



# APPENDIX 4D

## **HALF YEAR**

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## **REPORT**

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FOR HALF YEAR ENDING 31 DECEMBER 2016

SRG LIMITED  
ABN 57 006 413 574

ISSUED 24 FEBRUARY 2017



**MAKING  
THE  
COMPLEX**

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**SIMPLE**

EST. **1961**

## APPENDIX 4D HALF YEAR REPORT

(Rule 4.2A.3)

Name of entity	ABN or equivalent company reference
SRG Limited	57 006 413 574

### 1.0 Details of the reporting period and the previous corresponding period

Financial period ended ('current period')	Financial period ended ('previous period')
31 December 2016	31 December 2015

### 2.0 Results for announcement to the market

			2016 \$A'000	2015 \$A'000
2.1 Revenues from ordinary activities	Up 46%	to	118,406	81,078
2.2 Profit from ordinary activities after tax attributable to members	Up 131.0%	to	4,670	2,022
2.3 Net profit for the period attributable to members	Up 131.0%	to	4,670	2,022

2.4 Dividends	Amount per security	Franked amount per security
Interim dividend	3.0 cents	3.0 cents

2.5 Record date for determining entitlements to the dividend: 14<sup>th</sup> March 2017

2.6 For a commentary on the financial results noted above, please refer to Directors' Report on page 1 of the company's interim financial report for half year ended 31<sup>st</sup> December 2016.

### 3.0 Net Tangible Asset Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary share	95.2 cents	86.5 cents

### 4.0 Dividends

#### 4.1 Individual dividends per security

	Date dividend is payable	Amount per security	Franked amount per security at 30% tax	Amount per security of foreign source dividend
Final dividend: 2015/16 Year	14 <sup>th</sup> October 2016	4.0c	4.0c	Nil
Interim dividend: Current Period	20 <sup>th</sup> April 2017	3.0c	3.0c	Nil

#### 4.2 Total dividend per security (interim plus final)

Ordinary Securities	Current Period \$'000	Previous Period \$'000
Final dividend	2,565	315
Interim dividend	1,924	1,259

## 5.0 Dividend Reinvestment Plans

DRP remains suspended

Any other disclosures in relation to dividends (distributions)	N/A
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## 6.0 Details of Associates and Joint Venture Entities

Not Applicable.


## 7.0 Foreign Entities

Accounting Standards used in compiling financial reports:	Australian Accounting Standards
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## 8.0

The Interim Financial Report for the half year ended 31<sup>st</sup> December 2016, which was subject to review, was not subject to dispute or qualifications.

Company Secretary:

  
 -----  
 Roger Lee

Date: 24 February 2017

**SRG LIMITED**  
**ABN: 57 006 413 574**  
**AND CONTROLLED ENTITIES**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31<sup>ST</sup> DECEMBER 2016**

This interim financial report is to be read in conjunction with the financial report for the year ended 30 June 2016.

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## CORPORATE

### Registered Office

The registered office of the Company is:  
Level 1, 338 Barker Road, Subiaco Western Australia 6008

### Stock Exchange Listing

SRG Limited shares are listed on the Australian Securities Exchange. Home exchange is Perth. (ASX: SRG)

### Share Register

Computershare Registry Services Pty Ltd

### Incorporation

SRG Limited is incorporated in the State of Victoria

### Auditor

William Buck  
Level 20, 181 William Street, Melbourne Victoria 3000

### Bankers

National Australia Bank

## DIRECTORS' REPORT

The directors of SRG Limited present their report on the consolidated group comprising SRG Limited and the entities it controlled as at and during the half-year ended 31 December 2016.

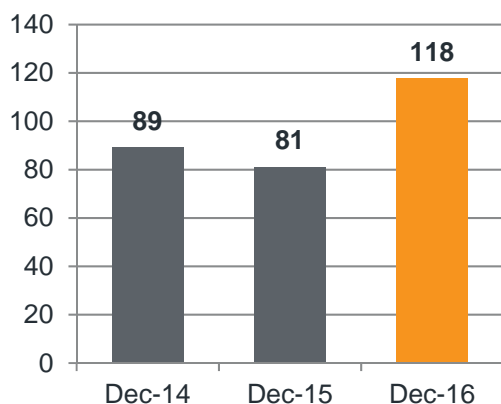
### Directors

The names of the directors in office at any time during the whole of the half-year and up to the date of this report:

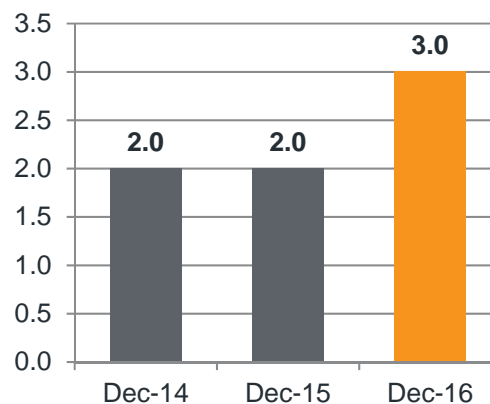
<b>Peter J McMorrow</b>	Chairman
<b>David W Macgeorge</b>	Managing Director
<b>Peter J Brecht</b>	Non-executive Director
<b>Michael W Atkins</b>	Non-executive Director
<b>Robert W Freedman</b>	Non-executive Director

### Key performance indicators for the 6 month periods

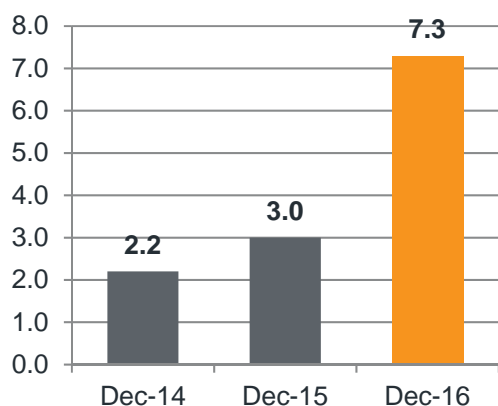
**Revenue (\$M)**



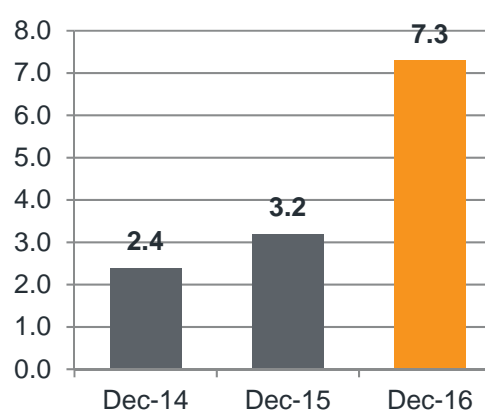
**Interim Dividend (cents)**



**NPBT (\$M)**



**Earnings per share (cents)**



Dear Shareholder,

I am pleased to report on SRG Limited's ("the Company" or "SRG") progress for the half year to 31 December 2016. In this report, we cover the highlights from the period. Investors are also invited to view the Company's half yearly results presentation via our website at [www.srglimited.com.au](http://www.srglimited.com.au).

## **Review of Operations**

As at 31 December 2016, Lost Time Injury Frequency Rate (LTIFR) was 2.5 and Total Reportable Injury Frequency Rate (TRIFR) was 18.3. This shows SRG's continuous improvement in our Zero Harm journey. SRG continues to make good progress on all our critical risks and it is pleasing that Zero Harm team are now fully in place and making good inroads in Zero Harm.

## **Financial**

### Financial Results

SRG Limited (the "Company") recorded a net profit before tax of \$7.3m for half year ended 31 December 2016, which includes a \$3.9m gain on the settlement of the sale of 112 Munro Street.

In the first half year, SRG spent \$1.4m in expansion costs for our international growth plans. As at 31 December 2016, the underlying Net Profit Before Tax (NPBT) of \$4.7m which is an increase of 56% compared to previous half year period (Dec 2015: \$3m).

The Board has resolved to pay an interim dividend of 3.0c cents per share fully franked, which will be paid to shareholders on 20<sup>th</sup> April 2017.

Earnings before interest, tax, depreciation and amortisation (EBITDA) was \$9.7m compared to \$6.1m for the prior corresponding period. The depreciation charge decreased by 22% (Dec 2015: \$2.9m). Interest expense decreased by 38% (Dec 2015: \$0.2m).

The Group's basic earnings per share was 7.3 cents for the half year (Dec 2015: 3.2 cents).

### Capital Management

The Company had no net debt at 31 December 2016. The net cash position at the half was \$25.9m (Jun 2016: \$21.9m) with a net cash inflow from operating activities of \$3.5m (Dec 2015: \$3.7m cash outflow).

### Work in Hand (WIH)

Work in hand at 31 December 2016 for the Group was \$249.4m compared to \$240m at the same time last year.

The Company continues to focus on converting a strong work pipeline of \$1,100m and to target profitable growth across business streams.

## **Mining**

The Group's mining services business revenue for the period ended 31 December 2016 was \$32.8m (Dec 2015: \$27.7m). The mining business performed to expectations for the first half of the year and has opportunities to increase its contribution to the group with additional project opportunities and contract extensions. Geotech has increased its work pipeline with several larger opportunities being tendered on.

## **Construction**

### Building

Revenue for the Building Post-tensioning business has decreased to \$31.2m (Dec 2015: \$34.1m). Work in hand has increased from \$38.1m to \$38.4m and 77 projects were secured in the past 6 months valued at \$33.4m. SRG expects that Building division's current work in hand levels will result in an increase of profitability in second half of the year.

### Civil

Revenue from civil works has increased to \$41m (Dec 2015: \$8.2m). Civil has continued its focus on work winning and excellence in execution during the past 6 months and has continued to secure dam, bridge and tank opportunities.

### Products

Revenue reported by the Group's SRG Products business has generated revenue of \$5.8m (Dec 2015: \$7.7m) and its performance is consistent with management expectations. SRG continues to invest in research and development and expects to recognise further profitable opportunities across its range and is expecting a stronger second half.

### Services

SRG Services recorded revenues of \$9.5m for the first half of the year up from \$7.4m in the previous corresponding period with services on the East Coast, in particular, demonstrating strong growth with revenue increasing from \$3.6m to \$6.5m. The Services division continues its focus on recurring revenue and work in hand has increased due to some larger opportunities being secured.

## **Outlook**

The improved first half result compared to the previous corresponding period in FY16 is a result of our continued focus on the Development Phase of SRG's strategy which is centered around growth, expansion and execution. SRG expects to continue focus on growth in the International business in Hong Kong, the Middle East and assessing acquisitions and tender opportunities in other targeted geographies.

SRG has record work in hand levels, a strong pipeline of opportunities and financial strength resulting from no net debt, positive working capital of \$37.2m and cash inflow from operating activities of \$3.5m. In FY17 SRG expect to increase returns to shareholders through growth in revenue and profit compared to FY16.



**Lead Auditor's Independence Declaration**

The Auditor's Independence Declaration on page 5 forms part of the Director's Report for the half year ended 31 December 2016.

**Rounding of Amounts**

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Signed in accordance with a resolution of the Board of Directors:

A handwritten signature in black ink that reads "David Macgeorge". The signature is written in a cursive, flowing style.

David Macgeorge  
**Managing Director**



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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2016 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

*William Buck*

**William Buck Audit (Vic) Pty Ltd**  
ABN: 59 116 151 136

*N.S. Benbow*

**N. S. Benbow**  
Director

Dated this 24<sup>th</sup> day of February, 2017

**CHARTERED ACCOUNTANTS  
& ADVISORS**

Level 20, 181 William Street  
Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
[williambuck.com](http://williambuck.com)

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	CONSOLIDATED GROUP	
		31 Dec 16 \$'000	31 Dec 15 \$'000
Revenue	2a)	118,406	81,078
Other Income	2b)	4,208	86
Construction and servicing costs		(106,442)	(68,440)
Depreciation and amortisation expense	2c)	(2,242)	(2,876)
Finance costs		(117)	(189)
Other expenses		(6,520)	(6,628)
<b>Profit before income tax expense</b>		<b>7,293</b>	<b>3,031</b>
Income tax expense		(2,623)	(1,009)
<b>Profit for the year attributable to members of the parent entity</b>		<b>4,670</b>	<b>2,022</b>
Basic earnings per share (cents per share)		7.3 cents	3.2 cents
Diluted earnings per share (cents per share)		6.7 cents	3.2 cents

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED GROUP	
	31 Dec 16 \$'000	31 Dec 15 \$'000
Profit for the period	4,670	2,022
<b>Other comprehensive income</b>		
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences arising on translation of foreign operations	66	139
<b>Other comprehensive income for the period (net of tax)</b>	<b>66</b>	<b>139</b>
<b>Total comprehensive income for the period attributable to members of the parent entity</b>	<b>4,736</b>	<b>2,161</b>

The accompanying notes form part of these financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED GROUP	
	31 Dec 2016 \$'000	30 Jun 2016 \$'000
<b>Current assets</b>		
Cash and cash equivalents	25,870	21,860
Trade and other receivables	30,897	33,235
Inventories	24,957	16,645
Other current assets	1,590	653
Assets Classified as held for sale	-	4,056
<b>Total current assets</b>	<b>83,314</b>	<b>76,449</b>
<b>Non-current assets</b>		
Property, plant and equipment	23,394	21,997
Intangible assets	22,966	22,966
Deferred tax assets	3,714	4,040
<b>Total non-current assets</b>	<b>50,074</b>	<b>49,003</b>
<b>Total assets</b>	<b>133,388</b>	<b>125,452</b>
<b>Current liabilities</b>		
Trade and other payables	30,617	28,089
Financial liabilities	2,960	2,411
Current tax liabilities	5,173	2,175
Short term provisions	7,330	7,280
<b>Total current liabilities</b>	<b>46,080</b>	<b>39,955</b>
<b>Non-current liabilities</b>		
Financial liabilities	1,859	1,217
Deferred tax liability	568	1,401
Long term provisions	846	1,972
<b>Total non-current liabilities</b>	<b>3,273</b>	<b>4,590</b>
<b>Total liabilities</b>	<b>49,353</b>	<b>44,545</b>
<b>Net assets</b>	<b>84,035</b>	<b>80,907</b>
<b>Equity</b>		
Issued capital	41,310	40,477
Reserves	1,034	2,759
Retained earnings	41,691	37,671
<b>Total equity</b>	<b>84,035</b>	<b>80,907</b>

The accompanying notes form part of these financial statements.

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	Note	Share Capital Ordinary \$'000	Retained Earnings \$'000	Share Based Payments Reserve \$'000	Asset Revaluation Reserve \$'000	Foreign Currency Translation Reserve \$'000	Total \$'000
<b>Balance at 1 July 2015</b>		<b>40,478</b>	<b>33,046</b>	<b>85</b>	<b>2,509</b>	<b>(594)</b>	<b>75,524</b>
<i>Comprehensive income</i>							
Profit for the period		-	2,022	-	-	-	2,022
Other comprehensive income for the period		-	-	-	-	139	139
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>2,022</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>2,161</b>
<i>Transactions with owners as owners</i>							
- Dividends paid	3	-	(315)	-	-	-	(315)
- Vesting of performance rights and share options		-	-	83	-	-	83
<b>Balance at 31 December 2015</b>		<b>40,478</b>	<b>34,753</b>	<b>168</b>	<b>2,509</b>	<b>(455)</b>	<b>77,453</b>
<b>Balance at 1 July 2016</b>		<b>40,477</b>	<b>37,671</b>	<b>759</b>	<b>2,509</b>	<b>(509)</b>	<b>80,907</b>
<i>Comprehensive income</i>							
Profit for the period		-	4,670	-	-	-	4,670
Other comprehensive income for the period		-	-	-	-	66	66
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>4,670</b>	<b>-</b>	<b>-</b>	<b>66</b>	<b>4,736</b>
<i>Transactions with owners as owners</i>							
- Shares issued during the period	5	833	88	(429)	-	-	492
- Dividends paid	3	-	(2,565)	-	-	-	(2,565)
- Vesting of performance rights and share options		-	-	465	-	-	465
- Transfer of prior year revaluation increment to retained earnings		-	1,827	-	(1,827)	-	-
<b>Balance at 31 December 2016</b>		<b>41,310</b>	<b>41,691</b>	<b>795</b>	<b>682</b>	<b>(443)</b>	<b>84,035</b>

The accompanying notes form part of these financial statements.

## CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

	CONSOLIDATED GROUP	
	31 Dec 16 \$'000	31 Dec 15 \$'000
<b>Cash flows from operating activities</b>		
Cash receipts in the course of operations	137,036	88,523
Cash payments in the course of operations	(133,386)	(93,227)
Interest received	85	260
Finance costs	(117)	(189)
Income tax (paid) / receipted	(132)	928
<b>Net cash inflow / (outflow) in operating activities</b>	<b>3,486</b>	<b>(3,705)</b>
<b>Cash flows from investing activities</b>		
Payments for purchases of plant and equipment	(2,461)	(779)
Proceeds from sale of plant and equipment	8,172	499
Payments for controlled entities – CCM (net of cash acquired)	-	(2,113)
<b>Net cash inflow / (outflow) in investing activities</b>	<b>5,711</b>	<b>(2,393)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of shares	492	-
Finance Lease payments	(1,651)	(3,404)
Proceeds from Finance Lease non-current assets buy-back	360	-
Dividends paid by parent entity	(2,565)	(315)
Repayment of borrowings – Premium funding	(1,944)	-
<b>Net cash (outflow) in financing activities</b>	<b>(5,308)</b>	<b>(3,719)</b>
<b>Net increase / (decrease) in cash and cash equivalents held</b>	<b>3,889</b>	<b>(9,817)</b>
Effect of exchange rates on cash and cash equivalents in foreign currencies	121	14
Cash and cash equivalents at beginning of period	21,860	29,326
<b>Cash and cash equivalents at end of period</b>	<b>25,870</b>	<b>19,523</b>

The accompanying notes form part of these financial statements.

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

## 1. Summary of Significant Accounting Policies

### (a) Basis of Preparation

These interim financial statements for the half-year reporting period ended 31 December 2016 have been prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: *Interim Financial Reporting*, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

This financial report does not include all of the information required for full annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial report for the year ended 30 June 2016 and any public announcements made by SRG Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under ASX Listing Rule 3.1 and *Corporations Act 2001*.

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

### (b) Accounting Policies

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements, except in relation to some of the accounting policies discussed below in 1(c) which became effective for the annual reporting period commencing 1 July 2016. Amounts in the financial statements have been rounded off to the nearest \$1,000 in accordance with the relief under ASIC Legislative Instrument 2016/191.

### (c) New and Revised Accounting Requirements Applicable to the Current Half-Year Reporting Period

Certain new accounting standards and interpretations became applicable to the current half year reporting period. The group's assessment of the impact of these new standards and interpretations is that they will not significantly impact upon the classification, recognition, disclosure and measurement of amounts recorded in the financial statements.

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

The 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 half year period ended 31 December 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'. 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. 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.

#### - AASB 16 Leases

The standard is mandatory for annual reporting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed.

The standard will affect primarily the accounting for the group's operating leases. However, management has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the group's profit and classification of cash flows.

Some commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB 16.



## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### 2. Profit for the Period

	CONSOLIDATED GROUP	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>(a) Revenue</b>		
Operating activities		
Rendering of services	114,753	76,060
Sale of goods	3,387	4,118
Interest received	85	254
Other revenue	181	646
<b>Total Revenue</b>	<b>118,406</b>	<b>81,078</b>
<b>(b) Other Income</b>		
Non-operating activities		
- Gain on disposal of held for sale assets (a)	3,932	86
- Fair value gain on deferred consideration	276	-
<b>Total Other Income</b>	<b>4,208</b>	<b>86</b>

(a) 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 a contract to sell the property for \$8.1m. Settlement occurred in the half year ended 31 December 2016. As at 31 December 2016, the company has recognized \$3.9m gain on the disposal.

<b>(c) Expenses</b>		
Depreciation of:		
- Plant and equipment	2,176	2,786
- Building	10	14
- Leasehold improvements	56	76
Rental - operating leases	1,107	878
Employee benefits expense	37,123	31,957
	<b>40,472</b>	<b>35,711</b>

### 3. Dividends Paid or Proposed

	CONSOLIDATED GROUP	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
<b>Distributions paid</b>		
Final fully franked dividend of 4.0 cents (2015: 0.5 cents) per share franked at the corporate tax rate of 30% (2015: 30%) in respect of profits for the year ended 30 June 2016 based on 64,124,181 ordinary shares at 16 <sup>th</sup> September 2016.	2,565	315
<b>Distribution declared</b>		
On 23 <sup>rd</sup> February 2017, the Directors declared an interim fully franked dividend of 3.0 cents (December 2015: 2.0 cents) per share franked at the corporate tax rate of 30% for the half year ended 31 December 2016. Record date is 14 <sup>th</sup> March 2017 and payment date is 20 <sup>th</sup> April 2017.	1,924	1,259

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### 4. Fair Value Measurement

Due to the nature of the Group's operating profile, the Directors and management do not consider the fair values of the Group's financial assets and liabilities to be materially different from their carrying amounts at 31 December 2016.

### 5. Equity

	31/12/16	31/12/15
	Shares ('000)	Shares ('000)
<b>(a) Share Capital</b>		
<b>Issues of ordinary shares during the half-year</b>		
Exercise of options issued under the SRG Employee Option Incentive Scheme	590	-
Issued for no consideration:		
Performance Rights under SRG Employee Performance Rights Incentive Scheme	600	-

#### (b) 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.

During the 6 month period ended 31 December 2016, SRG issued 3.15m Performance Rights pursuant to the SRG Incentive Performance Rights Plan.

##### 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. As at 31 December 2016, a \$1.8m revaluation increment related to the sale of 112 Munro Street has been transferred from the Asset Revaluation Reserve to Retained Earnings.

##### 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.

### 6. Events Subsequent to Reporting Date

There were no material events subsequent to the end of the interim period that have not been recognised or disclosed in this interim financial report.

### 7. Contingent Liabilities

As at 31 December 2016, the group continued its bank guarantee arrangements with the bank, from 30 June 2016. There were no other material changes to contingent liabilities from those disclosed in the 30 June 2016 financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### 8. Segment Information

#### Primary reporting – Business segments

Operating segment	Construction		Mining		Corporate		Consolidated Group	
	31/12/16 \$'000	31/12/15 \$'000	31/12/16 \$'000	31/12/15 \$'000	31/12/16 \$'000	31/12/15 \$'000	31/12/16 \$'000	31/12/15 \$'000
<b>Revenue</b>								
External sales	85,388	52,536	32,837	27,642	-	-	118,225	80,178
Other revenue	181	335	-	-	-	565	181	900
<b>Total revenue</b>	<b>85,569</b>	<b>52,871</b>	<b>32,837</b>	<b>27,642</b>	<b>-</b>	<b>565</b>	<b>118,406</b>	<b>81,078</b>
Other Income	4	-	-	86	4,204	-	4,208	86
<b>Results</b>								
Segment result	2,625	1,616	3,672	3,880	996	(2,465)	7,293	3,031
Income tax expense	-	-	-	-	(2,623)	(1,009)	(2,623)	(1,009)
<b>Profit after income tax</b>	<b>2,625</b>	<b>1,616</b>	<b>3,672</b>	<b>3,880</b>	<b>(1,627)</b>	<b>(3,474)</b>	<b>4,670</b>	<b>2,022</b>
<b>Assets</b>								
Segment assets	73,038	66,959	28,768	27,306	31,582	31,187	133,388	125,452
<b>Liabilities</b>								
Segment liabilities	31,885	26,266	8,649	10,676	8,819	7,603	49,353	44,545
<b>Non-Current Asset movements</b>								
Acquisition of non-current assets	1,161	2,745	2,278	88	277	73	3,716	2,906
Depreciation of segment assets	764	754	1,326	2,016	152	106	2,242	2,876

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF YEAR ENDED 31 DECEMBER 2016

### 8. Segment Information (continued)

#### Revenue and assets by geographical region

	Australia		United Arab Emirates		Consolidated Group	
	31/12/16	31/12/15	31/12/16	31/12/15	31/12/16	31/12/15
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Revenue and assets by geographical region</b>						
Segment revenue from external customers	114,335	77,875	4,071	3,203	118,406	81,078
Acquisition of non-current segment assets	3,681	2,902	35	4	3,716	2,906
	31/12/16	31/06/16	31/12/16	31/06/16	31/12/16	30/06/16
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount of segment assets	126,669	119,809	6,719	5,643	133,388	125,452

## DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 6 to 15 are in accordance with the Corporations Act 2001, including:
  - a. complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001, and
  - b. giving a true and fair view of the consolidated group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

A handwritten signature in black ink that reads "David Macgeorge". The signature is written in a cursive, flowing style.

David Macgeorge  
**Managing Director**

Dated 24 February 2017

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

### **Report on the Half-Year Financial Report**

We have reviewed the accompanying half-year financial report of SRG Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity) which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and
- complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of SRG Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### *Independence*

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

#### **CHARTERED ACCOUNTANTS & ADVISORS**

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Melbourne VIC 3000  
Telephone: +61 3 9824 8555  
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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SRG LIMITED AND CONTROLLED ENTITIES (CONT)**

*Conclusion*

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

- a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half year ended on that date; and
- b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

*William Buck*

**William Buck Audit VIC Pty Ltd**  
ABN: 59 116 151 136

*N. S. Benbow*

**N. S. Benbow**  
Director

Dated this 24th day of February, 2017