,980)
Profit before income tax expense		**9,231**	**2,508**
Income tax expense	4	(3,033)	(899)
Profit attributable to member of the parent entity		**6,198**	**1,609**

Earnings per share for profit attributable to the ordinary equity holders of the Company		**Cents**	**Cents**
Basic and diluted earnings per share (cents)	8	9.84	2.56

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2016

	Note	SRG GROUP 2016 $'000	2015 $'000
Profit for the year		6,198	1,609
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation gain on land and buildings, net of tax		-	674
Items that will be reclassified to profit or loss			
Exchange differences arising on translation of foreign operations		85	556
Other comprehensive income for the year (net of tax)		**85**	**1,230**
Total comprehensive income for the year attributable to member of the parent entity		**6,283**	**2,839**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2016

	Note	SRG GROUP 2016 $'000	2015 $'000
Current assets			
Cash and cash equivalents	22 (a)	21,860	29,326
Trade and other receivables	9	33,235	27,827
Inventories	10	16,645	13,001
Other current assets		653	132
Current tax assets	16 (b)	-	1,358
		72,393	**71,644**
Assets classified as held for sale	12	4,056	-
Total current assets		**76,449**	**71,644**
Non-current assets			
Property, plant and equipment	12	21,997	26,610
Intangible assets	13	22,966	19,439
Deferred tax assets	16 (b)	4,040	4,151
Total non-current assets		**49,003**	**50,200**
Total assets		**125,452**	**121,844**
Current liabilities			
Trade and other payables	14	28,089	28,502
Financial liabilities	15	2,411	5,516
Current tax liability	16 (a)	2,175	-
Short term provisions	17	7,280	7,778
Total current liabilities		**39,955**	**41,796**
Non-current liabilities			
Financial liabilities	15	1,217	1,393
Deferred tax liabilities	16 (a)	1,401	1,622
Long term provisions	17	1,972	1,510
Total non-current liabilities		**4,590**	**4,525**
Total liabilities		**44,545**	**46,321**
Net assets		**80,907**	**75,523**
Equity			
Issued capital	18	40,477	40,477
Reserves	19	2,759	2,000
Retained earnings		37,671	33,046
Total equity		**80,907**	**75,523**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2016

	Note	Share Capital Ordinary $'000	Retained Earnings $'000	Share-Based Payment Reserve $'000	Asset Revaluation Surplus $'000	Foreign Currency Translation Reserve $'000	Total $'000
Balance at 30/06/2014		**40,477**	**33,641**	**-**	**1,835**	**(1,150)**	**74,803**
Profit attributable to members of parent entity		-	1,609	-	-	-	1,609
Other comprehensive income:							
- Revaluation gain on land and buildings		-	-	-	674	-	674
- Translation adjustment on controlled foreign entities' financial statements		-	-	-	-	556	556
Total comprehensive income		**-**	**1,609**	**-**	**674**	**556**	**2,839**
Transaction with owners as owners:							
- Dividends paid or provided for		-	(2,204)	-	-	-	(2,204)
- Share based payments		-	-	85	-	-	85
Balance at 30/06/2015		**40,477**	**33,046**	**85**	**2,509**	**(594)**	**75,523**
Profit attributable to members of parent entity		-	6,198	-	-	-	6,198
Other comprehensive income:							
- Translation adjustment on controlled foreign entities' financial statements		-	-	-	-	85	85
Total comprehensive income		**-**	**6,198**	**-**	**-**	**85**	**6,283**
Transactions with owners as owners:							
- Dividends paid or provided for		-	(1,573)	-	-	-	(1,573)
- Share based payments		-	-	674	-	-	674
Balance at 30/06/2016		**40,477**	**37,671**	**759**	**2,509**	**(509)**	**80,907**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2016

		SRG GROUP	
	Note	2016 $'000	2015 $'000
Cash flows from operating activities			
Cash receipts in the course of operations		186,546	187,071
Cash payments in the course of operations		(173,372)	(171,185)
Cash receipts / (payments) in relation to Eastern Treatment Plant settlement (net)		(9,750)	4,838
Interest received		375	666
Finance costs		(309)	(711)
Income tax received / (paid)		389	(2,151)
Net cash provided by (used in) operating activities	**22 (b)**	**3,879**	**18,528**
Cash flows from investing activities			
Payments for property, plant and equipment		(2,293)	(2,001)
Proceeds from sale of property, plant and equipment		565	160
Payment for business acquisition (net of cash acquired)		(2,113)	-
Net cash provided by (used in) investing activities		**(3,841)**	**(1,841)**
Cash flows from financing activities			
Repayment of borrowings		(5,510)	(7,998)
Dividends paid by parent entity		(1,573)	(2,204)
Net cash provided by (used in) financing activities		**(7,083)**	**(10,202)**
Net increase (decrease) in cash and cash equivalents held		**(7,045)**	**6,485**
Effect of exchange rates on cash and cash equivalent holdings		(421)	71
Cash and cash equivalents at beginning of financial year		29,326	22,770
Cash and cash equivalents at end of financial year	**22 (a)**	**21,860**	**29,326**

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

Note 1. Statement of significant accounting policies

The financial statements include the consolidated financial statements and notes of SRG Limited and its controlled entities ('Consolidated Group', or 'Group'). The separate financial statements of the parent entity, SRG Limited, have not been presented within this financial report as permitted by the *Corporations Act 2001*. The Group is a for-profit entity for the purpose of preparing the financial statements and is primarily involved in engineering, mining and construction contracting. This note provides all significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements were authorised for issue by the Board of Directors on the date of signing the accompanying Directors' Declaration.

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board and International Financial Reporting Standards as issued by the International Accounting Standards Board and the *Corporations Act 2001*.

The financial statements have been prepared on an accruals basis with the exception of cash flow information, and are based on historical costs, modified, where applicable, by the measurement, at fair value of selected non-current assets, financial assets and financial liabilities.

Accounting policies

(a) Principles of Consolidation

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Changes in ownership interests

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture 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 interest in a joint venture or an associate is reduced but joint control or significant influent is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Note 1. Statement of significant accounting policies (continued)

(c) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to the profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when the tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where the amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted, or substantially enacted as at the end of the reporting period. Their measurement also reflects the manner in which the management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments, subsidiaries, branches, associates and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set-off exists, the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax Consolidation

SRG Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. SRG Limited is responsible for recognising the current and deferred tax assets and liabilities for the tax consolidated group. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated group has not entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(d) Fair value of assets and liabilities

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly (i.e. unforced) transaction between market participants at the measurement date. It assumes that the transaction will take place either in the principle market or in the absence of a principle market, in the most advantageous market.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market date (unobservable inputs).

(e) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost includes direct materials, direct labour, other direct variable costs and allocated production overheads necessary to bring inventories to their present location and condition, based on normal operating capacity of the production facilities.

Manufacturing activities

The cost of manufacturing inventories and work-in-progress are assigned on a weighted average basis. Costs arising from exceptional wastage are expensed as incurred.

Note 1. Statement of significant accounting policies (continued)

(f) Construction Contracts and Work in Progress

Construction work in progress is valued at cost, plus profit recognised to date less any provision for anticipated future losses. Cost includes both variable and fixed costs relating to specific contracts, and those costs that are attributable to the contract activity in general and that can be allocated on a reasonable basis. Where progress billings exceed costs incurred plus recognised profits, the difference is presented as billings in advance under trade and other payables.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date as compared to expected actual costs. Where losses are anticipated they are provided for in full.

Construction revenue has been recognised on the basis of the terms of the contract adjusted for any variations or claims allowable under the contract.

For disclosure purposes, construction contracts and work in progress are included in inventories.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Property

Freehold land and buildings are shown at their fair value (being the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction), based on periodic valuations, less subsequent depreciation for buildings.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation surplus in equity. Decreases that offset previous increments of the same asset are charged against the revaluation reserve to the extent available. All other decreases are charged to the statement of profit or loss.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the re-valued amount of the asset.

Plant and equipment

Plant and equipment are measured on the cost basis less accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The cost of fixed assets constructed or internally generated within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Depreciation on major mining equipment is calculated on machine hours worked over their estimated useful life. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of fixed asset	Depreciation rate
Buildings	2.5%
Leasehold improvements	28.0%
Plant and equipment	10.0% - 33.3%
Financed assets	
- Plant and equipment	15.0% - 25.0%
- Mining equipment	25.0% - 30.0%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater that it's estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When re-valued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to the retained earnings.

Note 1. Statement of significant accounting policies (continued)

(h) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership that are transferred to entities in the consolidated group are classified as finance leases.

Finance leases are capitalised by recording an asset and a liability at the lower of the amounts equal to the fair value of the leased property or the present value of the minimum lease payments, including any guaranteed residual values. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the period.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(i) Financial Instruments

Initial Recognition and Movement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted)

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case the transaction costs are expensed to profit or loss immediately.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at amortised cost using the effective interest rate method.

Amortised cost is calculated as:

The amount at which the financial asset or financial liability is measured at initial recognition;

- less principal repayments
- plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest rate method
- less any reduction for impairment.

The effective interest rate method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

Impairment

At the end of each reporting period, the group assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of profit or loss. Impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(j) Impairment of Non-Financial Assets

At the end of each reporting period, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of profit or loss.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives, or more frequently if facts or circumstances indicate a possible impairment.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Note 1. Statement of significant accounting policies (continued)

(k) Goodwill

Goodwill and goodwill on consolidation are initially recorded at the amount by which the purchase price for a business combination exceeds the fair value attributed to the interest in the net fair value of identifiable assets, liabilities and contingent liabilities at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is tested annually for impairment or more frequently if the facts or circumstances indicate a potential impairment and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

(l) Foreign Currency Transactions and Balance

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the statement of comprehensive income, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the statement of comprehensive income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period,
- Income and expenses are translated at average exchange rates for the period, and
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the statement of financial position. These differences are recognised in the statement of profit or loss, in the period in which the operation is disposed.

(m) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(n) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(o) Employee Benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided, and are recognised for the amount expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised.

Long-term employee benefits

The liabilities for long service leave and annual leave that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy any vesting requirements. Those cash flows are discounted using market yields on corporate bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Equity-settled compensation

The Group operates an employee share and option plan. Share-based payments to employees are measured at the fair value of the equity instrument at the grant date and amortised on a straight-line basis over the vesting period. The corresponding amount is recorded to the share-based payments reserve. The fair value of options is determined using the Black-Scholes pricing model. At each reporting date, the Group revises its estimates of the number of shares and options expected to vest.

Note 1. Statement of significant accounting policies (continued)

(p) Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Revenue relating to construction activities is further detailed in Note 1 (f).

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all ownership of those goods.

Interest revenue is recognised using the effective interest rate method, which for floating rate financial assets, is the rate inherent in the instrument. Dividend revenue is recognised when the right to receive a dividend has been established.

Dividends received from associates and joint venture entities are accounted for in accordance with the equity method for accounting.

For revenue recognition, refer to the accounting policy on construction contracts and work in progress.

(q) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit or loss in the period in which they are incurred.

(r) Goods and Service Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset, or as an expense. Receivables and payables in the statement of financial position are shown inclusive of GST.

Cash flows are presented in the statement of cash flows on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(s) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(t) Rounding of Amounts

The parent entity has applied the relief available to it under ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(u) Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts which are specifically exempt from this requirement. Whilst non-current assets are classified as held for sale, they are not depreciated or amortised. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised. Non-current assets classified as held for sale are presented separately from the other assets in the balance sheet.

(v) Critical accounting estimates and judgments

The Directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and with the consolidated group. The following key estimates and judgments were relevant to the Group for the financial year:

- **Assessment of impairment**

As at 30 June 2016 the Directors reviewed the carrying amount of assets including goodwill apportioned to the Construction and Mining cash generating units and determined that no impairment charge was applicable to the carrying value of assets in either cash generating unit (2015: nil). For further details of the impairment assessment refer to Note 13.

- **Assessment of impairment of receivables**

As at 30 June 2016 the Directors reviewed the carrying amount of trade receivables and estimated that $1,129,766 of the carrying amount was not collectable (2015: $700,000). This estimate is based on past due amounts, historical write-off experience and the credit risk associated with specific customers. For further details refer to Note 9.

Note 1. Statement of significant accounting policies (continued)

(w) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2016. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

- AASB 9 Financial Instruments

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity does not expect any impact from the requirements of the amended standard as there are currently no hedges in place, and the changes are not expected to impact other financial assets and liabilities of the consolidated entity.

- AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard 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. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. Management has assessed its impact, noting that its application is expected to be broadly similar to the current percentage of completion method and not materially impact the consolidated group. New and existing contracts will continue to be reviewed to ensure that enforceable contractual rights and obligations satisfy the requirements of AASB 15. The consolidated entity will adopt this standard from 1 July 2018.

Note 2. Revenue

	SRG GROUP 2016 $'000	2015 $'000
Operating activities		
Rendering of services	169,331	163,391
Sale of goods	7,083	7,294
Interest received from other parties	375	666
Other revenue	1,066	775
	177,855	**172,126**
Non-operating activities		
Gain on disposal of property, plant and equipment	152	133
Total revenue	**178,007**	**172,259**

Note 3. Profit for the year

	SRG GROUP 2016 $'000	2015 $'000
(a) Profit before income tax is arrived at after charging the following items:		
Amortisation and depreciation of:		
- Buildings	28	28
- Plant and equipment and motor vehicles	5,222	7,815
- Leasehold improvements	154	111
	5,404	**7,954**
Bad and doubtful debts expense including movements in provision for doubtful debts	430	(126)
Interest paid and due and payable:		
- Other persons	3	2
- Finance charges on assets under hire purchases	306	709
	309	**711**
Rental - operating leases	1,849	1,766
Adjustment to inventories	(9)	163
Employee benefits expense	68,170	60,096
Defined contribution superannuation expense	5,624	4,945
(b) Settlement of Eastern Treatment Plant dispute		
Eastern Treatment Plant settlement agreement	-	9,750
Provisions and insurance coverage	-	(6,220)
	-	**3,530**

Note 4. Income tax expense

	2016 $'000	SRG GROUP 2015 $'000
The components of income tax expense are as follows:		
Current tax (benefit) / expense	2,808	(326)
Deferred tax (benefit) / expense	216	1,225
Under provision in respect to prior year	9	-
	3,033	**899**
The prima facie tax on profit before income tax from continuing operations is reconciled to the income tax expense / (benefit) provided in the accounts as follows:		
Prima facie tax payable on operating profit at 30% (2015 - 30%)		
- Consolidated group	2,769	753
Add (deduct) tax effect of:		
- Increase (decrease) in income tax expense due to non-tax deductible (non-tax assessable) items	13	14
- Share-based payments expensed during the year	203	25
- Non-assessable R&D incentive for 2014	(41)	(105)
- (Non-assessable profit) / Non-deductible losses on overseas entities	80	213
Amount under provided in prior year	9	-
Income tax expense (benefit) attributable to entity	**3,033**	**899**

Note 5. Key Management Personnel Compensation

Refer to the remuneration report contained in the Directors' report for details of the remuneration paid or payable to each member of the group's Key Management Personnel (KMP) for the year ended 30 June 2016.

The totals of remuneration paid to KMP of the Company and the group during the year are as follows:

		SRG GROUP
	2016 $	2015 $
Employee benefits	3,293,770	1,784,858
Post-employment benefits	134,605	117,943
Share-based payments	494,842	58,773
	3,923,217	**1,961,574**

Short-term employee benefits

This amount includes fees and benefits paid to the Chairman and Non-Executive Director as well as the salary, paid leave benefits, fringe benefits and cash bonuses awarded to Executive Directors and other KMP.

Post-employment benefits

This amount comprises the superannuation contributions made during the year.

Share-based payments

The group has two forms of share-based payments - Options and Performance rights. For the year ended 30 June 2016, $234,049 of options and $439,470 of performance rights were recognised as an expense.

The estimated fair value was determined using the Black Scholes option pricing model. The following factors were applied.

Grant date	Exercise Price $	Weighted average share price $	Fair value $	Estimated volatility %	Option life Years	Risk-free interest rate %
30/06/2014	0.835	0.57	0.15	45	4	2.5
19/11/2014	0.827	0.57	0.15	46	4	2.5
18/02/2015	0.835	0.57	0.15	46	4	2.3
30/05/2016	0.73	0.72	0.34	61	4	1.8

Grant date	Exercise Price $	Weighted average share price $	Fair value $	Estimated volatility %	Performance Rights life Years	Risk-free interest rate %
19/11/2014	-	0.57	0.57	46	4	2.5

Note 6. Auditors' Remuneration

		SRG GROUP
	2016 $	2015 $
Remuneration of the auditor of the parent entity - William Buck		
Auditing and reviewing the financial report	149,482	170,714
Taxation services	28,468	28,000
Other services	36,820	-
Remuneration of other auditors of subsidiaries for:		
Auditing or reviewing the financial report of subsidiaries	26,409	19,056

Note 7. Dividends

	SRG GROUP 2016 $'000	2015 $'000
Distributions paid		
The amounts paid, provided or recommended by way of dividend by the parent entity are:		
- Final fully franked ordinary dividend for the year ended 30/06/2015 of 0.5 cents (2014: 1.5 cents) per share paid on 16/10/2015 franked at the tax rate of 30%	315	944
- Interim fully franked ordinary dividend for the year ended 30/06/2016 of 2.0 cents (2015: 2.0 cents) per share paid on 20/04/2016 franked at a tax rate of 30%	1,259	1,259
Dividends declared after 30/06/2016		
(a) The Directors have resolved to declare a final fully franked ordinary dividend of 4.0 cents (2015: 0.5 cents) per share payable on 14/10/2016, franked at the tax rate of 30% (2015: 30%) based on 62,959,181 ordinary share at 16/09/2016	2,518	315
	2,518	**315**
Franking account balance		
(b) Balance of franking account at year end adjusted for franking credits arriving from payment of provision for income tax, dividends recognised as receivables and franking debits arising from payment of dividends and franking credits that may be prevented from distribution in subsequent financial years.	7,542	7,715
Subsequent to year end, the franking account would be reduced by the proposed dividend as follows:	(1,079)	(135)
	6,462	**7,580**

Note 8. Earnings per share

	SRG GROUP 2016 $'000	2015 $'000
(a) Reconciliations of earnings to profit		
Profit for the year	6,198	1,609
Earnings used in the calculation of earnings per share	6,198	1,609
Earnings used in the calculation of dilutive earnings per share	6,198	1,609

	2016 NUMBER	2015 NUMBER
(b) Weighted average number of ordinary share on issue used in the calculation of basic earnings per share	62,959,181	62,959,181
Weighted average number of potential ordinary shares used in the calculation of diluted earnings per share	62,959,181	62,959,181

Note 9. Trade and other receivables (current)

	SRG GROUP	
	2016 $'000	2015 $'000
Trade receivables	34,168	26,065
Provision for impairment of receivables	(1,130)	(700)
	33,038	**25,365**
Other debtors and deposits	197	2,462
	33,235	**27,827**
Ageing of past due but not impaired receivables		
60-90 days	866	996
90+ days	1,282	1,898
	2,148	**2,894**
Movement in the provision for the impairment of receivables is as follows:		
Opening balance	(700)	(826)
Charge for the year	(430)	-
Amounts written off or assessed as not recoverable	-	126
Closing balance	**(1,130)**	**(700)**

Impaired receivables are all greater than 120 days

Note 10. Inventories

	SRG GROUP	
	2016 $'000	2015 $'000
Raw materials and stores at cost	4,509	4,586
Finished goods	1,573	1,072
Work in progress - materials on site	3,860	3,506
Construction work in progress	6,703	3,837
	16,645	**13,001**
Construction work in progress comprises:		
Costs and profits recognised on construction contracts in progress	129,925	170,460
Progress billings and advances received and receivable on construction contract in progress	(127,397)	(171,170)
Net construction work in progress	**2,528**	**(710)**
Net construction work in progress comprises:		
Amounts due from customers - inventories	6,703	3,837
Contract billings in advance - payables (note 14)	(4,175)	(4,547)
	2,528	**(710)**
Retentions on construction contracts in progress	1,074	1,805

Note 11. Supplementary information about the parent entity

As at, and throughout the financial year ended 30/06/2016, the parent company of the Group was SRG Limited.

	SRG GROUP	
	2016 $'000	2015 $'000
Assets		
Current assets	42,428	54,553
Total assets	**204,731**	**197,409**
Liabilities		
Current liabilities	19,426	14,531
Total liabilities	**141,512**	**136,697**
Equity		
Issued capital	40,477	40,477
Total equity	**58,775**	**56,255**
Profit after tax and total comprehensive income	**2,240**	**2,837**

With the exception of matters noted in Notes 21 and 23, there were no contingent liabilities, guarantees or capital commitments of the parent entity not otherwise disclosed in these financial statements.

Note 12. Property, plant and equipment

	SRG GROUP	
	2016 $'000	2015 $'000
Freehold land		
At cost	1,960	2,660
Revaluation surplus (a) (b)	171	2,787
	2,131	**5,447**
Buildings		
At cost	-	105
Revaluation surplus (a) (b)	-	601
Accumulated depreciation	-	(6)
	-	**700**
Leasehold improvements		
At cost	612	568
Accumulated amortisation	(363)	(214)
	249	**354**
Plant, equipment and motor vehicles		
At cost	90,516	89,928
Accumulated depreciation and amortisation	(70,899)	(69,819)
	19,617	**20,109**
Total	**21,997**	**26,610**

(a) The revaluation surplus net of applicable deferred income taxes was credited to an asset revaluation surplus in shareholders' equity.

(b) As at 30 June 2016, the fair value of properties was determined using the market comparable method. Valuations performed are based on active market prices which were significantly adjusted for differences in the nature, location or condition of the property. The fair value measurement has been categorised as a Level 2 fair value based on the inputs to the valuation techniques used above. As at the date of revaluation on 15 April 2015, the properties' fair values are based on valuations performed by Herron Todd White, an accredited independent valuer with valuation experience for similar commercial properties in Australia.

Note 12. Property, plant and equipment (continued)

	SRG GROUP	
	2016 $'000	**2015 $'000**
Movements in carrying amounts		
Movements in the carrying amounts for each class of property, plant and equipment are set out below:		
Freehold land		
Carrying amount at beginning of year	5,447	4,484
Revaluation increment	-	963
Transfer to assets held for sale	(3,316)	
Carrying amount at end of year	**2,131**	**5,447**
Buildings		
Carrying amount at beginning of year	700	728
Revaluation decrement	-	(22)
Depreciation	(28)	(6)
Transfer to assets held for sale	(672)	
Carrying amount at end of year	**-**	**700**
Leasehold improvements		
Carrying amount at beginning of year	354	114
Additions	117	351
Depreciation	(154)	(111)
Transfer to assets held for sale	(68)	
Carrying amount at end of year	**249**	**354**
Plant and equipment and motor vehicles		
Carrying amount at beginning of year	20,109	25,040
Additions	5,161	2,862
Disposals	(446)	(62)
Movements due to foreign exchange rate differences	15	84
Depreciation and amortisation	(5,222)	(7,815)
Carrying amount at end of year	**19,617**	**20,109**
Total		
Carrying amount at beginning of year	26,610	30,366
Revaluation	-	963
Additions	5,278	3,213
Disposals	(446)	(62)
Depreciation and amortisation	(5,404)	(7,954)
Transfer to assets held for sale	(4,056)	
Movements due to foreign exchange rate differences	15	84
Carrying amount at end of year	**21,997**	**26,610**

Note 12. Property, plant and equipment (continued)

	SRG GROUP 2016 $'000	2015 $'000
Assets classified as held for sale comprise:		
Land	3,316	-
Buildings	672	-
Leasehold improvements	68	-
Total	**4,056**	**-**

During the year ended 30 June 2016, management placed the property at 112 Munro Street, South Melbourne from the Corporate segment for sale as part of optimising its assets. As at 30 June 2016, management entered into a contract to sell the property for $8.1m. The sale is subject to certain obligations and conditions being met. Settlement is expected to occur in the second quarter of the 2017 financial year upon the satisfaction of those obligations and conditions. The property consists of land, building and leasehold improvements. As at 30 June 2016, these assets have been presented separately as assets held for sale.

Note 13. Intangibles

	SRG GROUP 2016 $'000	2015 $'000
Goodwill - at cost	22,974	19,447
Accumulated impairment losses	(8)	(8)
	22,966	**19,439**
Balance at beginning of year	19,439	19,439
Acquisitions through business combinations (note 23)	3,527	-
Balance at end of year	**22,966**	**19,439**
Impairment disclosures		
Goodwill is allocated to cash-generating units which are based on the Group's reporting segments		
Construction segment	21,788	18,261
Mining segment	1,178	1,178
Total	**22,966**	**19,439**

		Long Term Growth Rate %	Discount Rate %
Cash generating unit			
Construction segment	**2016**	**3.0%**	**14.45%**
	2015	3.0%	16.54%
Mining segment	**2016**	**1.0%**	**10.49%**
	2015	1.0%	11.41%

The recoverable amount of each cash-generating unit above is determined based on value-in-use calculations.

Management anticipates a significant increase in the Construction Cash Generating Unit (CGU) revenue for the next financial year on the basis of significant projects recently won as announced on the ASX. Between years 2 and 5, a growth rate of 6% is applied as SRG enters into the development stage of its strategic plan. From year 5 onwards, the long term growth rate of 3% is applied.

The growth rate of 1% applied in the Mining CGU takes into consideration the Evolution Mining contract extension of $150m across years 1 and 5.

Discount rates are adjusted to incorporate risks associated with the respective CGU. For the year ended 30 June 2016, the decrease in discount rates reflects the reduced cost of debt and risk factors.

Note 13. Intangibles (continued)

Sensitivity to changes in assumptions

The value in use model for the Construction CGU is most sensitive to the following assumptions:

- Gross margin on service contracts
- Variation in gross revenue
- Discount rates

Any variation in the key assumptions used to determine the recoverable amounts would result in a change in the assessed recoverable amount as detailed in the sensitivities below. These sensitivities assume that the specific assumption moves in isolation while all other assumptions remain constant. From the sensitivity analysis performed there are no reasonable possible change in circumstances that identify impairment.

(a) Gross margin on service contracts

Gross margins are based on actual data from the 2016 period and the expectation on margin as determined by management budgets. If the gross margin amount on contracts declined by 15%, it would result in an impairment charge.

(b) Variation in gross revenue

Gross revenue is based on the CGU's work in hand and budgeted projections over a 5 year period. These were determined as part of the budgeting process, which have been committed to by management. If budgeted gross revenue for the next financial year decreased by 37%, this would result in an impairment charge.

(c) Discount rates

Discount rates represent the current market assessment of the risks specific to the CGU taking into consideration the time value of money and individual risks of underlying assets that have not been incorporated into cash flow estimates. The discount rate calculation is based on the specific circumstances of the CGU and is derived from the Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by SRG's investors. The cost of debt is based on interest-bearing borrowings SRG is obliged to service. Segment specific risk is incorporated by applying individual beta factors. The beta factor is evaluated annually based on publicly available market data, which includes the specific amount and timing of future tax flows in order to reflect a post-tax discount rate for SRG. Discount rates would have to increase significantly to result in an impairment charge.

There are no reasonable possible changes to the assumptions in the Mining CGU that would lead to an impairment charge.

Note 14. Trade and other payables

	SRG GROUP	
	2016 $'000	2015 $'000
Current		
Unsecured liabilities		
Trade payables	12,957	6,963
Sundry payables and accrued expenses	10,957	7,242
Eastern Treatment Plant dispute resolution	-	9,750
Contract billings in advance (see note 10)	4,175	4,547
	28,089	**28,502**

Note 15. Financial liabilities

	SRG GROUP	
	2016 $'000	2015 $'000
Current		
Secured liabilities		
Hire purchase liability	2,411	5,516
	2,411	**5,516**
Non-current		
Secured liabilities		
Hire purchase liability	1,217	1,393
	1,217	**1,393**
(a) Total current and non-current secured loans		
Hire purchase liabilities	3,628	6,909
	3,628	**6,909**
(b) The carrying amount of non-current assets pledged as first security are:		
Plant, motor vehicles and equipment over which lease and hire purchase contracts apply	11,311	13,980
	11,311	**13,980**

Note 16. Tax

	SRG GROUP 2016 $'000	2015 $'000
(a) Liabilities		
Current		
Tax payable	2,175	-
Non-current		
Deferred tax liabilities comprise:		
Debtors retentions	336	557
Property, plant and equipment (revaluation adjustments)	1,065	1,065
	1,401	**1,622**
(b) Assets		
Current		
Tax receivable	-	1,358
Non-current		
Deferred tax assets comprise:		
Property, plant and equipment	1,125	1,343
Provisions and accruals	2,915	2,808
	4,040	**4,151**
(c) Reconciliations		
Gross movements		
The overall movement in temporary differences is as follows:		
Opening balance	2,529	4,043
(Charge) / credit to statement of profit or loss	110	(1,225)
(Charge) / credit to equity	-	(289)
	2,639	**2,529**

Note 17. Provisions

	SRG GROUP	
	2016 $'000	2015 $'000
Current		
Employee benefits	7,280	7,778
Non-current		
Employee benefits	1,972	1,510

Provision for long-term employee benefits

A provision has been recognised for employee entitlements relating to long service leave. In calculating the present value of the future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been included in note 1 to these financial statements.

Note 18. Issued capital

	SRG GROUP	
	2016 $'000	2015 $'000
Issued and paid up capital	40,477	40,477
- 62,959,181 fully paid ordinary shares 2016 (2015: 62,959,181)		

Ordinary shares

Movements in ordinary share capital

There were no movements in ordinary share capital during the financial year

(a) Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

(b) At shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

(c) Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

Capital Management

Management controls the capital of the Group in order to maintain a sustainable debt to equity ratio, generate long-term shareholder value and ensure that the Group can fund its operations and continue as a going concern. The Group's debt and capital include ordinary share capital and financial liabilities, supported by financial assets. The Group is not subject to any externally imposed capital requirements.

Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Note 19. Reserves

Nature and Purpose of Reserves

Share-Based Payment Reserve

The share-based payment reserve is used to recognise the value of the vesting of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration.

Asset Revaluation Surplus

The asset revaluation surplus includes the net revaluation increments and decrements arising from the revaluation of non-current assets in accordance with Australian Accounting Standards.

Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign operations with functional currencies other than those of the presentation currency of these financial statements. Refer to accounting policy Note 1(l).

Note 20. Capital and leasing commitments

	SRG GROUP	
	2016 $'000	**2015 $'000**
Hire purchase future minimum payments		
- Not later than 1 year	2,464	5,835
- Later than 1 year, but not later than 5 years	1,313	1,419
Total maximum lease commitment	**3,777**	**7,254**
Future finance charges	(149)	(346)
	3,628	**6,909**

Hire purchase agreements have been entered into to finance the acquisition of equipment used for income generation purposes. The great majority of equipment currently under finance is plant & equipment employed by SRG Mining (Australia) Pty Ltd; primarily drill rigs.

	SRG GROUP	
	2016 $'000	**2015 $'000**
Non-cancellable operating leases future minimum payments		
Contracted for but not capitalised in accounts		
- Not later than 1 year	1,676	1,569
- Later than 1 year, but not later than 5 years	1,489	2,776
- Later than 5 years	-	-
	3,165	**4,345**

Various non-cancellable operating leases are taken by the Company relating to property it occupies for various income generating activities. All leases are taken under normal commercial terms.

Note 21. Contingent liabilities

	SRG GROUP 2016 $'000	2015 $'000
Contract cash retention [1]	1,074	1,804
Contract performance guarantees [1]	12,209	9,691
Guarantee by the Company in respect of bank facilities of controlled entities	2,313	1,971
Cross guarantee by the Company and controlled entities in respect of bank facilities	20,551	33,921
	36,147	**47,387**

[1] Amounts relate to security held for the purpose of ensuring the due and proper performance of contracts undertaken by the Group. These amounts are released at various stages of the contracts.

Note 22. Cash flow information

	SRG GROUP 2016 $'000	2015 $'000
(a) Reconciliation of cash		
Cash at the end of the reporting period as shown in the statement of cash flow is reconciled to the items in the statement of financial position:		
Cash on hand	18	27
Cash at bank	21,842	29,299
	21,860	**29,326**
(b) Reconciliation of cash		
Profit after income tax	6,198	1,609
Non-cash flows in profit		
Depreciation and amortisation	5,404	7,954
Share-based payments	674	85
Profit on sale of non-current assets	(120)	(99)
Change in assets and liabilities		
- (Increase) decrease in trade and other receivables	(3,674)	5,257
- (Increase) decrease in inventories	(3,460)	(557)
- (Increase) decrease in prepayments	(521)	(30)
- (Decrease) increase in trade, other payables and accruals	(3,942)	5,133
- (Decrease) increase provisions	(102)	429
- (Decrease) increase in income taxes payable	3,532	(2,478)
- (Decrease) increase in deferred tax liabilities	(221)	(17)
- (Increase) decrease in deferred tax assets	111	1,242
Net cash provided by (used in) operating activities	**3,879**	**18,528**
(c) Non-cash financing and investing activities		
Property, plant and equipment acquired under finance leases, lease purchase or vendor finance	2,230	1,295

Note 23. Business combination

Acquisition of SRG Services (Western) Pty Ltd (formerly known as CCM Group Australia Pty Ltd ("CCM"))

On 1 July 2015 the Group acquired 100% of the CCM business. The acquisition, consistent with SRG's focus on sustainable growth, increases the Group's Services operations footprint in Western Australia and the Northern Territory.

The financial statements include the results of CCM for the period since acquisition.

Identifiable assets acquired and liabilities assumed

The fair value of the identifiable assets and liabilities of CCM as at the date of the acquisition have been determined as follows:

	$'000
Cash and cash equivalents	237
Trade and other receivables	1,303
Inventory - work in progress	183
Plant and equipment	770
Payables	(1,432)
Provisions	(65)
Net identifiable assets acquired	**996**
Contingent consideration [1]	2,173
Purchase consideration transferred (cash)	2,350
Total Consideration	**4,523**
Goodwill arising on acquisition [2]	3,527

[1] Contingent consideration is recognised on an earn-out in relation to the net profit after tax for the CCM business for the financial years ending 30 June 2016, 30 June 2017 and 30 June 2018.

[2] Goodwill recognised is primarily attributed to the expected synergies and other benefits from combining the assets and activities of CCM with those of the Group. The Goodwill is not deductable for tax purposes.

Acquisition costs

Transaction costs of $96,203 associated with the acquisition have been expensed and are included within other expenses in the statement of profit or loss.

Contingent Assets and Contingent Liabilities

No contingent assests or liabilities were assumed by the Group as a result of the acquisition of CCM.

Revenue and profit contribution

The Group's profit before income tax expense included revenue of $9,013,583 and a profit of $401,640 relating to the CCM business since the date of acquisition. As the acquisition took place on 1 July 2015 there would be no change to the profitability of the Group as CCM has been consolidated for the full period.

Note 24. Particulars relating to controlled entities

(a) Group accounts include a consolidation of the following:

	Place of Incorporation	Principal Activity	Ownership Interest 2016	Ownership Interest 2015
Emirates & Australia Construction Systems LLC (2)	UAE	Construction	-	100%
Meridian Concrete Australia Pty Ltd (1)	Victoria	Construction	100%	100%
NASA Structural Systems LLC (2)	UAE	Construction	100%	100%
Refobar Australia Pty Ltd (1)	Queensland	Manufacturing	100%	100%
SRG Building (Northern) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Building (Southern) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Building (Western) Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Civil Pty Ltd (1)	Victoria	Construction	100%	100%
SRG Construction Services (HK) Limited	Hong Kong	Construction	100%	100%
SRG Contractors Abu Dhabi LLC (2)	UAE	Construction	100%	-
SRG Contractors Doha LLC (2)	Qatar	Construction	100%	-
SRG Corporate (Australia) Pty Ltd (1)	Victoria	Corporate Services	100%	100%
SRG Hong Kong Limited	Hong Kong	Construction	100%	-
SRG International Holdings Pte Ltd	Singapore	Construction	100%	-
SRG IP Pty Ltd	Western Australia	Corporate Services	100%	100%
SRG Mining (Australia) Pty Ltd (1)	Victoria	Mining Services	100%	100%
SRG Services (Western) Pty Ltd (1)	Western Australia	Construction	100%	-
SRG Services Pty Ltd (1)	Victoria	Construction	100%	100%
SRG South Africa (Pty) Ltd	South Africa	Construction	100%	-
Structural Systems (Bridge Maintenance) Pty Ltd (1)	Victoria	Dormant	100%	100%
Structural Systems (Construction) Pty Ltd (1)	Victoria	Construction	100%	100%
Structural Systems (Oman Branch) (2)	Oman	Construction	100%	100%
Structural Systems Middle East LLC (2)	UAE	Construction	100%	100%
Total Fire Protection Pty Ltd (1)	Victoria	Dormant	100%	100%

(1) Controlled entities subject to Class Order

(2) In accordance with current foreign ownership restrictions in the United Arab Emirates (UAE), these entities have a fifty one percent participation by UAE nationals. This participation incurs a fixed fee and has no right to the profits or liability for the debts of the entity.

Pursuant to Class Order 98/1418, relief has been granted to these controlled entities of SRG Limited from the *Corporations Act 2001* requirements for preparation, audit and publication of accounts.

As a condition of the Class Order, SRG Limited and the controlled entities subject to the Class Order entered into a Deed of Cross Guarantee. The effect of the deed is that SRG Limited has guaranteed to pay any deficiency in the event of winding up of these controlled entities. The controlled entities have also given a similar guarantee in the event that SRG Limited is wound up.

Note 24. Particulars relating to controlled entities (continued)

The following are the aggregate totals for the closed group relieved under the deed:

	SRG GROUP	
	2016 $'000	2015 $'000
Financial information in relation to:		
(a) Statement of profit or loss and other comprehensive income:		
Profit before income tax	9,499	3,219
Income tax expense	(3,033)	(899)
Profit after income tax	**6,466**	**2,320**
Other comprehensive income	-	674
Total comprehensive income attributable to member of the parent	**6,466**	**2,994**
(b) Statement of financial position:		
Current assets		
Cash and cash equivalents	21,503	29,016
Trade and other receivables	30,351	25,638
Inventories	15,859	12,270
Current tax assets	-	1,358
Other current assets	452	-
Total current assets	**68,165**	**68,282**
Non-current assets		
Trade and other receivables	1,140	1,140
Property, plant and equipment	25,772	26,229
Intangible assets	21,824	18,297
Deferred tax assets	4,040	4,151
Total non-current assets	**52,776**	**49,817**
Total assets	**120,940**	**118,099**
Current liabilities		
Trade and other payables	26,525	27,786
Financial liabilities	2,411	5,516
Current tax liability	2,175	-
Short term provision	7,124	7,363
Total current liabilities	**38,235**	**40,665**
Non-current liabilities		
Financial liabilities	1,217	1,393
Deferred tax liabilities	1,401	1,622
Long term provisions	1,513	1,413
Total non-current liabilities	**4,131**	**4,428**
Total liabilities	**42,366**	**45,093**
Net assets	**78,574**	**73,006**
Issued capital	40,477	40,477
Reserves	3,267	2,592
Retained earnings	34,830	29,937
Total equity	**78,574**	**73,006**
(c) Retained earnings comprise of the following:		
Opening balance	29,937	29,821
Net profit attributable to members of the entity	6,466	2,320
Dividends paid	(1,573)	(2,204)
Closing balance	**34,830**	**29,937**

Note 25. Related party information

Directors who held office during the year are:

- Robert W Freedman
- David W Macgeorge
- Peter J McMorrow
- Michael W Atkins
- Peter J Brecht

Directors' remuneration is disclosed in Note 5.

During the financial year, SRG engaged the services of Peter McMorrow to assist with the execution of its international strategy. The amount of fees for Mr McMorrow's services is $105,000 and has been disclosed on the remuneration report. As at 30 June 2016, $10,500 remains outstanding. The fees charged are on normal commercial terms and conditions no more favourable than those available to other parties. For details, please refer to the ASX announcement dated 21 September 2015.

It is the Company's policy that any transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties.

Note 26. Events after the reporting period

No matters or circumstances have arisen since the end of this financial year which have significantly affected or may significantly affect the operations, the results of those operations, or the state of affairs of the consolidated group in future financial years.

Note 27. Segment results

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily on the basis of product category and service offerings as the diversification of the Group's operations have inherently different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Types of products and services by segment:

- **Construction segment**

  The construction segment delivers specialist construction services, specifically post-tensioning, concrete placement and remedial operations.
- **Mining segment**

  The mining segment services mining clients and specialises in production drilling.
- **Corporate segment**

  The corporate segment represents the entity that conducts transactions relating to Group finance, taxation, treasury, corporate secretarial and certain strategic investments.

Basis of accounting for purposes of reporting by operating segments:

(a) Accounting policies adopted

Unless stated otherwise, all amounts reported to the Board of Directors, being the chief decision maker with respect to operating segments, are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

(b) Segment assets and liabilities

Where an asset or liability is used across multiple segments, it is allocated on a pro-rata basis to the segments that receive the benefit of use of the asset or represent the source of the obligation of the liability.

Note 27. Segmented results (continued)

Primary reporting - Business segments

	Construction		Mining		Corporate		Consolidated Group	
	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue								
External sales	119,903	104,427	56,512	66,258	-	-	176,415	170,685
Other revenue	680	453	87	101	825	1,020	1,592	1,574
Total revenue	**120,583**	**104,880**	**56,599**	**66,359**	**825**	**1,020**	**178,007**	**172,259**
Results								
Segment result	4,849	2,199	5,772	5,308	(1,390)	(4,998)	9,231	2,508
Income tax benefit / (expense)	-	-	-	-	(3,033)	(899)	(3,033)	(899)
Profit after income tax	**4,849**	**2,199**	**5,772**	**5,308**	**(4,423)**	**(5,897)**	**6,198**	**1,609**
Assets								
Segment assets	66,959	51,926	27,306	29,951	31,187	39,967	125,452	121,844
Total assets	**66,959**	**51,926**	**27,306**	**29,951**	**31,187**	**39,967**	**125,452**	**121,844**
Liabilities								
Segment liabilities	26,286	27,031	10,676	13,775	7,603	5,513	44,545	46,319
Total liabilities	**26,286**	**27,031**	**10,676**	**13,775**	**7,603**	**5,513**	**44,545**	**46,319**
Other								
Acquisitions of non-current segment assets (including hire purchase and lease commitments)	4,609	638	1,339	2,009	171	566	6,119	3,213
Depreciation and amortisation of segment assets	1,530	1,419	3,633	6,369	241	166	5,404	7,954

Revenue and assets by geographical region

	Australia		United Arab Emirates		Hong Kong		Consolidated Group	
	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15	30/06/16	30/06/15
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenues for external customers	169,972	168,916	8,035	3,343	-	-	178,007	172,259
Carrying amount of segment assets	119,809	117,786	5,643	4,058	-	-	125,452	121,844
Acquisition of non-current segment assets	6,111	3,209	8	4	-	-	6,119	3,213

Note 28. Financing arrangements

The consolidated Group has access to the following lines of credit:

	SRG GROUP	
	2016 $'000	**2015 $'000**
Total facilities available		
Bank overdraft [(1)]	3,000	3,000
Hire purchase facility [(1)]	26,500	26,500
Other facilities [(1)]	5,200	2,921
Bank guarantee facility [(1)]	13,000	13,000
Surety bond facility	23,000	3,000
	70,700	**48,421**
Facilities used at the end of the reporting period:		
Bank overdrafts [(1)]	-	-
Hire purchase facility [(1)]	3,420	7,231
Other facilities [(1)]	2,360	41
Bank guarantee facility [(1)]	12,209	9,691
Surety bond facility	2,079	822
	20,068	**17,785**
Facilities not used at the end of the reporting period:		
Bank overdrafts [(1)]	3,000	3,000
Hire purchase facility [(1)]	23,080	19,269
Other facilities [(1)]	2,840	2,880
Bank guarantee facilities [(1)]	791	3,309
Surety bond facility	20,921	2,178
	50,632	**30,636**

[(1)] At reporting date, the Group had used $15,701,901 of its multi-option facility limit of $36,200,000. The multi-option facility is a comprehensive borrowing facility which includes back overdraft, hire purchase, letter of credit, corporate credit card and bank guarantee facilities.

Finance facilities of the Group are secured by a registered first mortgage over the Group land and buildings and registered mortgage debenture over all assets of the Group and an interlocking guarantee and indemnity between all entities within the Group. Interest on bank overdrafts is charged at prevailing market rates. The bank guarantee facility is used to provide contract performance guarantees in lieu of cash retentions and security deposits. Fees are charged on a per guarantee basis.

Note 29. Financial instruments

Significant accounting and risk management policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements. The group's financial instruments consist mainly of deposits with banks, accounts receivable and payable, and hire purchase liabilities. The main purpose of non-derivative financial instruments is to raise finance for group operations. The group does not hold or trade with derivative instruments.

Treasury Risk Management

Management, consisting of Senior Executives of the Group meet on a regular basis to analyse financial risk exposure, and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. This management process is subject to board policies and directives implemented, and is subsequently reviewed by the Board on a periodic basis.

Interest Rate Risk

The Group has a mixture of variable and fixed interest rate financial instruments. The exposure to interest rate risk on its variable interest rate financial instruments is in the potential for cash flows to differ from their forecast amounts. As the Group's variable interest rate financial instruments are predominantly cash and cash equivalents the Group has assessed the risk arising from changes to interest rates to be not significant.

Liquidity risk

The consolidated group manages liquidity risk by maintaining adequate reserves, banking facilities and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Credit risk

The consolidated group takes on exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts owing to the Group as and when they fall due. Credit risk arises from cash and cash equivalents, and outstanding receivables. The maximum exposure to credit risk, excluding the value of any security at the end of the reporting period in respect of recognised financial assets is the carrying amount, net of any provisions for doubtful debts of those assets, as disclosed in the statement of financial position and notes to financial statements, in particular disclosures made in note 9.

As a result of the diverse range of services and geographical spread covered by the consolidated group, the consolidated group does not have a concentration of credit risk to any one customer. Whilst the group does have a broad risk to lead contractors in the construction industry generally, this is managed on a 'customer by customer' basis, taking into account ratings from credit agencies, trade references and payment history where there is a pre-existing relationship with that entity. In addition to the above, trade receivables are monitored on an ongoing regular basis with the result that the Group's exposure to bad debt is not significant.

Price Risk

The group is exposed to commodity price risk through its consumption of steel in its operations that use post-tensioning, and to a lesser degree in the mining services business. The group monitors forward steel prices and endeavours to lock in agreed prices on a project by project basis prior to formalising bid prices wherever possible. As at 30 June 2016 the Group held no financial instruments that could vary according to changes in the price of steel (2015: nil).

Foreign Exchange Risk

The consolidated group does not have a significant exposure to movements in foreign exchange rates as the majority of transaction gains and losses arise on translation and are not reflected in the statement of profit or loss.

Financial Instrument composition and maturity analysis

The consolidated group's exposure to interest rate risk, effective weighted average interest rate, contractual settlement terms of a fixed period of maturity as well as management's expectations of settlement period for financial instruments are set out below.

Note 29. Financial instruments (continued)

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 year or less	Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2016							
Financial Assets							
Cash and cash equivalents	2.74	19,839	2,000	-	-	21	21,860
Receivables	-	-	-	-	-	33,235	32,803
		19,839	**2,000**	**-**	**-**	**33,256**	**55,095**
2016							
Financial liabilities							
Payables	-	-	-	-	-	28,089	28,089
Lease and lease purchase liabilities	3.49	-	2,464	1,313	-	-	3,777
			2,464	**1,313**	**-**	**28,089**	**31,866**

	Weighted Average Interest Rate	Floating Interest Rate	Fixed Interest Rate Maturing Within 1 year or less	Over 1 year to 5 years	More than 5 years	Non-interest bearing	Total
	%	$'000	$'000	$'000	$'000	$'000	$'000
2015							
Financial Assets							
Cash and cash equivalents	3.16	14,299	15,000	-	-	27	29,326
Receivables	-	-	-	-	-	27,827	27,827
		14,299	**15,000**	**-**	**-**	**27,854**	**57,153**
2015							
Financial liabilities							
Payables	-	-	-	-	-	23,955	23,955
Lease and lease purchase liabilities	6.52	-	5,835	1,419	-	-	7,254
		-	**5,835**	**1,419**	**-**	**23,955**	**31,209**

	SRG GROUP 2016 $'000	2015 $'000
Trade and sundry payables are expected to be paid as follows:		
Less than 6 months	32,803	23,955
	32,803	**23,955**

Net Fair Values of Financial Assets and Liabilities Valuation Approach

Net fair values of financial assets and liabilities are determined by the consolidated group on the following basis:

Monetary financial assets and financial liabilities not readily traded in an organised financial market are determined by valuing them at the present value of contractual future cash flows on amounts due from customers (reduced for expected credit losses) or due to suppliers. Cash flows are discounted using standard valuation techniques at the applicable market yield having regard to the timing of the cash flows. With the exception of the fair value differences arising on the Group's fixed interest rate financial liabilities, as discussed in the analysis of interest rate risk above, the carrying amounts of all financial instruments disclosed above are at their approximate net fair values.

DIRECTORS' DECLARATION

SRG LIMITED ABN 57 006 413 574

AND CONTROLLED ENTITIES

DIRECTORS' DECLARATION

The Directors of the company declare that:

1. The accompanying financial statements and notes and the remuneration report in the Directors' Report are in accordance with the Corporations Act 2001 and:

   (a) Comply with Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   (b) Give a true and fair view of the financial position as at 30 June 2016 and of the performance for the year ended on that date of the company and consolidated group;

2. The Managing Director and the Chief Financial Officer have each declared that:

   (a) The financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;

   (b) The financial statements and notes for the financial year comply with the accounting standards; and

   (c) The financial statements and notes for the financial year give a true and fair view;

3. In the Directors' opinion there are reasonable grounds to believe that the members of the Closed Group identified in Note 24 will be able to meet any obligations or liabilities to which they are or may become subject to, by virtue of the Deed of Cross Guarantee.

4. The Directors have been given the declarations required by s 295A of the Corporations Act 2001 from the Managing Director and Chief Financial Officer.

This declaration is made in accordance with a resolution of the Board of Directors.

P J McMorrow - Director

D W Macgeorge - Director

Dated 29 August 2016

William Buck

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SRG LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report comprising SRG Limited (the Company) and the entities it controlled at the year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit of loss, consolidated statement of 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.

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 1, 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 entity'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 entity'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.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
PO Box 185
Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SRG LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

a) the financial report of the consolidated entity 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 2016 and of its performance for the year ended on that date; and
   ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained in the directors' report for the year ended 30 June 2016. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of SRG Limited for the year ended 30 June 2016, complies with section 300A of the Corporations Act 2001.

William Buck

William Buck Audit [Vic] Pty Ltd
ABN 59 116 151 136

N.S. BENBOW
Director
Dated this 29th day of August, 2016

SHAREHOLDER INFORMATION

Distribution of shareholders and shareholdings at close of business 29 June 2016

Shares

	Size of Holding					
	1 to 1,000	1,001 to 5,000	5,001 to 10,000	10,001 to 100,000	100,001 to (MAX)	Total
Number of holders	190	278	165	409	69	**1,111**
Number of shares	88,693	766,523	1,257,506	14,343,559	46,502,900	**62,959,181**

Options

	Size of Holding					
	1 to 1,000	1,001 to 5,000	5,001 to 10,000	10,001 to 100,000	100,001 to (MAX)	Total
Number of holders	-	-	-	28	8	**36**
Number of options	-	-	-	960,000	2,100,000	**3,060,000**

The number of shareholders holding less than a marketable parcel ($500.00) at 29 June 2016 is 92 holding 9,123 shares.

Twenty Largest Shareholders	Number of Shares	Percentage Issued Capital
J P Morgan Nominees Australia Limited	13,109,835	20.82%
Sandhurst Trustees Ltd <JMFG Consol A/C>	5,977,550	9.49%
Mr Peter John McMorrow + Mrs Bernadine Ann McMorrow <McMorrow Super Fund A/C>	3,866,608	6.14%
HSBC Custody Nominees (Australia) Limited <NT-Commnwlth Super Corp A/C>	2,070,070	3.29%
Sandlir Pty Ltd <Sandlir P/L Super Fund A/C>	1,742,428	2.77%
BNP Paribas Noms (NZ) Ltd <DRP>	1,635,165	2.60%
Mr Kenneth John Beer <Beer Super Fund A/C>	1,106,482	1.76%
Tintagel Nominees Pty Ltd <Freedman Super Fund A/C>	1,099,136	1.75%
Kailva Pty Ltd <Superannuation A/C>	1,055,000	1.68%
Argyle Holdings Pty Ltd <Barry Jones Family A/C>	949,635	1.51%
Berne No 132 Nominees Pty Ltd <323731 A/C>	806,828	1.28%
Petulie Pty Ltd <Peter Brecht Super Fund A/C>	514,311	0.82%
Mr William Mark Palmer + Mrs Patricia Dawn Gregory <Palmer S/F A/C>	500,000	0.79%
Dr Janet Dawn Kencian	495,000	0.79%
Mr Brendan Thomas Birthistle	450,000	0.71%
Fort Baramba Pty Ltd	448,130	0.71%
Connaught Consultants (Finance) Pty Ltd <Super Fund A/C>	439,600	0.70%
Chamim Pty Ltd <Andrea Gibson S/F A/C>	419,000	0.67%
Quizete Pty Ltd <Sanwa Super Fund A/C>	391,000	0.62%
Harg Pty Limited	389,776	0.62%
Top 20 holders of ordinary fully paid shares as at 29 June 2016	**37,465,554**	**59.51%**

Unquoted Equity Securities	Number of Holders	Number of Options
Options over ordinary shares issued	36	3,060,000

Voting rights

Shareholders are encouraged to attend the Annual General Meeting. However, when this is not possible, they are encouraged to use the form of Proxy by which they can express their views on matters being brought forward at the meeting.

Every shareholder, proxy or shareholder's representative has one vote on a show of hands. In the case of a poll, each share held by every shareholder, proxy or representative is entitled to one vote for each fully paid share.

Dividend reinvestment plan

The Directors have determined that the dividend reinvestment plan remains suspended.

Dividend Payment Direct to a Bank, Building Society or Credit Union Account

Australian Shareholders may elect to have dividends paid directly into any Bank, Building Society or Credit Union account in Australia.

Company Secretary

The Company Secretary is Roger Lee.

Registered Office

The registered office of the Company is:

Level 1, 338 Barker Road, Subiaco Western Australia 6008

Telephone:	(08) 9267 5400
Facsimile:	(03) 9267 5499
Website:	www.srglimited.com.au

Stock Exchange Listing

SRG Limited shares are listed on the Australian Securities Exchange. Home exchange is Melbourne.

Share Register

If you have any questions in relation to your shareholding, please contact our Share Registry:

Computershare Registry Services Pty Limited

Level 2, 45 St Georges Terrace, Perth Western Australia 6000

Telephone:	1300 850 505
Facsimile:	(03) 9473 2500

Please include your shareholder reference number (SRN) or holder identification number (HIN) in all correspondence to the Share Registry.

Incorporation

SRG Limited is incorporated in the State of Victoria.

Auditors

William Buck.

Bankers

National Australia Bank.

FINANCIAL OVERVIEW

10 YEAR FINANCIAL SUMMARY

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
External sales of goods and rendering of services ($'000)	**178,007**	172,259	223,125	271,172	280,478	237,139	253,585	319,210	282,573	141,239
Operating profit from continuing operations before tax ($'000)	**9,231**	6,038	2,105	3,220	10,697	11,865	9,130	9,237	20,708	12,316
Profit (loss) after tax ($'000) [1]	**6,198**	1,609	1,267	3,218	7,996	4,472	3,270	8,887	15,182	8,824
Shareholder's funds at end of year ($'000)	**80,907**	75,525	74,803	76,409	76,511	71,833	70,906	56,667	48,261	33,179
Net tangible assets ($'000) [1]	**57,941**	56,085	55,364	56,970	57,072	51,394	50,467	40,482	32,021	27,936
Return on shareholder's funds [1]	**7.7%**	2.1%	1.7%	4.2%	10.5%	6.2%	4.6%	15.6%	31.5%	26.6%
Return on sales	**3.5%**	1.0%	0.6%	1.2%	2.9%	1.9%	1.3%	2.8%	5.4%	6.2%
Basic earnings per share (cents)	**9.8**	2.6	2.0	5.1	12.5	7.0	5.3	18.1	31.9	21.2
Net tangible asset backing per share (cents)	**92**	89.1	87.9	90.5	89.7	80.4	79.0	82.4	65.3	60.3
Dividends declared for the year (cents)	**6.0**	2.5	4.0	4.0	5.0	4.0	2.5	-	11.5	10.0
Dividends times covered	**1.64**	1.0	0.5	1.28	2.5	1.75	2.1	N/A	2.8	2.1
Depreciation and amortisation ($'000)	**5,404**	7,954	10,545	11,011	10,931	9,158	7,717	7,148	5,699	4,102
Interest paid ($'000)	**309**	711	1,249	1,557	1,551	1,074	1,067	1,564	951	381
Interest received ($'000)	**375**	647	481	191	128	115	39	87	410	173
Share price at 30 June	**$0.98**	$0.64	$0.57	$0.32	$0.71	$0.69	$0.48	$0.79	$2.55	$2.82
Shares on issue at 30 June ('000)	**62,959**	62,959	62,959	62,959	63,646	63,884	63,884	49,142	49,142	46,438
Market capitalisation at 30 June ($'000)	**61,700**	40,294	35,887	20,147	45,189	44,080	30,664	38,822	125,312	130,955

[1] Adjusted for minority equity interests where applicable

Note: 2010, 2011 and 2015 adjusted for discontinued operations

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