2015

DECMIL GROUP LIMITED

ANNUAL REPORT

ABN 35 111 210 390


DECMIL
Lampson
CAT

Contents

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DCG

REGISTERED ADDRESS

20 Parkland Road

Osborne Park

WA 6017

Tel: +61 8 9368 8877

ANNUAL GENERAL MEETING

Shareholders are advised that the Decmil Group Limited 2015 Annual General Meeting (AGM) will be held on 18 November 2015 at Decmil Head Office 20 Parkland Road, Osborne Park, Western Australia, commencing at 10.00am (AWST).

www.decmil.com.au

ABOUT THIS REPORT

This Annual Report is a summary of Decmil Group Limited's (ASX: DCG) ("Decmil" or "Company") operations, activities and financial position as at 30 June 2015.

Decmil Group Limited (ABN 35 111 210 390) is the parent Company of the Decmil Group of companies. In this report, unless otherwise stated, references to 'Decmil', 'DGL' and 'the Company', and 'we', 'us' and 'our' refer to Decmil Group Limited and its controlled entities.

References in the report to 'the year' or 'the reporting period' relate to the financial year, which is 1 July 2014 to 30 June 2015, unless otherwise stated. All dollar figures are expressed in Australian currency.

In an effort to reduce its impact on the environment, Decmil will only post printed copies of this Annual Report to those shareholders who elect to receive one through the share registry. An electronic copy of this Annual Report will be available on our website at www.decmil.com.au

ABOUT US

As a respected leader in project delivery, Decmil offers a diversified range of services to the mining, oil & gas, infrastructure and government sectors in Australia and overseas.

Established in 1979, Decmil has over 36 years' experience delivering integrated solutions to its blue-chip clients. Our success is based on our ability to build strong relationships and produce positive outcomes for our clients.

Capabilities within the Group specialise in design, engineering, construction, accommodation services, mechanical fabrication and maintenance. We operate and deliver these services largely in regional and remote locations, often with challenging logistics.

Decmil's reputation is founded on a culture of safety, people, leadership, client relationships, teamwork and community. These principles are embedded in all processes and systems and embodied in all aspects of how we conduct our business.

Our people have the expertise and enterprise to deliver large scale, complex projects in construction, engineering and accommodation services.

The Group currently operates two business units; Construction and Engineering and Accommodation Services.

Our business operates across Australasia, ensuring that Decmil can offer a robust combination of national expertise with local knowledge. Our national footprint enables depth of capability and our reach allows us to provide more complex and diversified offerings.

Decmil is well progressed towards transitioning the business through broadening its services and extending into new markets, and increasing project delivery capabilities in Government infrastructure work.

We are committed to outstanding project management and delivery regardless of the scale or the intricacy of the work.

At the heart of Decmil's philosophy is our values-based culture that focusses less on what we do, and more on how we do it.

It's no surprise then that our vision and values are incredibly important to each and every one of us.

VISION

To be the market leader in project delivery, achieving sustainable growth through the quality of our people and the strength of our relationships.

Decmil is proudly built on a strong foundation of six values, which underpin everything we do:

OUR CORE VALUES ARE

At Decmil our vision and values are incredibly important to us. We are building our reputation as having a "values based culture" where we demonstrate that it's not so much what we do that matters, but how we do it.

To develop high performing teams that are aligned to our vision and values, Decmil have established a program called **Shared Success**. The program was established to achieve consistency in behaviour and performance across all areas of the business from an executive level through to project units. We know that if we succeed, then all our valued clients, partners and shareholders also succeed.

This integrated approach begins with our people and the belief that together we can develop trusting relationships with all stakeholders to achieve long term mutual goals.

CHAIRMAN & MANAGING DIRECTOR'S REPORTS

CHAIRMAN'S REPORT

Decmil has established itself in the public infrastructure sector & its work now includes immigration facilities, roads, bridges, schools & a wide array of defence works.

It is with great pleasure that I present to you Decmil's 2015 Annual Report.

Despite a difficult year in the construction and engineering sector, it has been another busy and productive year at Decmil. The Group's revenue grew to a record level of $667 million. This has largely been achieved through a much wider geographic, customer and industry base.

The business has established itself in the public infrastructure sector and its work now includes immigration facilities, roads, bridges, schools and a wide array of defence works.

This is work that is quite different from the resources boom of recent years, however in many ways it depends on similar skills and capabilities. Margins are not as high as during the boom times, but are reflective of a more normalised construction environment.

It is with great pleasure that I share with you Decmil's achievements for the 2015 financial year.

CHAIRMAN'S REPORT

FINANCIAL PERFORMANCE AND POSITION

Whilst the Group's revenue grew in FY15, excluding the contribution of business combinations amounts, net profit after tax declined by 19%, primarily due to a subdued natural resources construction sector and greater proportion of Government work at lower margins than that realised during the resources and construction boom of recent years. Notwithstanding that profitability was down on the levels achieved in FY14, it is a result the business can be proud of in the current environment.

The Group maintained a strong net cash position, with cash on hand of $59.5m at 30 June 2015. During the period, net assets increased to $319.4m from $302.8m at 30 June 2014.

DIVIDENDS AND CAPITAL MANAGEMENT

A final dividend of 8.5 cents per share has been declared and will be paid on 25 September 2015. Combined with the 4.5 cents per share interim dividend, this represents a total dividend of 13.0 cents per share for the 2015 financial year, which is consistent with the dividend paid for the 2014 financial year. The total dividend distribution represents a 54% payout ratio, an increase on the 44% payout last year.

The Board is focussed on ensuring the business continues to maximise the dividend opportunity for shareholders and, subject to trading conditions and investment opportunities, continues to pay an appropriate level of dividend.

During the year the Company bought back 1,363,495 shares under its on-market share buyback program. The Board considered the weakness in the market and the Decmil share price presented a good investment for the Company and a sensible way to deploy its cash reserves. The Board will continue to review this program and the conditions of the market.

Whilst the Group has access to substantial senior debt and bonding facilities, it ended ended the year with no drawn senior debt. The Board considers this fiscal discipline to be appropriate given the challenging environment in the broader construction and engineering sector.

HEALTH, SAFETY & ENVIRONMENT

Safety is a core value of Decmil and central to everything we do. With the aim of ensuring zero harm to our people and the environment, it's pleasing to again report that no serious injuries were reported during the year.

COMMUNITY

Decmil is committed to being a good corporate citizen by taking responsibility for all our social, ethical and environmental actions. We see ourselves as part of the communities in which we operate, and as such we strive to be a positive, active and contributing participant in community life. I am particularly proud of our corporate friendships with the Starlight Children's Foundation and beyondblue, as both organisations touch issues very relevant to our staff and communities.

FUTURE

During the 2015 financial year the business continued to successfully diversify and grow its capability with new work in the Defence sector, its first project in New Zealand and performing large scale structural mechanical work at Roy Hill. We now also have a telecommunication infrastructure capability in the Group through the acquisition of SAS Telecom. Decmil's ability to deliver on its diversification strategy has been one of its key strengths.

It is these new sectors and capabilities that will present new and different opportunities for the Group as we continue to see the level of engineering construction in the traditional resources sectors decline.

There is no doubt that FY16 will be a challenging year for the construction and engineering sector. We will however continue to seek ways to strengthen the Decmil business and the Board is very much focussed on the long term sustainability and success of the business, building on a history that goes back 36 years.

In closing, I would again like to take this opportunity on behalf of the Board to thank our loyal shareholders for their ongoing support and of course our staff for their dedication to Decmil.

W.P. Healy

Bill Healy
Non-Executive Chairman

MANAGING DIRECTOR'S REPORT

> We are now undertaking Defence works across Australia including fuel infrastructure, building refurbishment & the construction of new infrastructure ...

I am pleased to report that Decmil has delivered another solid result this financial year.

This year's results were underpinned by:

- Landmark contracts for Department of Immigration and Border Protection at Manus Island nearing successful completion;
- New Defence work secured across Australia including fuel infrastructure works, building refurbishment projects and the construction of new specialist infrastructure;
- Strong performance on QGC's wellhead installation programme and new work for Origin Energy, AGL and new opportunities with prominent companies in the gas sector;
- Further work secured at the Roy Hill project and increasingly doing larger and more complex mechanical projects;
- Adding a telecommunication infrastructure capability in the Group through the acquisition of SAS Telecom; and
- Better than expected occupancy at Homeground Gladstone.

BUSINESS PERFORMANCE

Over the past 12 months we have focussed on the following:

- Growing our footprint in public sector infrastructure;
- Diversifying the client base of our upstream Coal Seam Gas (CSG) business;
- Overhead and cost efficiency across the Group; and
- Investing in good people and new capabilities.

I am pleased to report we made progress in each of these areas.

Following on from our significant projects on Manus Island for the Australian Department of Immigration and Border Protection, we continued to expand into other areas of Government. Defence in particular has been a real focus given how relevant Decmil's core capabilities and strengths are to this sector. We are now undertaking Defence work across Australia including fuel infrastructure works, building refurbishment projects and the construction of new infrastructure such as training facilities and explosives hazard areas.

We have also established a presence in New Zealand as one of three contractors selected for the Christchurch Schools Rebuild Programme.

MANAGING DIRECTOR'S REPORT

In upstream CSG, our performance on QGC's wellhead installation programme remains good and we value the relationship we have established with them. This business unit also now undertakes work for Origin Energy, AGL and other prominent companies in the gas sector which is a pleasing diversification.

In 2015 we also announced that Decmil had secured a $27.3 million design and construct contract for the expansion of United Petroleum's Hastings Fuel Terminal. This contract was secured by the EDE business which Decmil acquired in 2013. The EDE business has a long track record in fuel infrastructure and this remains an area of our capability we wish to grow significantly.

Whilst our heritage is as a civil and construction contractor, consistent with changes in the market, we are increasingly doing larger and more complex mechanical projects whilst also self-performing some electrical work. We have a large scope of mechanical work on the Roy Hill project to accompany the mechanical work we already do in CSG and fuel.

We worked hard on reducing overhead in the business in FY15 and we are expecting further reductions in FY16. This has been achieved by cuts to discretionary expenditure and securing efficiencies in the mix and cost of our people resources. We have been careful to not lose capability whilst undertaking this exercise.

MANAGEMENT CHANGES

On 1 July 2015 Ric Buratto joined Decmil as a senior executive in the construction and engineering division. Ric has had a long and distinguished career in construction and engineering and most recently held the position of Executive General Manager at Thiess. There he managed a business with in excess of $3 billion in revenue, working on some of the largest and most complex construction and engineering projects in Australia.

Ric's extensive experience and network within the industry will bolster Decmil's capability to win and deliver large and complex construction and engineering projects in the LNG, mining and Government infrastructure sectors.

During the year Jim Aquino also joined the business as an Executive Manager Strategy and Business Development. Jim joined us following a long career at Thiess and other major engineering companies, where he had a particular focus on the LNG sector. Together with Ray Sputore we now have some of the most experienced executives in the industry.

STRATEGY & OUTLOOK

Much of the construction and engineering industry will continue to face significant headwinds in the 2016 financial year as the resources industry in Australia continues to transition from the construction to operational phase. Decmil is not immune to these challenges.

There are however a few basic principles we will continue to follow:

- Preserving our balance sheet strength and strong net cash position;
- Continued sustainable diversification;
- Sensible investment in people and capability; and
- A focus on costs at every level in the business.

Our strategy is simple and based on our overall ambition to build a diverse and strong construction and engineering business capable of competing with Tier 1 contractors in Australia and abroad in the LNG, mining and public infrastructure sectors.

I would like to thank the Board, our staff and shareholders for the support afforded to the business during the past 12 months.

Scott Criddle
Managing Director & Group CEO

FINANCIAL PERFORMANCE

OVERVIEW OF FINANCIAL PERFORMANCE

The financial information in this section should be read in conjunction with the Financial Statements and accompanying notes, which have been prepared in accordance with the requirements of the Corporations Act 2001 and other relevant standards as outlined in Note 1 of the Financial Statements.

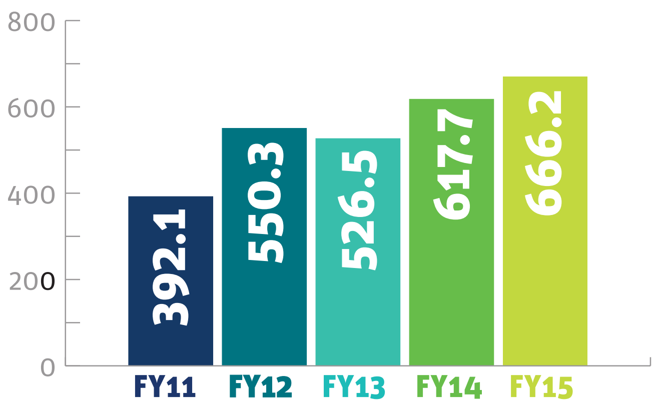
FINANCIAL HIGHLIGHTS

- Revenue up $48.5m (8%) to $666.2m
- EBITDA of $62.7m (FY14 $78.2m)
- NPAT of $40.3m (FY14 $49.7m)
- EPS of 23.91cps (FY14 29.50cps)
- Full year dividend of 13 cents
- Gross cash at 30 June 2015 of $59.5m
- Nil gearing at 30 June 2015 (excluding minor hire purchase liabilities)

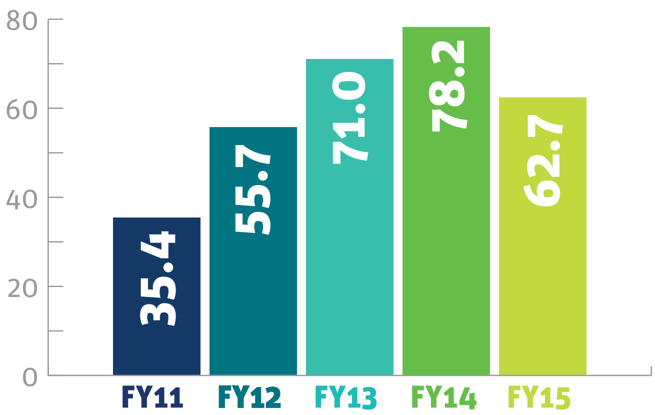
The year ended 30 June 2015 delivered another year of revenue growth for Decmil, up 8% to $666.2m, despite challenging market conditions in the Construction & Engineering sector. This has been largely underpinned by the delivery of key contracts for clients such as Roy Hill, Department of Immigration and Border Protection (DIBP), Samsung E&I, Queensland Gas Corporation (QGC); as well as a better than expected contribution from our Homeground Gladstone Village.

The business also further expanded its capability undertaking a substantial mechanical project at Roy Hill for Samsung E&I and geographic reach, being selected for a schools construction program in New Zealand. The Group also expanded it presence in Government with the award of a number of contracts for the Department of Defence.

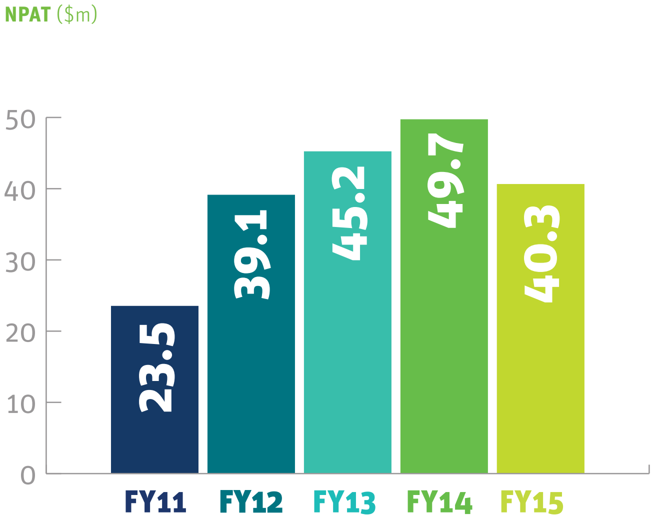
REVENUE EXCLUDING INTEREST ($m)

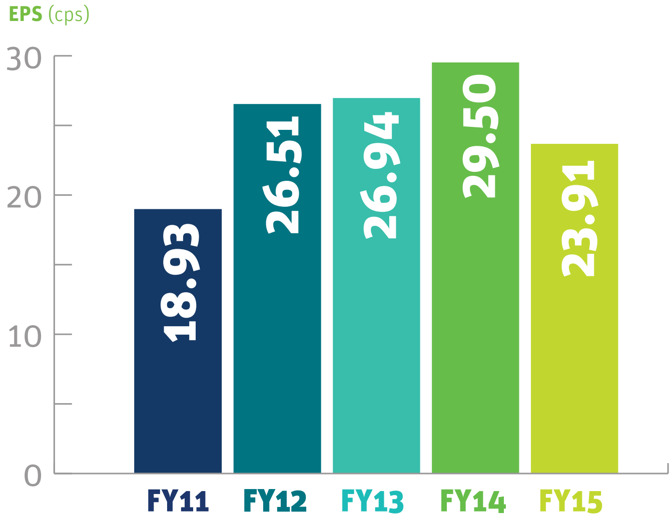


EBITDA ($m)



FINANCIAL PERFORMANCE





The business did experience further compression in construction margins during the year due to reduced capital expenditure in the natural resources construction sector and greater proportion of public sector work. The reduction in margins resulted in net profit after tax declining by 19%, excluding the contribution of business combinations amounts.

Earnings per share was 23.91 cents. A final dividend of 8.5 cents has been declared, giving a full year payout ratio of 54%.

As at 30 June 2015, Decmil remained in a net cash position with $59.5m cash on hand (Jun14 $59.3m) and no senior debt drawn. Decmil has sufficient headroom in bank guarantee and surety bond facilities to ensure future key projects continue to be successfully tendered.

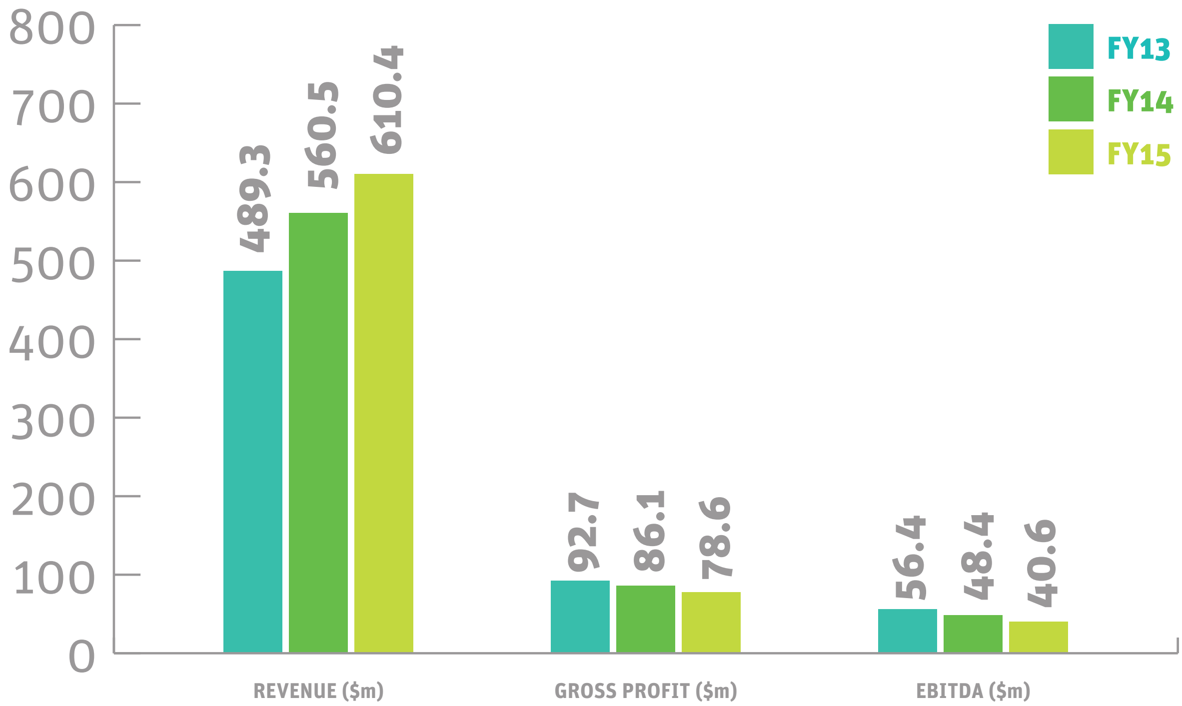
CONSTRUCTION & ENGINEERING

FINANCIAL PERFORMANCE

The Construction & Engineering division generated revenue of $610.4m during FY15, which is an increase from FY14 of $49.9m (8.9%). Key clients contributing to this result include Roy Hill, Samsung, DIBP, QGC, The Department of Defence and Rio Tinto. Despite growing revenue, the division has experienced a decline in margins as they return to historical pre-resource construction boom levels.

During FY15, the Group combined its two separate east coast construction & engineering businesses into one business unit, now operating under one streamlined operational structure (headquartered in Brisbane).

Notwithstanding a challenging construction environment, the strong FY15 financial result has been underpinned by continued performance in core delivery sectors being Oil & Gas (QGC, Origin and AGL), Government (DIBP, Defence, Main Roads) and Resources (Rio Tinto and Roy Hill).



CONSTRUCTION & ENGINEERING

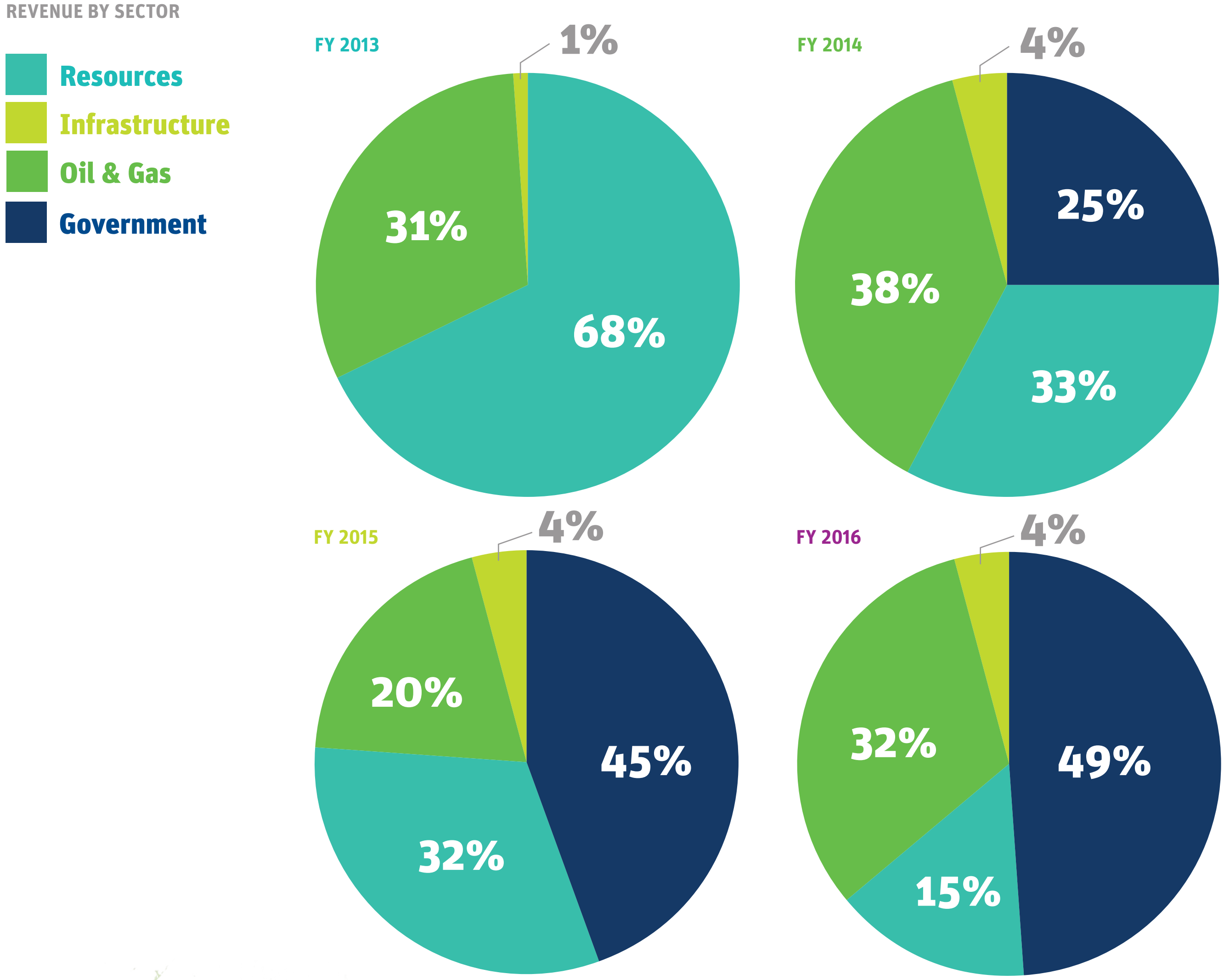
Decmil has continued to progress its diversification strategy to increase the quality of earnings, deriving revenue from new sectors, developing new service offerings and expanding its geographical presence:

- **New sectors:** the division has gained traction in the Defence sector, winning a variety of projects in relation to new builds, refurbishments and fuel infrastructure;
- **New service offerings:** the division has undertaken larger and more complex structural mechanical piping projects for Roy Hill / Samsung and significantly expanded our ability around fuel infrastructure; and
- **New regions:** the division was placed on the NZ Schools Construction Panel, which is a three year project with a total spend of >NZ$1bn as well as commencing a number of fuel infrastructure works in Victoria for United Petroleum.

The business has shifted its focus significantly towards public infrastructure in line with its diversification strategy. The target revenues moving forward have a significantly higher weighting towards Government backed work in comparison to previous years, requiring further development of capability in delivery of Government contracts.

The diversification strategy has required a shift of the makeup of resources within the business and to the nature in which we both tender and execute work. Whilst there are key opportunities within the core sectors of mining and oil & gas (largely sustaining capital works), these will be less than previous years. The geographical spread of Government backed work has also underpinned the division's movement into new regions.

REVENUE BY SECTOR



ACCOMMODATION SERVICES

FINANCIAL PERFORMANCE

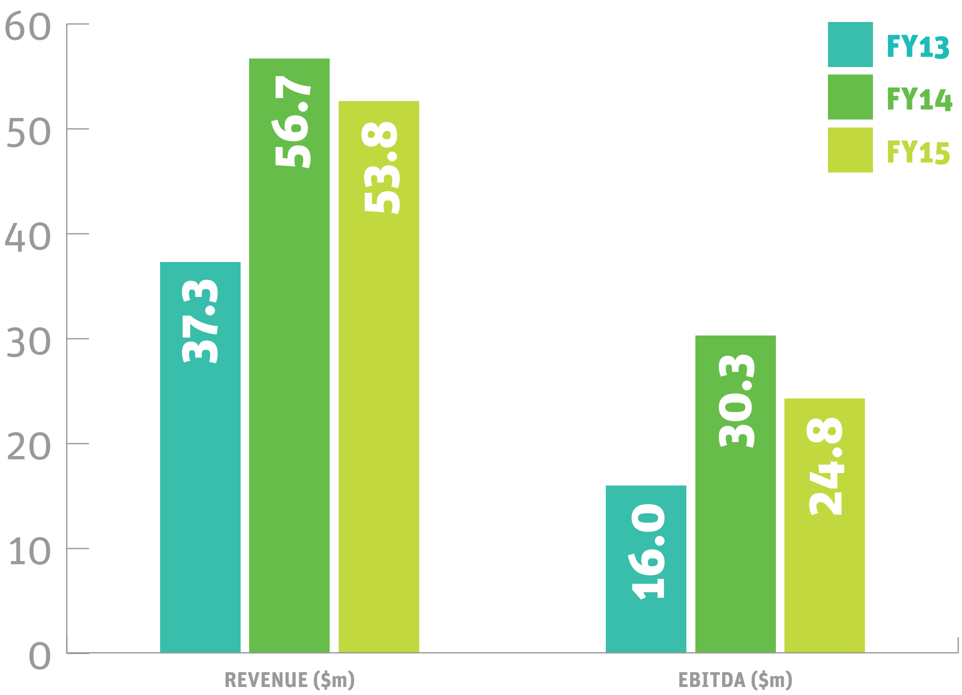
In FY15, the Accommodation Services division delivered a solid revenue result of $53.8m and EBITDA of $24.8m, underpinned by strong occupancy of 69%. This was driven by peak construction activity experienced on key Gladstone projects (namely the Curtis Island LNG plants and port infrastructure projects). This activity started slowing down in the second half of the financial year and this trend is expected to continue in FY16, resulting in lower occupancy and therefore earnings than previous years.

Despite the expected decline in Gladstone construction activity in FY16, the division is still very well positioned to capture the medium term demand from the operations and shutdown maintenance phases of the LNG projects as well as other potential projects earmarked for the region.

GUEST SATISFACTION SURVEYS

Guest satisfaction and continuous improvement remain top priorities for Homeground. Clients and guests are encouraged to provide feedback via anonymous surveys which are designed to measure the guests' satisfaction.

During FY15, the Homeground surveys returned an 85% guest satisfaction score. These surveys provide valuable benchmarking information used to refine village operations and track the overall guest experience at Homeground Gladstone.



OTHER BUSINESS UNITS

TELECOMS

During FY15, Decmil purchased SAS Telecom. SAS Telecom's core business is the design, installation, commissioning and maintenance of communication and security infrastructure. The decision to acquire SAS Telecom was predicated on diversifying into the growing communications and technology sectors as well as self-performing this discipline on construction projects.

Since the acquisition in December 2014, SAS Telecom has been successfully integrated into the Decmil business and continues to build its pipeline in the core markets of communications and security works primarily in the commercial metro market. The business is targeting future growth areas which include NBN infrastructure installation and maintenance, utilities smart metering, community and street lighting technologies and battery technologies.

> Since the acquisition in December 2014, **SAS Telecom** has been successfully integrated into the Decmil business and continues to build its pipeline ...

INFRASTRUCTURE OWNERSHIP

Decmil recently created a new division to focus on pursuing build-own-operate (BOO) infrastructure assets and public-private-partnerships (PPP). These opportunities enable Decmil to leverage off its construction capability as well as take long-term equity positions that generate stable returns.

During the year, Decmil was shortlisted as one of three consortia for the WA Schools PPP. Decmil partnered with Programmed Maintenance Services Limited (Programmed), each with an equal share of the sponsor equity, under an 'operator-led' structure. Whilst ultimately not selected as the preferred bidder, it provided Decmil exposure with what is likely to be an increasingly common form of delivery for public sector infrastructure. This was Decmil's first entry in the PPP market and something that will remain on the strategic agenda going forward.

In addition to PPP's, Decmil continues to assess other BOO infrastructure assets with Tier 1 or Government counterparties.

The **Shared Success** program has enhanced our team culture and has contributed to our success this year ...

OUR CULTURE

OUR PEOPLE

Decmil is committed to ensuring we attract, engage and retain the right people who are aligned with our vision of being the market leader in project delivery. Decmil's team has a culture that is underpinned by our values of safety, people, leadership, client relationships, teamwork and community.

Our cultural development program of 'Shared Success' strives to develop Decmil as one high performing team in which our people are all aligned to our vision and values.

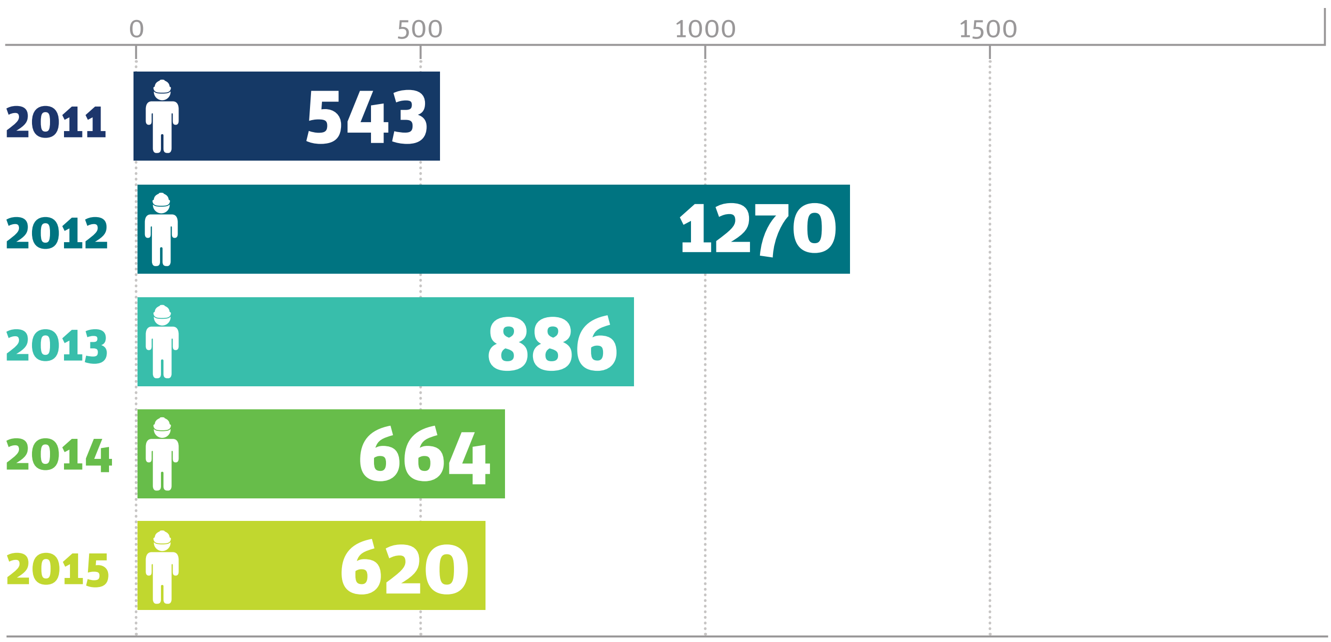
By having an integrated approach of Shared Success throughout all levels of Decmil; from the Executive Leadership Team, Departmental Teams, to our Project Teams; we have built a team that is unified by our values, committed to developing trusting relationships, and optimising returns for our shareholders.

The Shared Success program has enhanced our team culture and has contributed to our success this year as we know that if we succeed, then all our valued clients and partners succeed.

ANNUAL OVERVIEW

Over the past year, we have had to make adjustments to our workforce size in response to external market conditions impacting our project pipeline and work in hand.

As at 30 June 2015, Decmil's total workforce consisted of 620 people; 343 white collar staff and 277 blue collar staff.



In December 2014 we acquired **SAS Telecom** which involved bringing 20 SAS employees across to Decmil.

OUR PEOPLE

This financial year, we have broadened our scope of work and have self-performed a number of projects including Mt Webber Road Works, Samsung TLO & Desanding Facility at Roy Hill Mine Site, Ayr and Taloona Tie In on the East Coast. Through our national enterprise agreements we have been able to successfully attract, engage and retain highly skilled blue collar employees for these projects with no industrial relations issues.

In addition to the adjustments in our workforce size, we have also undergone significant organisational restructures to align with our diversification strategy and to ensure we can readily adjust to changes that may occur in the external environment.

As part of these organisational restructures, we have merged our two Brisbane based offices to encourage greater synergy and collaboration within our teams across the Construction and Engineering divisions. We also conducted a review of the workshop structures which resulted in combining the three workshops into one and to date, this has already demonstrated increased efficiency amongst the teams.

In December 2014 we acquired SAS Telecom which involved bringing 20 SAS employees across to Decmil. Since the acquisition, we have been heavily focussed on further developing the SAS Telecom business and have successfully rolled out the Shared Success program to assist with this.

To demonstrate our commitment to one of our key values, Community, Decmil has partnered with local Indigenous Foundations to offer learning and development opportunities to Indigenous Australians on our projects. This has seen positive results in WA where our indigenous participation rates have increased to over 7% on some projects.

We have also remodelled our training courses to improve cultural awareness of traditional land owners and we now have an Acknowledgement of Country training module in place.

On our first international project on Manus Island we provided training to local indigenous people. Through our training, local indigenous teams successfully completed and obtained their Work Safely in the Construction Industry White Cards. The skills and knowledge they obtained from the course will provide them with future job opportunities.

Throughout the year, we have also been heavily focussed on the performance and development of our people and this is evident from the number of our female employees being internally promoted to managerial roles in the areas of Human Resources, Quality and General Management.

We have further modified our comprehensive range of learning and development offerings to our employees to support Decmil's ongoing performance to achieve sustainable growth for the future. These programs offer internal and external training opportunities to increase our people's skills and provide future career opportunities.

This year, we introduced the Excellence Awards as part of our focus on employee recognition. The Excellence Awards Program promotes Shared Success and is a formal process that encourages employees to recognise and acknowledge their peers for their high performance and commitment to Decmil's values.

Over the coming year, Decmil will continue to focus on initiatives aimed at recognising and developing our people to be the best they can be so that we can ensure long-term Shared Success for the team.

HEALTH, SAFETY & ENVIRONMENT

Keeping our people and our projects safe is central to everything we do at Decmil.

Our dedicated safety program, **SHIELD**, is designed to empower every person in the organisation to ensure their work practices are focussed on zero harm.

SHIELD drives behaviours, attitudes, decisions and actions within the business to achieve a working environment that is free from injury or incident.

SHIELD
SAFETY & HEALTH PROGRAM

Decmil's six elements of SHIELD are:

1) Personal commitment and cultural alignment;

2) Leadership commitment and mentoring;

3) Employee health and welfare;

4) Reward and recognition;

5) Training and development; and

6) Consultation, communication and empowerment.

Since it was implemented four years ago, the SHIELD program has assisted significantly in reducing Total Recordable Incident Frequency Rates (TRIFR) across all projects.

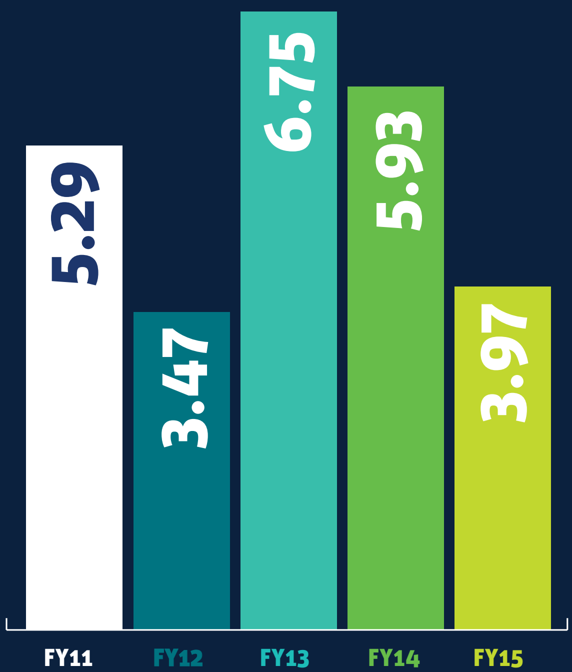
It is not by chance that our first value as a Company is Safety.

The health and safety of every employee is foremost in everything we do. It is a core focus across our business and is underpinned by our values system.

Our comprehensive HSE Management System and Programs have been developed with the key objective of ensuring zero harm to our people, the environment and the communities in which we operate. An over-riding objective for the Group is continuous improvement in our safety performance.

During the 2015 financial year the Company recorded a significant improvement with its safety performance as measured by the Total Recordable Incident Frequency Rate (TRFIR). The TRIFR decreased from 5.93 to 3.97. This is an excellent result and highlights the additional measures and initiatives implemented to improve our TRIFR have taken affect. We are pleased to report that no serious injuries or environmental incidents were reported during the year. Our HSE leadership team continues to drive improvements with a view to reducing the TRIFR result further.

Over the past 12 months the Group focussed on a range of key initiatives to support the safety and well-being of our staff. These included the launch of Decmil's Safety Foundations focussed on high-risk trending events; quarterly safety 'hot topic' promotions driven by corporate across the business; implementation of automated software to create a paperless and real-time reporting and management system for HSE; and a monthly dial-in process for all active worksites to further develop accountability and continual improvement within the business.



TOTAL RECORDABLE INCIDENT FREQUENCY RATE (TRIFR)

DECMIL IN THE COMMUNITY

Decmil's Corporate Social Responsibility program, Decmil in the Community, is about giving back, helping people in need and supporting local communities. Our values of safety, people, leadership, teamwork, client relationships and community are the foundation of this program.

Decmil is committed to being a good corporate citizen by taking responsibility for all our social, ethical and environmental actions. We see ourselves as part of the communities in which we operate, and as such we strive to be a positive, active and contributing participant in community life.

As well as providing local employment and service opportunities, Decmil supports a range of ongoing initiatives that help create healthy, vibrant and cohesive communities. We do this through charity events, corporate friendships, charity partnerships, volunteering and donating. Decmil strives to make a broad and meaningful contribution to the communities in which we operate through these mechanisms.

Decmil as an organisation has always been involved in a range of community activities, supporting a number of sporting, cultural and educational organisations. Decmil is proud of the positive contributions it makes to the communities in which it operates.


Starlight Day


Live The Dream

CORPORATE SPONSORSHIPS AND CHARITIES

Fremantle Dockers Football Club Sponsorship

Decmil has been a partner of the Fremantle Dockers Football Club since 2006, and has been the Official Coaches Sponsor since the 2011 season. The close working relationship with the club and its coach has provided Decmil with a number of excellent opportunities to engage with the community.

LIVE THE DREAM

Live the Dream, presented by Decmil, is a once in a lifetime opportunity for 16 young Australians to become immersed in the culture of the Fremantle Dockers Football Club and 'live the life' of an AFL player for five days.

The participants are given a rare opportunity to develop skills and behaviours which can deliver long-term benefits to the individual and their local community.

The program includes a tour of Fremantle headquarters and Domain Stadium, a survival base camp in Chidlow, a ropes course at Point Walter Recreation Camp in Bicton as well as leadership and health and well-being training sessions.

Together we have achieved the following:

$124,855 **Raised by Decmil staff!**

We are very proud of our staff driven initiatives!

Autism iPad Donation

PROJECT BASED INIATIVES

Decmil is always looking for ways to engage with and improve the communities in which it operates. This is particularly the case in remote areas where our projects are based.

Our social responsibility mandate ensures that every project we undertake has a core component that focusses on giving back to local communities. This may be by way of volunteering by our people or through gifts and donations.

Over the past year, Decmil people have undertaken a range of activities and initiatives such as; participation in organised charity events, upgrades to community and social infrastructure and the donation of sporting equipment and educational supplies.

STAFF CHARITY EVENTS

At Decmil, we encourage our people to participate in organised charity events. Over the past year the Company has been involved in Australia's Biggest Morning Tea (Cancer Council), World's Greatest Shave (Leukaemia Foundation) and the CEO Sleepout (St Vincent de Paul). Decmil also supports staff participation in the City to Surf and Bridge to Brisbane where employees are able to raise funds for their own nominated charities whilst getting active for the cause.

In addition, Decmil supports staff-driven events and activities along with volunteering opportunities such as Starlight Day.

Starlight Children's Foundation

In early 2014, Decmil entered into a national corporate partnership with Starlight Children's Foundation. Starlight's mission is to brighten the lives of seriously ill children and their families.

To date the partnership has involved state sponsorship of Starlight Children's Foundation flagship event, the Five Chefs Dinner, in both Western Australia and Queensland. Decmil has also had the opportunity to donate 'experiences' to seriously ill children as well as provide volunteers to assist in raising money for the foundation.

beyondblue

In 2015, Decmil continued its corporate friendship with beyondblue. Decmil is proud to promote this independent, not-for-profit organisation which aims to increase awareness and understanding of anxiety and depression in Australia and to reduce the associated social stigma.

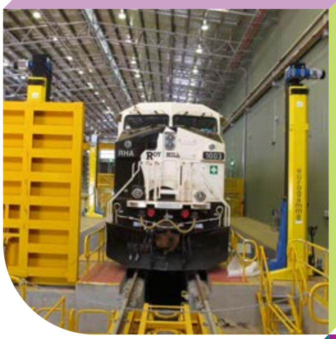
As a corporate friend of beyondblue, Decmil actively fundraises for the organisation. This has included the sale of Entertainment Books to employees and their families as well as various raffles conducted throughout the year.

Keeping Communities Informed

Decmil provides information to the community in many ways to keep stakeholders informed of its activities. These include media releases, our annual report and the Company's corporate website www.decmil.com.au.

FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2015

Contents



DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2015

1. DIRECTORS

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2015.

The names of directors of the Company at any time during or since the end of the financial year are:

Bill Healy
Non-Executive Chairman

Scott Criddle
Managing Director and Group Chief Executive Officer

Denis Criddle
Non-Executive Director

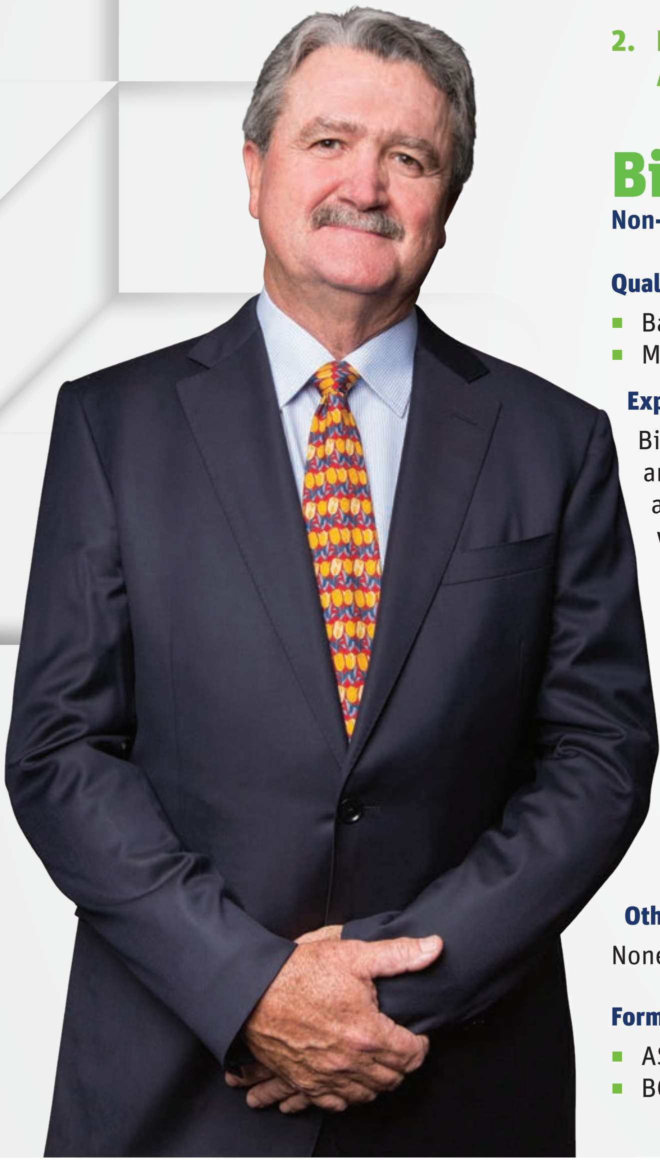
Giles Everist
Non-Executive Director

Lee Verios
Non-Executive Director

Trevor Davies
Non-Executive Director

Bill Healy was appointed Non-Executive Chairman on 1 July 2014, replacing Giles Everist who served as Non-Executive Chairman from November 2011. Giles Everist remains a Non-Executive Director of the Company.

Directors have been in office since the start of the financial year to the date of this report.



2. PARTICULARS OF DIRECTORS, COMPANY SECRETARY AND EXECUTIVE MANAGEMENT

Bill Healy
Non-Executive Chairman

Qualifications
- Bachelor of Commerce
- Member of the Australian Institute of Company Directors

Experience
Bill Healy was appointed as Non-Executive Director in April 2009 and appointed as Non-Executive Chairman in July 2014. Bill was a director and shareholder in Sealcorp Holdings from 1985 which then established and developed the diversified financial services group.

He was a founding director of ASGARD Capital Management Ltd, Securitor Financial Group Ltd, PACT Investment Group Pty Ltd and ASSIRT Pty Ltd. Sealcorp was acquired by St George Bank in 1997 and Bill remained on the Board until 1999.

He was founding director and Chairman of BOOM Logistics Ltd and was involved in the development of the Company's business model, early acquisitions and preparation for listing in 2003.

Other Directorships
None

Former Directorships
- ASGARD Capital Management Ltd
- BOOM Logistics Ltd

Denis Criddle **Non-Executive Director**

Qualifications
- Chartered Professional Engineer
- Member of Engineers Australia (1989-2012)
- Fellow of the Australian Institute of Company Directors

Experience
Denis was appointed as Non-Executive Chairman in September 2009 and resigned in November 2011. Denis is the founder of Decmil Australia Pty Ltd which was acquired by Decmil Group Limited in July 2007. A civil engineer with more than 30 years' experience in the civil construction and maintenance industry in the Northwest of Western Australia and in Queensland, Denis has been involved in rural investments and local Government. He was elected Shire President of the Roebourne Shire Council during the development years of oil and gas expansion in the Karratha region.

Other Directorships
- Riverford Holdings Pty Ltd

Former Directorships
None

2. PARTICULARS OF DIRECTORS, COMPANY SECRETARY AND EXECUTIVE MANAGEMENT *Cont'd*

Scott Criddle

Managing Director and Group Chief Executive Officer

Qualifications

- Bachelor of Applied Science in Construction Management and Economics, Curtin University Western Australia
- Member of the Australian Institute of Company Directors
- Registered Builder – Western Australia

Experience

Scott was appointed Chief Executive Officer in July 2009, and Managing Director of Decmil Group Limited in April 2010 and has been a Director of the Company since April 2010.

He was previously the Managing Director of Decmil Australia Pty Ltd from 2002, which was acquired by Decmil Group Limited in July 2007. In this role he was responsible for the long-term growth and strategic direction of the Company, playing a key role in building relationships with stakeholders and clients.

Scott joined Decmil Australia in 1993 as a construction labourer to gain experience and learn about the Company from the ground up. He held a variety of roles within Decmil Australia including Construction Manager, Estimator, Business Development Manager and Area Manager.

Other Directorships

None

Former Directorships

None

Giles Everist Non-Executive Director

Qualifications

- Bachelor of Science in Mechanical Engineering, University of Edinburgh
- Chartered Accountant, Member of the Institute of Chartered Accountants in England and Wales
- Graduate of the Australian Institute of Company Directors

Experience

Giles was appointed as Non-Executive Director in December 2009 and appointed as Non-Executive Chairman in November 2011, resigning from this position in July 2014. He was formerly the Chief Financial Officer and Company Secretary of Monadelphous Group Limited between 2003 and 2009 and has more than 20 years' experience in the resources and engineering services industry. During his career Giles has held financial executive roles with Rio Tinto in the United Kingdom and Australia plus major design engineering group Fluor Australia.

Other Directorships

- Austal Ltd
- LogiCamms Ltd
- Macmahon Holdings Ltd

Former Directorships

None

2. PARTICULARS OF DIRECTORS, COMPANY SECRETARY AND EXECUTIVE MANAGEMENT *Cont'd*

Lee Verios
Non-Executive Director

Qualifications

- Bachelor of Law, University of Western Australia
- Member of the Australian Institute of Company Directors

Experience

Lee was appointed as a Non-Executive Director in April 2010. Formerly a partner in the international law firm Norton Rose Fullbright, he is an experienced commercial and property lawyer. Lee also has broad experience as a Company director in each of the public, large private and not-for-profit sectors.

Other Directorships

- Finbar Group Ltd
- Wyllie Group Pty Ltd
- Ocean Gardens Inc

Former Directorships

- Port Bouvard Ltd
- Vmoto Ltd

Trevor Davies
Non-Executive Director

Qualifications

- Bachelor of Science (Engineering), London University
- Member of the Australian Institute of Company Directors

Experience

Appointed as Non-Executive Director in April 2013, Trevor is a civil engineer with extensive experience within the construction and mining industries. Until his retirement in 2009, Trevor was the Chief Executive Officer of Golding Contractors and over the course of his career he has held senior roles with Leighton Contractors, Transfield and John Holland.

Other Directorships

None

Former Directorships

None

2. PARTICULARS OF DIRECTORS, COMPANY SECRETARY AND EXECUTIVE MANAGEMENT *Cont'd*

Ric Buratto
Chief Executive Officer
Construction and Engineering

Qualifications

- Bachelor of Engineering (Civil) Hons - University of Adelaide
- Fellow of Engineers Australia

Experience

Ric was appointed Chief Executive Officer of Decmil Construction and Engineering in July 2015. His career stretching over 39 years has seen him hold senior executive roles in major Construction, Mining and Services companies including Thiess, Macmahon, Baulderstone and United Group.

Jonathon Holmes
Executive General Manager
Construction and Engineering

Qualifications

- Bachelor of Civil Engineering – Queensland University of Technology
- Bachelor of Economics – The University of Queensland

Experience

Jon was appointed as Executive General Manager of Decmil Australia in July 2013. He is a highly experienced construction industry executive who has previously held senior roles at John Holland and Golding Contractors. Jon has been involved in major construction and infrastructure projects in the resource and Government sectors over the past 19 years.

Craig Amos
Chief Financial Officer

Qualifications

- Bachelor of Commerce (Hons), University of Cape Town
- Graduate Diploma of Advanced Auditing, University of Cape Town
- Graduate Diploma of Applied Finance, Financial Services Institute of Australasia
- Fellow of the Financial Services Institute of Australasia
- Member of Chartered Accountants Australia & New Zealand

Experience

Craig held the role of Group Manager for Corporate Development before being appointed Chief Financial Officer in March 2014. Prior to joining Decmil, he held the position of Executive Director in the Corporate Finance division of Ernst & Young. Craig has over 16 years' experience in finance, accounting, corporate transactions and commercial projects in both corporate and professional service environments.

Alison Thompson
Company Secretary

Qualifications

- Bachelor of Commerce, Murdoch University, Western Australia
- Fellow of Chartered Accountants Australia & New Zealand
- Graduate Diploma of Applied Corporate Governance

Experience

Holding several senior financial positions within the Group since August 2007, Alison is currently the Group Financial Controller for Decmil and was appointed Company Secretary in January 2014. She has extensive technical experience gained from 4 years with PricewaterhouseCoopers and prior to joining Decmil, gained valuable industry experience at international construction firm Balfour Beatty based in the United Kingdom.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

PRINCIPAL ACTIVITIES

The consolidated entity's controlled entities provide design, engineering and construction works for the oil & gas, resources, Government and infrastructure sectors. Its principal activities are as follows:

Construction and Engineering

- Concrete civil works on brown and greenfield projects in regional and remote areas;
- Construction of industrial infrastructure, including industrial buildings, processing plants, workshops and storage facilities;
- All aspects of project development from design, site preparation and excavation to bulk earthworks, civil works and construction;
- Government infrastructure projects including accommodation, immigration facilities, office buildings, defence facilities, administration buildings and storage facilities;
- Road and bridge civil engineering projects;
- Mechanical fabrication and manufacture and installation of high pressure piping and tanking; and
- Design and construction of fuel infrastructure facilities.

Property Investment and Accommodation Services

- Ownership and management of commercial properties; and
- Build, own and operate accommodation villages in remote areas.

Telecommunications

- A range of design, installation and maintenance of telecommunications, data networks, access controls, operational technology, process controls, fire detections and security, to the mining, oil & gas, infrastructure and government sectors.

Infrastructure Ownership

- Pursuing opportunities for the consolidated entity in build-own-operate (BOO) infrastructure assets and public-private-partnerships (PPP).

OPERATING RESULTS

The profit of the consolidated entity after providing for income tax expense amounted to $40,280,000 (2014: $52,627,000).

DIVIDENDS PAID OR RECOMMENDED

The company announced a fully franked 8.5 cent per share final dividend with a record date of 4 September 2015 and payment date of 25 September 2015.

REVIEW OF OPERATIONS

Financial Performance

The consolidated entity delivered a record revenue result, excluding interest, of $666 million, up 8% on the financial year ended 30 June 2014.

Excluding the contribution of business combinations amounts, net profit after tax declined by 19%. The decline was primarily due to a subdued natural resources construction sector and greater proportion of Government work which resulted in profit margins declining in the current financial year compared with that realised during the resources and construction boom of recent years.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Consolidated Entity	FY12	FY13[1]	FY14[1]	FY15	14-15 Change %
Revenue excluding interest ($m)	550.3	526.5	617.7	666.2	7.9%
Gross Profit excluding interest ($m)	83.7	116.2	121.6	108.0	-11.2%
EBITDA ($m)*	55.7	71.0	78.2	62.7	-19.8%
NPAT ($m)	39.1	45.2	49.7	40.3	-18.9%
NPAT Margin %	7.1%	8.6%	8.0%	6.0%	-2.0%

1 Excludes the impact of gains arising from business combinations from both reporting periods
* EBITDA means earnings before interest, tax, depreciation and amortisation

The growth in year on year revenue of $48.5 million (8%) was underpinned by revenue from key contracts for clients such as the Department of Immigration and Border Protection (DIBP), the Department of Defence, Roy Hill, Samsung E&I, Queensland Gas Corporation and Rio Tinto.

Homeground Villages again contributed significantly to the consolidated entity's result, delivering EBITDA of $24.8 million for the financial year ended 30 June 2015.

In FY15 Decmil has reduced its overhead and is expecting further reductions in FY16. This has been achieved through minimising discretionary expenditure and securing efficiencies within our people resources.

Financial Position

The consolidated entity maintained a strong net cash position, with cash on hand of $59.5 million at the end of the period ($59.3 million at 30 June 2014).

During the period, net assets increased to $319.4 million from $302.8 million at 30 June 2014.

$m	June 12	June 13	June 14	June 15	14-15 Mvmt %
Operating cash flow	80.0	32.5	66.1	33.5	-49.3%
Gross cash	141.4	43.7	59.3	59.5	0.3%
Debt	15.9	22.7	2.0	0.8	-60.0%
Net cash position	125.5	21.0	57.3	58.7	2.4%
Bank guarantees & surety bonds					
-Utilised	86.8	88.7	103.4	57.1	-44.8%
-Available	78.2	116.3	121.6	132.5	9.0%

Operating cash flow for the year ended 30 June 2015 was $33.5 million (FY14: $66.1 million).

On 2 February 2015 the company extended the term of its existing senior finance facilities with National Australia Bank to January 2016. The renewal included a $75 million bank guarantee and $15 million working capital facility and a new $75 million 3 year revolving loan facility to fund infrastructure based investment and other growth opportunities.

Whilst the consolidated entity has access to substantial senior debt and bonding facilities, it ended the year with no drawn senior debt. The Board and Management considers this fiscal discipline to be appropriate given the challenging environment in the broader construction and engineering sector.

Operations

Construction and Engineering

Key highlights:

- Manus Island contracts for DIBP nearing successful completion;
- Defence work secured across Australia including fuel infrastructure works, building refurbishment projects and the construction of new infrastructure such as training facilities and explosives hazard areas;
- Strong performance on QGC's wellhead installation programme and new work for Origin Energy, AGL and other prominent companies in the gas sector;

- Established a presence in New Zealand as a contractor for the Christchurch Schools Rebuild Programme; and
- $40.0m further work secured at the Roy Hill project and increasingly doing larger and more complex mechanical projects whilst also self-performing some electrical work.

Construction & Engineering	FY12	FY13	FY14	FY15	14-15 Change %
Revenue excluding interest ($m)	**550.0**	**489.3**	**560.5**	**610.4**	**8.9%**
Gross Profit excluding interest ($m)	**83.7**	**92.7**	**86.1**	**78.6**	**-8.7%**
EBITDA ($m)	**56.5**	**56.4**	**48.4**	**40.6**	**-16.1%**
Gross Margin %	**15.2%**	**18.9%**	**15.4%**	**12.9%**	**-2.5pp**
EBITDA Margin %	**10.3%**	**11.5%**	**8.6%**	**6.7%**	**-1.9pp**

Revenue with the construction and engineering division increased by $49.9 million (or 9%), from $560.5 million to $610.4 million.

Profitability within the Construction and Engineering division declined in FY15 as margins continued to revert to long term averages. The decline in margins is largely due to decreased resource sector related expansionary capital spend and a greater proportion of Government work.

During the current financial year, the consolidated entity combined its two separate East Coast construction and engineering businesses into one unit and it is now operating under a unified management and operational structure based in Brisbane.

On 1 July 2015 Ric Buratto joined Decmil as a senior executive in the construction and engineering division. Ric has had a long and distinguished career in construction and engineering and most recently held the position of Executive General Manager at Thiess. Ric's extensive experience and network within the industry will bolster Decmil's capability to deliver larger and more complex construction and engineering projects.

Accommodation Services

Key highlights:

- Strong occupancy throughout financial year 2015 (average of ~69%);
- Average room rate of $153 (FY14: $145);
- Key tenants during FY15 include Bechtel, WICET, Rio Tinto and Aurizon;
- Improved systems and operational processes which is likely to result in future cost reduction; and
- Diversified client base of major companies operating in the Gladstone region.

Accommodation Services	FY13	FY14	FY15	14-15 Change %
Revenue excluding interest ($m)	**37.3**	**56.7**	**53.8**	**-5.1%**
EBITDA ($m)	**16.0**	**30.3**	**24.8**	**-18.2%**
EBITDA Margin %	**42.9%**	**53.4%**	**46.1%**	**-7.3pp**

For the financial year ended 30 June 2015 Homeground Villages generated revenue of $53.8 million (FY14: $56.7 million) and EBITDA of $24.8 million (FY14: $30.3 million). The village experienced strong occupancy through most of the 2015 financial year with an average of 69% (FY14: 79%). The decline in EBITDA and EBITDA margin was largely due to one-off facility management costs and legal expenses.

Homeground is the preferred accommodation provider for major projects and Tier 1 contractors operating in the Gladstone region and plays an important part of the Curtis Island LNG logistics value chain.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

The following significant changes in the state of affairs of the consolidated entity occurred during the financial year:

Changes in controlled entities and divisions:

- The incorporation of Decmil Construction NZ Limited in August 2014 to deliver a school within the Christchurch Schools Rebuild Programme for the New Zealand Ministry of Education. The entity was incorporated in New Zealand and is a controlled entity of Decmil Australia Pty Ltd.

- The incorporation of Decmil Services Pty Ltd and Decmil Telecom Pty Ltd in November 2014 to facilitate the acquisition of the net assets of SAS Telecom Pty Ltd for $924,858 on 2 December 2014.

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

AFTER BALANCE DATE EVENTS

On 1 July 2015, the Company announced the appointment of Ric Buratto to the newly created position of CEO – Construction and Engineering. Ric will sit on the Company's Executive Leadership Team and will be included in Key Management Personnel for the purposes of the annual report for the year ended 30 June 2016.

On 25 August 2015, the Company proposed a fully franked 8.5 cent per share final dividend with a record date of 4 September 2015 and payment date of 25 September 2015. The total amount of this dividend payment will be $14.220 million. After this dividend payment, the franking account balance will be $65.861 million.

Except for the matters disclosed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The construction and engineering industry will continue to face significant headwinds in the 2016 financial year as the resources industry in Australia continues to transition from the construction to operational phase.

Decmil is not immune to these challenges but remains committed to the following basic principles:

- Preserving balance sheet strength and strong net cash position;
- Continued sustainable diversification;
- Sensible investment in people and capability; and
- A focus on costs at every level in the business.

Decmil's ability to deliver on its diversification strategy has been one of its key strengths and is very focused on the long term sustainability and success of the business, building on a history that goes back 36 years.

Construction and Engineering

Decmil's strategy is based on overall ambition to build a diverse and strong construction and engineering business capable of competing with Tier 1 contractors in Australia and abroad in the key LNG, mining and public infrastructure sectors.

The following are particular areas of focus:

- Continue growing footprint in public sector infrastructure particularly in defence, health and education;
- Continue to diversifying the client base of our upstream CSG business and find opportunity to diversify into gas gathering, compression and brownfield maintenance;
- Establish a presence in downstream oil and gas;
- Seek large construction and engineering opportunities overseas, particularly in the Asia Pacific region using alliances and partnerships;
- Grow market share in fuel related infrastructure for the fuel majors;
- Larger and more complex civil construction projects such as bridges on the back of recently completed bridge projects; and
- Larger and more complex mechanical projects whilst also self-performing some electrical work.

Accommodation Services

During the middle to late 2015 calendar year the peak construction activity being experienced in the Gladstone region will start to abate as current major LNG and port construction projects near completion and commissioning. This may result in greater volatility in the occupancy levels at the Homeground Village during the 2016 financial year and lower levels of revenue and profit to that generated in prior financial years.

However, Management expects that in the medium term new opportunities will arise for Homeground Gladstone as the LNG sector in Gladstone moves from the construction to operational and maintenance stages. In addition, there are a number of potential projects in close proximity to Gladstone that may provide future tenancy.

An independent external valuation of the Gladstone investment property will be obtained during the financial year ended 30 June 2016.

Telecommunications

During the 2015 financial year Decmil acquired the business assets of SAS Telecom for $924,858. SAS Telecom specialises in providing a diversified range of design, installation and maintenance of telecommunications, data networks, access controls, operational technology, process controls, fire detections and security, to the mining, oil & gas, infrastructure and government sectors.

The consolidated entity expects increased demand for these services as the resources industry transitions to ongoing operations.

This business unit will also focus on related public sector spend and in particular seek to form partnerships and alliances to participate in the National Broadband Network rollout in Australia.

Infrastructure and Real Assets

During the 2014 financial year the consolidated entity created a third business division to focus on pursuing opportunities for the consolidated entity in build-own-operate (BOO) infrastructure assets and public-private-partnerships (PPP).

In 2015, a consortium comprised of Decmil and Programmed Maintenance Limited bid on and was shortlisted for the WA Schools PPP project. Whilst ultimately not selected as preferred bidder, it has granted Decmil exposure to what is likely to be an increasingly common form of delivery for public sector infrastructure. The consolidated entity will continue to look at similar opportunities that has the ability to generate long term, stable revenues with counterparties that are either Tier 1 resource companies or Government and to create a high quality infrastructure asset base in the consolidated entity.

The company is already a substantial real asset owner with current assets including a high grade seven storey commercial office building in Osborne Park, Perth and the Homeground Accommodation Village in Gladstone. These assets provide depth and strength to the consolidated entity balance sheet and further ownership opportunities will continue to be evaluated.

MATERIAL BUSINESS RISKS

Material risks that could adversely affect the consolidated entity include the following:

- Continued weakness in the broader construction and engineering sector and a reduction in growth capital expenditure across major new natural resource projects. The consolidated entity is responding to this risk with diversification into new sectors (Government) and an increasing focus on winning work in the sustaining capital, non-process infrastructure and operating cycles/sustaining capital works of major resource projects.
- In order for the consolidated entity to continue working on resource related projects, a robust safety methodology needs to be in place. A serious safety incident or fatality has the ability to create a substantial risk to Decmil's licence to operate. Decmil mitigates this safety risk via its 'SHIELD' safety methodology, ensuring that all employees (including senior management) and sub-contractors are aligned and engaged with the approach to safety.
- A portion of the consolidated entity's contracts are 'lump sum' in nature and to the extent costs exceed the contracted price, there is a risk these amounts may not be recovered. In order to mitigate this risk, the consolidated entity has a sophisticated estimating function that utilises a robust estimating methodology and project teams monitor costs closely and maintain good working relationships with clients.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

- The consolidated entity has reliance on a wide range of subcontractors that provide services to projects where Decmil is the head contractor. The challenging environment in construction and engineering has created distress to many organisations operating in the sector. Decmil relies on its subcontractors to manage the sustainability of their businesses as any failure by a subcontractor may create a financial exposure for Decmil under the head contract. Decmil has recently implemented more stringent processes to verify and monitor subcontractor solvency.
- Decmil from time to time operates in foreign jurisdictions (such as Papua New Guinea and New Zealand) and at times faces operational and regulatory issues not generally experienced in Australia. The consolidated entity constantly refines its operating and compliance processes to manage these risks.
- Any abatement in construction activity in the Gladstone region will result in a short term diminution in the occupancy levels at the Homeground Village and significantly lower levels of revenue and profit than historically generated. Management expects that in the medium term new opportunities will arise for Homeground Gladstone as the LNG sector in Gladstone moves from the construction to operational and maintenance stages; however the risk of volatility in the short term remains present.

During the 2015 financial year the Company implemented an enterprise risk review process to identify the most material risks facing the Company enterprise wide, together with an action plan to mitigate the occurrence or effect of each identified risk (Enterprise Risk Register). Each of the risks on the Enterprise Risk Register have been allocated to an owner who is responsible for monitoring, reporting and implementing action plans for each of the risks.

The Enterprise Risk Register brings together the most critical risks (both corporate and operational) identified by the Group Risk Management System and creates a structured process for regular reporting to the Board.

The Enterprise Risk Register will be reviewed and refreshed on a 12 month basis.

CAPITAL MANAGEMENT

Management is continually assessing the optimal capital structure to ensure the consolidated entity is working towards providing shareholders with adequate returns based on assessment of market risks and opportunities. This includes the management of debt levels, distributions to shareholders and the requirement for further equity funding in the consolidated entity.

During the year the Company bought back 1,363,495 shares under its on-market share buyback program. The Board considered the weakness in the market and the Decmil share price presented a good investment for the Company and a sensible way to deploy its cash reserves. The Board will continue to review this program and the conditions of the market.

Whilst the consolidated entity has access to substantial senior debt and bonding facilities, it ended the year with no drawn senior debt. The Board considers this fiscal discipline to be appropriate given the challenging environment in the broader construction and engineering sector.

Management also periodically reviews the level of capital invested in the Gladstone village and where appropriate opportunity exists, will consider options to monetise the asset.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to significant environmental regulation under Australian Commonwealth or State Law.

There were no incidents which required reporting during the financial year.

The consolidated entity aims to continually improve its environmental performance.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

DIRECTORS' MEETINGS

During the financial year, 11 directors' meetings were held. Attendances by each director during the year were:

	Directors Meetings		Audit & Risk		Remuneration	
	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended	Number of meetings eligible to attend	Number attended
Denis Criddle	11	11	4	4	-	-
Scott Criddle	11	11	-	-	-	-
Trevor Davies	11	11	-	-	3	3
Giles Everist	11	11	4	4	-	-
Bill Healy	11	11	4	4	3	3
Lee Verios	11	11	-	-	3	3

REMUNERATION REPORT - AUDITED

This report details the nature and amount of remuneration for each director and specified executives of Decmil Group Limited.

The following persons acted as Directors during or since the end of the financial year:

	Mr Bill Healy		Mr Giles Everist
	Mr Scott Criddle		Mr Lee Verios
	Mr Denis Criddle		Mr Trevor Davies

2014 Remuneration report approval

The 2014 Remuneration Report was supported by shareholders at the 2014 AGM with a vote of 97% in favour.

Remuneration philosophy

The performance of the consolidated entity ultimately depends upon the quality of its directors and senior management teams. In order to maintain performance and create shareholder value, the consolidated entity must attract, motivate and retain highly skilled and experienced directors and executives.

Decmil aims to provide competitive at market remuneration and rewards in order to:

- attract the right people who are aligned to the Decmil's values and behaviours;
- motivate employees so they understand their contribution to Decmil;
- recognise employees' effort and commitment to Decmil; and
- retain the highest quality employees within Decmil.

Decmil ensures:

- appropriate compensation is given to executives for the services they provide;
- attraction and retention of executives with the required skills to effectively manage the operations and growth of the business;
- executives are motivated to perform in the best interest of Decmil; and
- gender pay equality.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Remuneration practices

The Company's policy for determining the nature and amount of emoluments of Board members and senior executives of the Company is as follows:

The remuneration structure for executive officers, including executive directors, is based on a number of factors, including experience, qualifications, job level and overall performance of the company. The service agreements between the company and specified directors and executives are on a continuing basis which are not expected to change in the immediate future.

Upon retirement, specified directors and executives are paid employee entitlements and incentives accrued to the date of their retirement. The company may terminate the respective contracts without cause by providing written notice of the required termination period or by making payment in lieu of notice based on the individual's annual salary component together with a discretionary payment. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

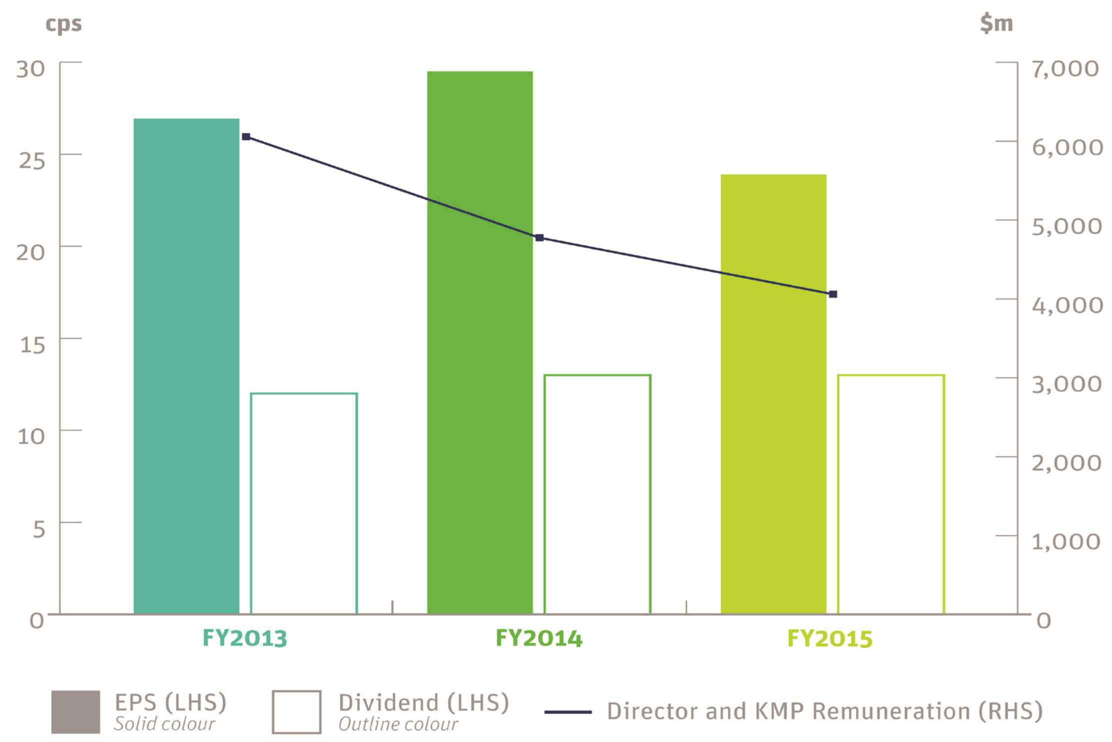
Use of remuneration consultants

To ensure the Company and Remuneration Committee is fully informed when making remuneration decisions, it from time to time seeks external remuneration advice and uses industry salary survey data.

During the financial year, the fixed remuneration of executives was benchmarked against peers based on industry salary surveys sourced from AON Hewitt and Mercer. Ernst & Young was also engaged to provide advice regarding the Company's long term incentive scheme.

Company performance, shareholder wealth and directors' and executives' remuneration

The remuneration policy has been tailored to increase goal congruence between shareholders, directors and executives. There have been two methods applied in achieving this aim, the first being a performance based short term incentive based on key performance indicators, and the second being the issue of performance rights to executive directors and executives to encourage the alignment of personal and shareholder interests.



Remuneration committee

The Remuneration Committee is responsible for reviewing and recommending to the Board of Directors compensation arrangements for the directors and executive leadership team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and the executive leadership team on a periodic basis. The assessment is made with reference to the consolidated entity's performance, executive performance and comparable information from industry sectors and other listed companies in similar industries.

The performance of executives is measured against criteria agreed with each executive and is based predominantly on the consolidated entity's financial performance and shareholder value. Incentives are linked to predetermined performance criteria. The Board may, however, exercise its discretion in relation to approving incentives, bonuses and performance rights. Any changes must be justified by reference to measurable performance criteria. The policy is designed to attract high calibre executives and reward them for performance that results in long-term growth in shareholder wealth.

Executives are also entitled to participate in the employee performance rights scheme approved by shareholders.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the Government, which during the year was 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice all or part of their remuneration to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at cost to the company and expensed. Where performance rights are given to directors and executives, they are valued using various option pricing methodologies.

The Board's policy is to remunerate non-executive directors at market rates for comparable companies for time, commitment and responsibilities. The Board approves payments to the non-executive directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice is sought when required. The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders during a general meeting. Fees for non-executive directors are not linked to the performance of the consolidated entity however to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company.

Performance based remuneration

Each executive director and executive's remuneration package contains a performance-based component measured against key performance indicators (KPIs). The intention of this program is to facilitate goal congruence between directors/executives with that of the business and shareholders. The KPIs are set annually, with a level of consultation with directors/executives. The measures are specifically tailored to the areas each director/executive is involved in and has a level of control over. The KPIs target areas the Board believes hold greater potential for group expansion and profit, covering financial and non-financial goals.

In determining whether or not a KPI has been achieved, Decmil Group Limited bases the assessment on audited figures.

Short Term Incentive Plan

A Short Term Incentive (STI) scheme is applicable to the CEO and other senior executives within the business upon Board or CEO approval. The STI is determined for each individual based on allocated key performance indicators linked to their incentive payment with final determination post audited results, typically September. A balanced scorecard approach is used.

The STI scheme is structured with clear guidelines provided to participants to ensure fair and equitable outcomes. The STI scheme consists of key performance indicators that are aligned to Company strategy, financial objectives and the annual business plan.

STI award opportunity are based on a percentage of an individual's base salary earned as at 30 June of the review year. For the CEO, a maximum award opportunity of 50% of total fixed remuneration is available. The STI is based on the previous financial year's base salary earnings to 30 June before performance based remuneration reviews where applicable.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

During the financial year ended 30 June 2015 the following key performance indicators were applicable to the STI opportunity of the CEO:

Key Performance Indicator	KPI Weighting (%)	Measurement
Group Results		
Net Profit After Tax	20%	Annual target set by Board measured by audited results
Revenue	10%	Annual target set by Board measured by audited results
Group Efficiency	5%	Measured as Group overhead as a percentage of revenue
Safety	5%	TRIFR (Total recordable injury frequency rate per 1 million man hours) target set by Board
Strategic Business Plan Objectives		
Organic Growth	20%	Achievement of initiatives set out in the annual strategic plan endorsed by the Board
Succession Planning	10%	All Executive Leadership Team positions (including CEO) have a succession plan in place
Culture	5%	Company wide employee engagement survey is conducted and all issues raised are addressed
New Business	15%	Identification and development of new business ideas aligned to strategic plan
Individual Objectives		
Leadership	5%	Development plan for Executive Leadership Team is implemented with 100% participation of all members
Corporate Brand	5%	Board observation and stakeholder feedback on Decmil brand and image
OVERALL TOTAL	100%	

Similar key performance indicators were applicable for the year ended 30 June 2014.

Long Term Incentive Plan

The Board believes that the Long Term Incentive (LTI) offered to key executives forms a key part of their remuneration and assists to align their interests with the long term interests of Shareholders.

The purpose of the LTI scheme is to reward key executives for attaining results over a long measurable period. The LTI Scheme is a share based plan consisting of Performance Rights which have determined Vesting Conditions.

The LTI Scheme is designed to:

- create a strong link between the eligible participants' performance and Decmil's performance;
- assist in retention of employees; and
- contribute to eligible participants feeling they own part of Decmil and have an influence in the direction of Decmil.

As a result of passing of Resolution 7 at the 30 November 2009 Annual General Meeting, a Performance Rights Plan (PRP) was approved. Under the PRP the number of rights issued was calculated by dividing up to 100% (as approved by the Board) of total fixed annual remuneration for each executive by the volume weighted average closing price of shares, as quoted on the ASX, over the 60 days prior to the relevant grant date.

The PRP plan was revised as a result of Resolution 3 at the 14 November 2012 Annual General Meeting (PRP-2012). Under the PRP-2012 the number of Performance Rights issued is calculated by dividing up to 150% (as determined by the Board) of the of total fixed annual remuneration for each executive by the volume weighted average closing price of shares, as quoted on the ASX, over the 60 days prior to the relevant grant date.

The Performance Rights will vest (that is, shares will be issued or become transferable to the executives upon satisfaction of the Performance Rights vesting conditions) to the extent that the applicable performance hurdles set by the Board are satisfied. Subject to achievement of the hurdle, the Performance Rights may be converted (on a one-for-one basis) to fully paid ordinary shares in the Company.

Any Performance Rights which do not vest at any due vesting date rollover for re-assessment to the next vesting date. The Vesting Conditions will be subsequently reassessed in that year and Performance Rights may vest as applicable. Unvested Performance Rights will roll over for the length of the grant period and will be forfeited at the end of the grant period if not vested.

If an executive resigns from his or her employment, any unvested Performance Rights will lapse, unless the Board determines otherwise.

Vesting criteria is at the Board's discretion to amend as required without notice.

Performance Hurdles

Each year the Board reviews and considers the appropriateness of the performance hurdles and, where necessary, makes adjustments and amendments to reflect market conditions.

Below is a summary of the performance hurdles that relate to unvested Performance Rights as at 30 June 2015:

Issued financial year ended 30 June 2013 and prior

Performance Rights issued during the financial year ended 30 June 2013 and prior years are eligible for vesting three, five and seven years after the initial grant date depending upon Total Shareholder Return (TSR) performance relative to a comparator group identified at the time of grant (S&P/ASX 300 Index).

Performance Rights granted during this period remain under these terms and conditions.

These rights vest:

Company TSR Rank in S&P/ASX 300 Index	% of Performance Rights that Vest
Below the 50^{th} Percentile	0%
At or below the 50^{th} Percentile and below the 75^{th} Percentile	50%, plus 2% for every one Percentile increase above 50^{th} Percentile
At or above the 75^{th} Percentile	100%

Issued financial year ended 30 June 2014

These Performance Rights vest two, three and four years after the initial grant date and are subject to the following vesting performance measures:

- **a.** Two thirds of the Performance Rights are subject to earnings per share compound annual growth rate (EPS CAGR) performance and;
- **b.** One third of the Performance Rights are subject to TSR performance relative to the other companies in the ASX 200.

The Performance Rights in respect of a financial year will vest in tranches as follows:

Years after the financial year in respect of which the grant of Performance Rights is made	% of Performance Rights Eligible for Vesting
2	25%
3	25%
4	50%

For Performance Rights subject to EPS CAGR performance, vesting will occur as follows:

EPS CAGR Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
<6%	0%
6%	25%
>6% <24%	Pro rata vesting between 25%-100%
24% or more	100%

For Performance Rights subject to TSR performance, vesting will occur as follows:

TSR Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
<50^{th} Percentile	0%
50^{th} Percentile	50%
>50^{th} Percentile <75^{th} Percentile	Pro rata vesting between 50%-100%
>75^{th} Percentile or more	100%

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Issued financial year ended 30 June 2015

These Performance Rights are subject to the following vesting conditions:

a. 20% of Performance Rights are subject to continuous service of employment. This portion will vest at 100% three (3) years after the financial year of which the grant of the Performance Rights are made;
b. 40% of Performance Rights are subject to EPS CAGR performance; and
c. 40% of Performance Rights are subject to TSR performance relative to a selection of comparable peers in the ASX 300.

In relation to the Performance Rights subject to the EPS CAGR and TSR, the following vesting tranches will apply:

Years after the financial year of which the grant of Performance Rights is made	% Performance Rights Eligible for Vesting
1	0%
2	25%
3	25%
4	50%

For Performance Rights subject to EPS CAGR performance, vesting will occur as follows:

EPS CAGR Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
< 6%	0%
6%	25%
>6 <10%	Pro-rata vesting between 25% - 100%
>10%	100%

For Performance Rights subject to TSR performance, vesting will occur as follows:

TSR Measured from the year in respect of which grant of Performance Rights is made	% Performance Rights that Vest
< 50th percentile	0%
50th percentile	50%
>50th percentile <75th percentile	Pro-rata vesting between 50% - 100%
>75th percentile	100%

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

DETAILS OF REMUNERATION

The key management personnel of the consolidated entity comprised of the following directors of Decmil Group Limited:

- Denis Criddle – Non-Executive Director
- Scott Criddle – Managing Director and Group Chief Executive Officer
- Trevor Davies – Non-Executive Director
- Giles Everist – Non-Executive Director
- Bill Healy – Non-Executive Chairman
- Lee Verios – Non-Executive Director

And the following persons:

- Jon Holmes – Executive General Manager – Decmil Australia
- Pamela Rosenthall – General Manager – Homeground Villages
- Craig Amos – Chief Financial Officer

Details of the remuneration of key management personnel of the consolidated entity are set out in the following tables:

Year ended 30 June 2015

Directors	Salary and fees	Super contribution	Rights	Bonus	Other	Total	Total Performance Related	Total Fixed Remuneration
	$	$	$	$	$	$	%	%
Denis Criddle	82,192	7,808	-	-	-	90,000	-	100.0
Scott Criddle	853,745	18,660	195,835	425,653	-	1,493,893	41.6	58.4
Trevor Davies	82,192	7,808	-	-	-	90,000	-	100.0
Giles Everist	100,000	-	-	-	-	100,000	-	100.0
Bill Healy	146,119	13,881	-	-	-	160,000	-	100.0
Lee Verios	91,324	8,676	-	-	-	100,000	-	100.0
Total	**1,355,572**	**56,833**	**195,835**	**425,653**	**-**	**2,033,893**		

Year ended 30 June 2015

Key Management Personnel	Salary and fees	Super contribution	Rights	Bonus	Other	Total	Total Performance Related	Total Fixed Remuneration
	$	$	$	$	$	$	%	%
Jon Holmes Executive General Manager Decmil Australia	615,000	18,660	311,664	189,000	-	1,134,324	44.1	55.9
Pamela Rosenthall General Manager Homeground Villages	287,000	18,660	-	200,550	-	506,210	39.6	60.4
Craig Amos Chief Financial Officer	325,500	18,660	11,502	30,000	-	385,662	10.8	89.2
Total	**1,227,500**	**55,980**	**323,166**	**419,550**	**-**	**2,026,196**		

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Year ended 30 June 2014

Directors	Salary and fees	Super contribution	Rights	Bonus	Other	Total	Total Performance Related	Total Fixed Remuneration
	$	$	$	$	$	$	%	%
Denis Criddle	73,394	6,789	-	-	-	80,183	-	100.0
Scott Criddle	833,530	20,738	359,937	425,000	-	1,639,205	47.9	52.1
Trevor Davies	73,394	6,789	-	-	-	80,183	-	100.0
Giles Everist	120,000	-	-	-	-	120,000	-	100.0
Bill Healy	73,394	6,789	-	-	-	80,183	-	100.0
Lee Verios	73,394	6,789	-	-	-	80,183	-	100.0
Total	**1,247,106**	**47,894**	**359,937**	**425,000**	**-**	**2,079,937**	**-**	**-**

Year ended 30 June 2014

Key Management Personnel	Salary and fees	Super contribution	Rights	Bonus	Other	Total	Total Performance Related	Total Fixed Remuneration
	$	$	$	$	$	$	%	%
Jon Holmes Executive General Manager Decmil Australia	591,539	17,775	-	50,000	-	659,314	-	100.0
Pamela Rosenthall General Manager Homeground Villages	280,000	17,775	-	65,333	-	363,108	18.0	82.0
Craig Amos Chief Financial Officer	224,038	14,813	-	-	-	238,851	-	100.0
Justine Campbell[1] Chief Financial Officer & Company Secretary	272,353	14,773	-	170,000	318,536	775,662	21.9	78.1
Todd Strathdee[2] Chief Strategy & Operating Officer	469,839	14,773	-	175,000	-	659,612	26.5	73.5
Total	**1,837,769**	**79,909**	**-**	**460,333**	**318,536**	**2,696,547**	**-**	**-**

Options issued as part of remuneration for the year ended 30 June 2015

There were no options granted to directors or executives as part of their remuneration during the financial year.

[1] Justine Campbell resigned from the position of Chief Financial Officer and Company Secretary on 10 January 2014.
[2] Todd Strathdee vacated from the position of Chief Strategy and Operating Officer on 9 March 2014.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Employment contracts of directors and senior executives

The Company has entered into a service agreement with Mr Scott Criddle who commenced in the role of CEO on 1 July 2009.

The key terms of Mr Criddle's service agreement are:

Notice Period	Three month written notice unless in relation to certain circumstances such as serious misconduct or gross neglect of duty
Term	Ongoing until terminated
Restraint Period	Three months after termination of employment
Total Fixed Remuneration	Reviewed and established annually by the Remuneration Committee
Long Term Incentive Scheme	The Decmil Group Limited LTI scheme applies
Short Term Incentive Scheme	The Decmil Group Limited STI scheme applies
Termination Benefits	No contractual termination benefits apply

Other executives in the consolidated entity have similar executive service agreements which includes terms and conditions relating to confidentiality, restraint on employment and intellectual property. The executive service agreements are typically not fixed term agreements and continue on an ongoing basis until terminated.

These agreements may be terminated by notice of either party or earlier in the event of certain breaches. In the event of termination for any reason, the Company will pay accrued and untaken annual leave, and subject to legislation, any accrued and untaken long service leave owing to the executive. Termination payments are generally not payable on resignation or dismissal for serious misconduct. In the instance of serious misconduct the company can terminate employment at any time.

Non-Executive Directors are appointed under appointment letters that deal with, amongst other matters, the following:

- Terms of appointment and tenure;
- Entitlements;
- Duties and responsibilities; and
- Indemnities, insurances and access.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Performance rights

During the year ended 30 June 2015, the following performance rights were granted.

Grant Date	Number of Rights Granted	Fair Value of Rights Granted
1 July 2014	1,663,860	$555,693

Included in the total number of rights granted above was an issue of 56,850 performance rights that relate to prior years.

During the year ended 30 June 2015, no performance rights met their vesting criteria under the Long Term Incentive Plan.

During the year ended 30 June 2015, none of the performance rights lapsed due to their vesting criteria not being met.

The following rights have been granted but remain unvested at 30 June 2015:

Grant Date	Number of Unvested Rights	Fair Value of Unvested Rights
1 July 2010	120,976	42,463
1 July 2011	252,485	53,527
1 July 2012	319,866	65,253
1 July 2013	800,446	285,759
1 July 2014	1,607,010	537,120
Total	**3,100,783**	**984,122**

Additional Information

The earnings of the consolidated entity for the five years to 30 June 2015 are summarised below:

	2015 $'000	2014 $'000	2013 $'000	2012 $'000	2011 $'000
Sales revenue	666,915	618,401	528,786	555,594	394,202
EBITDA	62,696	81,117	100,712	55,691	35,433
EBIT	55,894	74,316	92,580	51,419	31,726
Profit after income tax	40,280	52,627	64,367	39,056	23,480

The factors that are considered to affect total shareholders return ("TSR") are summarised below:

	2015	2014	2013	2012	2011
Share price at financial year end ($)	1.16	1.83	1.78	2.65	2.73
Total dividends paid (cents per share)	13.0	12.5	11.5	8.5	-
Basic earnings per share (cents per share)[1]	23.91	29.50	26.94	26.51	18.93

[1] Excluding business combination gains from both 2013 & 2014 reporting periods

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

Shareholdings, Option Holdings and Performance Rights Holdings

Shareholdings

The number of shares in the company held during the financial year by each director and key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance 1.07.2014	Received as part of Remuneration	Additions	Disposals/ Other	Balance 30.06.2015
Directors:					
Denis Criddle	18,773,232	-	141,652	-	18,914,884
Scott Criddle	1,016,790	-	-	-	1,016,790
Trevor Davies	10,000	-	-	-	10,000
Giles Everist	513,332	-	-	-	513,332
Bill Healy	418,190	-	77,000	-	495,190
Lee Verios	66,667	-	-	-	66,667
Key management personnel:					
Jon Holmes	-	-	-	-	-
Pamela Rosenthall	-	-	-	-	-
Craig Amos	-	-	1,500	-	1,500
Total	**20,798,211**	**-**	**220,152**	**-**	**21,018,363**

Option holdings

There were no options held by directors or key management personnel at 30 June 2015.

Performance Rights holdings

The number of performance rights in the company held during the financial year by each director and key management personnel of the consolidated entity, including their personally related parties, is set out below:

30 June 2015	Balance 1.07.2014	Granted as Remuneration	Vested during the period	Expired/ Other	Balance 30.06.2015
Directors:					
Scott Criddle	1,301,741	682,865	-	-	1,984,606
Key management personnel:					
Jon Holmes	-	820,856	-	-	820,856
Pamela Rosenthall	-	-	-	-	-
Craig Amos	-	40,107	-	-	40,107
Total	**1,301,741**	**1,543,828**	**-**	**-**	**2,845,569**

Other transactions with directors, key management personnel and their related parties:

	2015 $'000
(a) Director Related Transactions	
Rent of various properties used by Decmil Australia Pty Ltd paid to Broadway Pty Ltd, an entity in which Mr Denis Criddle has a beneficial interest.	**217**
(b) Director Related Balances	
Amounts owing to The Nevern Group Pty Ltd, an entity in which Mr Giles Everist has a beneficial interest, for directors' fees	**9**

[End of Remuneration Report]

SHARES UNDER OPTION

There were no unissued ordinary shares of the company under option outstanding at the date of this report.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

There were no ordinary shares of the company issued on the exercise of options during the year ended 30 June 2015 and up to the date of this report.

EMPLOYEE SHARE PLAN

At the 2014 Annual General Meeting, shareholders approved the adoption by the Company of a broad based employee share plan and the issue of securities pursuant to that plan. As at the date of this Annual Report, no securities have been issued in accordance with this employee share plan.

INDEMNIFYING OFFICERS OR AUDITOR

During or since the end of the financial year the Company has given an indemnity or entered an agreement to indemnify, or paid or agreed to pay insurance premiums as follows:

Premiums to insure each of the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the company. The total amount of the premium was $156,659.

There were no premiums paid in respect of a contract to insure the auditor of the company or any related entity.

PROCEEDINGS ON BEHALF OF COMPANY

On 6 November 2014, Van Starr Technologies Pty Ltd (Van Starr) lodged a statement of claim in the Supreme Court of Queensland against Decmil Group Limited (DGL) and Eastcoast Development Engineering Pty Ltd (EDE), a wholly owned subsidiary of the consolidated entity. Van Starr had been engaged as a subcontractor to perform services for EDE. DGL and EDE lodged a defence in respect to the claim. In May 2015, Van Starr filed an amended statement of claim pursuant to which the quantum of claim was reduced to approximately $556,000 plus interest and costs and DGL was struck out as a party to the claim. As a result of the reduction in the claim, the claim has moved from the Supreme Court to the District Court of Queensland. EDE will file a defence to the claim.

Decmil Australia Pty Ltd (DA) and Decmil PNG are currently in dispute with Ark Modular Structures Pty Ltd (Ark Modular) in respect to works performed by Ark Modular, as DA's subcontractor to design, manufacture and supply modular accommodation buildings to be installed at the Manus Island Offshore Processing Centre on Manus Island in Papua New Guinea. The dispute has arisen due to the deficiencies in the material supplied and work performed by Ark Modular. DA has identified claims against the Ark entities and the Ark entities have asserted claims against DA. The disputes have been referred to arbitration.

Apart from the above, no person has applied to the Court under section 237 of the Corporations Act 2001 for leave 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 part of those proceedings.

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 does not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

DIRECTORS' REPORT *Cont'd*

FOR THE YEAR ENDED 30 JUNE 2015

The following fees were paid or payable to RSM Bird Cameron for non-audit services provided during the year ended 30 June 2015:

	$
Taxation compliance services	104,080
Corporate finance services	2,000
Assurance services	34,000
	140,080

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 can be found within this financial report.

ROUNDING OF AMOUNTS

The Company is an entity to which ASIC Class Order 98/100 applies and, accordingly, amounts in the financial statements and directors' report have been rounded to the nearest thousand dollars.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Decmil Group Limited support and have adhered to the ASX Corporate Governance Principles and Recommendations as detailed in Decmil Corporate Governance Statement which can be found at www.decmil.com.au/investor-relations/corporate-governance/.

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

On behalf of the directors

W.P. Healy

Bill Healy
Chairman
25 August 2015

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Decmil Group Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 25 August 2015

J A KOMNINOS
Partner

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
		2015	2014
	Note	$000	$000
Revenue from operations	4	666,915	618,401
Cost of sales		(558,174)	(496,096)
Gross profit		108,741	122,305
Administration expenses	5	(45,389)	(43,149)
Depreciation and amortisation expense	5, 18	(6,802)	(6,801)
Equity based payments		64	(266)
Finance costs	5	(260)	(941)
Gain arising from business combination	28	-	2,902
Profit before income tax expense		56,354	74,050
Income tax expense	6	(16,074)	(21,423)
Net profit after income tax expense for the year		40,280	52,627
Other comprehensive income			
Other comprehensive income		-	-
Total comprehensive income for the year		40,280	52,627
Earnings per share			
Basic earnings per share (cents per share)	9	23.91	31.22
Diluted earnings per share (cents per share)	9	23.91	31.22

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
		2015	2014
	Note	$000	$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	59,548	59,308
Trade and other receivables	12	47,827	113,861
Work in progress	13	15,782	19,607
Current tax receivable	21	4,824	-
Other current assets	19	14,218	11,265
TOTAL CURRENT ASSETS		142,199	204,041
NON-CURRENT ASSETS			
Investment property	17	188,374	188,182
Property, plant and equipment	16	39,040	40,450
Deferred tax assets	23	4,235	3,728
Intangible assets	18	70,027	69,343
TOTAL NON-CURRENT ASSETS		301,676	301,703
TOTAL ASSETS		443,875	505,744
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	20	104,791	178,599
Current tax payable	21	-	5,804
Borrowings	22	739	1,178
Provisions	24	6,737	5,763
TOTAL CURRENT LIABILITIES		112,267	191,344
NON-CURRENT LIABILITIES			
Deferred tax liabilities	23	11,970	10,796
Borrowings	22	45	797
Provisions	24	242	-
TOTAL NON-CURRENT LIABILITIES		12,257	11,593
TOTAL LIABILITIES		124,524	202,937
NET ASSETS		319,351	302,807
EQUITY			
Issued capital	25	161,705	163,517
Retained earnings		157,646	139,290
TOTAL EQUITY		319,351	302,807

The accompanying notes form part of these financial statements

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2015

		Issued Capital $000	Retained Earnings $000	Total $000
Balance at 1 July 2013		163,451	107,745	271,196
Net profit for the year		-	52,627	52,627
Total comprehensive income for the year		-	52,627	52,627
Shares issued for the year		399	-	399
Transaction costs net of tax benefit		(200)	-	(200)
Equity based payments		266	-	266
Performance rights converted to shares		(399)	-	(399)
Dividends paid	10	-	(21,082)	(21,082)
Balance at 30 June 2014		163,517	139,290	302,807
Balance at 1 July 2014		163,517	139,290	302,807
Net profit for the year		-	40,280	40,280
Total comprehensive income for the year		-	40,280	40,280
Transaction costs net of tax benefit		(206)	-	(206)
Equity based payments		(64)	-	(64)
Share buy-back		(1,542)	-	(1,542)
Dividends paid	10	-	(21,924)	(21,924)
Balance at 30 June 2015		161,705	157,646	319,351

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2015

		Consolidated Entity	
		2015	2014
	Note	$000	$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		732,384	566,419
Payments to suppliers and employees		(677,797)	(480,988)
Interest received		719	674
Finance costs paid		(260)	(941)
Income taxes paid		(21,581)	(19,028)
Net cash provided by operating activities	28(a)	33,465	66,136
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(5,668)	(5,278)
Purchase of investments, net of cash acquired	28(b)	(925)	(1,640)
Proceeds from sale of non-current assets		598	451
Net cash used in investing activities		(5,995)	(6,467)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(3,750)	(22,986)
Share issue/buy-back transaction costs		(15)	(5)
Share buy-back		(1,542)	-
Dividends paid		(21,923)	(21,082)
Net cash used in financing activities		(27,230)	(44,073)
Net increase in cash held		240	15,596
Cash at beginning of the financial year		59,308	43,712
Cash at end of the financial year		59,548	59,308

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 June 2015

The financial statements of Decmil Group Limited ('the Company') for the year ended 30 June 2015 comprise of the Company and its controlled entities (collectively referred to as 'the consolidated entity') and the consolidated entity's interests in joint operations. The separate financial statements of the parent entity, Decmil Group Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

Decmil Group Limited is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The financial statements were authorised for issue in accordance with a resolution of the directors dated 25 August 2015.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose financial statements have been prepared in accordance with the Corporations Act 2001, Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board, and International Financial Reporting Standards as issued by the International Accounting Standards Board. The consolidated entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis 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.

(a) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Decmil Group Limited at the end of the reporting period. The company controls an entity when it 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 over the entity. The assets, liabilities and results of all controlled entities are fully consolidated into the financial statements of the consolidated entity from the date on which control is obtained by the consolidated entity. The consolidation of a controlled entity is discontinued from the date that control ceases.

Intercompany balances and transactions between entities in the consolidated entity are eliminated on consolidation. Accounting policies of controlled entities have been changed where necessary to ensure consistency with those adopted by the consolidated entity.

Non-controlling interests in the results and equity of controlled entities are shown separately within the equity section of the consolidated statement of financial position and statement of profit or loss and other comprehensive income. The non-controlling interests in the net assets of the controlled entity comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Where the consolidated entity loses control over a controlled entity, it derecognises the assets including goodwill, liabilities and non-controlling interest in the controlled entity together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The acquisition method requires that for each business combination one of the combining entities must be identified as the acquirer (i.e. parent entity). The business combination will be accounted from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities assumed is recognised. In addition, contingent liabilities of the acquiree will be recognised where a present obligation has been

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

incurred and its fair value can be reliably measured.

The acquisition may result in the recognition of goodwill or a gain from a bargain purchase. The method adopted for the measurement of goodwill will impact on the measurement of any non-controlling interest to be recognised in the acquiree where less than 100% ownership interest is held in the acquiree.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity interest shall form the cost of the investment in the separate financial statements. Consideration may comprise the sum of the assets transferred by the acquirer, liabilities incurred by the acquirer to the former owners of the acquiree and the equity interests issued by the acquirer.

Fair value remeasurements in any pre-existing equity holdings are recognised in the statement of profit or loss and other comprehensive income. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to the statement of profit and loss and other comprehensive income.

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or a liability is remeasured each reporting period to fair value through the statement of profit or loss and other comprehensive income unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are expensed to the statement of profit or loss and other comprehensive income.

(b) Income Tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in controlled entities, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

The consolidated entity recognises the excess of the research and development ("R&D") tax offset over the statutory rate ('the R&D offset') being an additional 10% deduction as a government grant when there is reasonable assurance it will be received and any attached conditions will be complied with. As the grant relates to R&D expenditure already incurred it is recognised in the income statement in the period it became receivable as a reduction to cost of sales.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Tax consolidation

Decmil Group Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of the entities are set off in the consolidated financial statements.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the controlled entities nor a distribution by the controlled entities to the head entity.

(c) 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.

Construction profits are recognised on the stage of completion basis and measured using the proportion of costs incurred to date 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.

(d) Interests in Joint Arrangements

Joint arrangements represent the contractual sharing of control between parties in a business venture where unanimous decisions about relevant activities are required.

Joint venture operations represent arrangements whereby joint operators maintain direct interests in each asset and exposure to each liability of the arrangement. The consolidated entity's interests in the assets, liabilities, revenue and expenses of joint operations are included in the respective line items of the consolidated financial statements.

Gains and losses resulting from sales to a joint operation are recognised to the extent of the other parties' interests. When the consolidated entity makes purchases from a joint operation, it does not recognise its share of the gains and losses from the joint operations until it resells those goods/assets to a third party.

(e) Property, Plant and Equipment

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

The carrying amount of property, 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.

Depreciation

The depreciable amount of all property, plant and equipment but excluding freehold land is depreciated on a straight-line basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Class of Fixed Asset	Depreciation Rate
Building	2.5%
Owned plant and equipment	20%
Leased plant and equipment	20%

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 than its 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 profit or loss and other comprehensive income in the period in which they arise.

(f) Investment Property

Investment property, comprising investment interests in land and buildings, is held to generate long-term rental yields. All tenant leases are on an arm's length basis. Investment property is initially measured at cost and subsequently measured at fair value. Investment property is carried at fair value which is based on discounted cash flow projections. Investment property is valued at least every 3 years by independent external valuers. Any resultant changes in fair value are shown separately in the statement of profit or loss and other comprehensive income as net gains/(losses) from fair value adjustments on investment property.

(g) 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 entity 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. Leased assets are depreciated on a straight-line basis over their estimated useful lives. Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

(h) Impairment of Assets

At each reporting date, the consolidated entity 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 immediately to the statement of profit or loss and other comprehensive income.

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

(i) Goodwill

Goodwill acquired in a business combination is initially measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the acquisition date fair value of any previously held equity interest over the acquisition-date fair value of the identifiable assets acquired and the liabilities assumed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. It is allocated to the consolidated entity's cash-generating units or groups of cash generating units, representing the lowest level at which goodwill is monitored not being larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Impairment losses recognised for goodwill are not subsequently reversed.

(j) Intangibles other than Goodwill

Intangible assets acquired separately are capitalised at cost. Following initial recognition, the cost model is applied to each class of intangible assets. Where amortisation is charged on assets with finite lives, this expense is taken to the statement of profit or loss and other comprehensive income, through the "amortisation expenses" line item.

Intangible assets are tested for impairment where an indicator of impairment exists and in the case of intangible assets with indefinite useful lives, either individually or at the cash generating unit level.

(k) Employee Benefits

Provision is made for the consolidated entity's obligation for short-term employee benefits. Short-term employee benefits are benefits that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The consolidated entity's obligations for short-term employee benefits such as wages, salaries and sick leave are recognised as a part of current trade and other payables in the statement of financial position. The consolidated entity's obligations for employees' annual leave and long service leave entitlements are recognised as provisions in the statement of financial position.

Other long-term employee benefits

Provision is made for employees' long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service. Other long-term employee benefits are measured at the present value of the expected future payments to be made to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures and are discounted at rates determined by reference to market yields at the end of the reporting period on government bonds that have maturity dates that approximate the terms of the obligations. Any remeasurements for changes in assumptions of obligations for other long-term employee benefits are recognised in statement of profit or loss and other comprehensive income in the periods in which the changes occur.

The consolidated entity's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the consolidated entity does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Equity-based payments

The consolidated entity operates an equity-settled equity-based payment employee performance rights scheme. The fair value of the equity to which employees become entitled is measured at grant date and recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of performance rights are ascertained using various option pricing models which incorporate, where required, market vesting conditions. The number of shares and performance rights expected to vest is reviewed and adjusted at the end of each reporting date such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(l) Provisions

Provisions are recognised when the consolidated entity 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. Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

(m) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of 6 months or less.

(n) Revenue and Other Income

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

Revenue recognition relating to the provision of services, namely construction activities, is determined with reference to the stage of completion of the transaction at the end of the reporting period, where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

Interest revenue is recognised as interest accrues using the effective interest rate method.

All revenue is stated net of the amount of goods and services tax (GST).

(o) Financing 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 and other comprehensive income in the period in which they are incurred.

(p) Earnings per share

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

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(q) Issued capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

(r) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(s) Goods and Services 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 relevant revenue authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the 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.

(t) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the consolidated entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the consolidated entity 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 transaction costs are expensed to the statement of profit or loss and other comprehensive income immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted, including recent arm's length transactions, reference to similar instruments and option pricing models.

Amortised cost is the amount at which the financial asset or liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest rate method.

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) over 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 the statement of profit or loss or other comprehensive income.

The consolidated entity does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of Accounting Standards specifically applicable to financial instruments.

i. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Gains or losses are recognised in the statement of profit or loss and other comprehensive income through the amortisation process and when the financial asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

ii. Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

iii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period. All other financial assets are classified as current assets.

Impairment

At the end of each reporting period, the consolidated entity assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the statement of profit or loss and other comprehensive income.

(u) Trade and Other Receivables

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets. Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment.

(v) Current and Non-current Classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

(w) Foreign Currency Transactions 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.

Exchange differences arising on the translation of monetary items are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair value were determined.

(x) Fair Value of Assets and Liabilities

The consolidated entity measures some of its assets and liabilities at fair value on either a recurring or non-recurring basis, depending on the requirements of the applicable Accounting Standard.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

Fair value is the price the consolidated entity would receive to sell an asset or would have to pay to transfer a liability in an orderly (i.e. unforced) transaction between independent, knowledgeable and willing market participants at the measurement date.

As fair value is a market-based measure, the closest equivalent observable market pricing information is used to determine fair value. Adjustments to market values may be made having regard to the characteristics of the specific asset or liability. The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data.

To the extent possible, market information is extracted from either the principal market for the asset or liability (i.e. the market with the greatest volume and level of activity for the asset or liability) or, in the absence of such a market, the most advantageous market available to the consolidated entity at the end of the reporting period (i.e. the market that maximises the receipts from the sale of the asset or minimises the payments made to transfer the liability, after taking into account transaction costs and transport costs).

For non-financial assets, the fair value measurement also takes into account a market participant's ability to use the asset in its highest and best use or to sell it to another market participant that would use the asset in its highest and best use.

The fair value of liabilities and the consolidated entity's own equity instruments (excluding those related to equity-based payment arrangements) may be valued, where there is no observable market price in relation to the transfer of such financial instrument, by reference to observable market information where such instruments are held as assets. Where this information is not available, other valuation techniques are adopted and, where significant, are detailed in the respective note to the financial statements.

(y) Rounding of Amounts

The company has applied the relief available to it under ASIC Class Order 98/100 and accordingly, amounts in the financial report and directors' report have been rounded off to the nearest $1,000.

(z) Comparative Figures

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

(aa) Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements 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 within the consolidated entity.

Impairment of goodwill and intangibles

The consolidated entity determines whether goodwill and intangible assets are impaired at least on an annual basis. This requires an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles are discussed in note 18.

Equity-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instrument at the date at which they are granted. The fair value of performance rights are determined using various option pricing models. The accounting estimates and assumptions relating to equity-settled equity-based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Construction contracts

When accounting for construction contracts, the contracts are either combined or segmented if this is deemed necessary

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Cont'd)*

to reflect the substance of the agreement. Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. Stage of completion is agreed with the customer on a work certified to date basis, as a percentage of the overall contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of fees earned during the financial year. The percentage of fees earned during the financial year is based on the stage of completion of the contract.

Where a loss is expected to occur from a construction contract, the excess of the total expected contract costs over expected contract revenue is recognised as an expense immediately.

Provision for maintenance

In determining the level of provision required for maintenance, the consolidated entity has made judgements in respect of the expected outcome of construction contracts and the costs of fulfilling the maintenance obligations. The provision is based on estimates made from historical data associated with past construction contracts.

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the consolidated entity can access at the measurement date; level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors' financial position.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

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

Employee benefits provision

The liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

NOTE 2: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

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 that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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 2015. 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 will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers

This standard is applicable to annual reporting periods beginning on or after 1 January 2017. 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 judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 3: PARENT ENTITY INFORMATION

		Parent Entity	
		2015	2014
	Note	$000	$000
Statement of profit or loss and other comprehensive income			
Profit/(loss) for the year		(5,338)	(3,129)
Total comprehensive income for the year		(5,338)	(3,129)
Statement of financial position			
ASSETS			
Current assets		98,997	78,277
Non-current assets		78,725	79,254
TOTAL ASSETS		177,722	157,531
LIABILITIES			
Current Liabilities		119,121	69,857
TOTAL LIABILITIES		119,121	69,857
EQUITY			
Issued capital		161,705	163,517
Retained earnings		(103,104)	(75,843)
TOTAL EQUITY		58,601	87,674

a) Guarantees

Cross guarantees have been provided by Decmil Group Limited and its controlled entities as listed in note 14(b).

b) Other Commitments and Contingencies

Decmil Group Limited has no commitments to acquire property, plant and equipment, and has no contingent liabilities apart from the performance guarantees disclosed in note 33.

NOTE 4: REVENUE

		Consolidated Entity	
		2015	2014
	Note	$000	$000
Construction and engineering revenue		610,407	560,518
Accommodation revenue		53,826	56,662
Other revenue			
- rentals		809	547
- interest received	4(a)	719	674
- other services revenue		1,154	-
TOTAL REVENUE		666,915	618,401

(a) Interest revenue

Interest revenue from:		
- other persons	719	674
TOTAL INTEREST REVENUE	719	674

NOTE 5: EXPENSES

Profit before income tax includes the following specific expenses:		
Employee benefits costs	119,938	123,299
Finance costs	260	941
Depreciation and amortisation of non-current assets:		
- plant and equipment owned	5,543	5,333
- plant and equipment leased	571	947
- building	524	521
- amortisation of intangible assets	164	-
Total depreciation	6,802	6,801
Write-off fixed assets	120	-
Rental expense on operating leases	2,483	1,747
Net foreign exchange loss/(gain)	179	(240)

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 6: INCOME TAX EXPENSE

		Consolidated Entity	
		2015	2014
	Note	$000	$000
The components of income tax expense comprise:			
Current tax		(14,884)	(19,160)
Deferred tax	23	(855)	(2,288)
Over/(under) provision for tax in prior year		(335)	25
		(16,074)	(21,423)
The prima facie tax expense on profit before income tax is reconciled to the income tax expense as follows:			
Prima facie tax expense on profit before income tax at 30% (2014: 30%)		(16,906)	(22,215)
Adjusted by the tax effect of:			
- equity based payments		19	(79)
- deductible capital raising costs		190	-
- non-deductible items		(444)	(89)
- income not assessable		-	935
- research and development tax offset (non-refundable)		1,402	-
- over/(under) provision for tax in prior year		(335)	25
Income tax expense attributable to profit before income tax		(16,074)	(21,423)
The applicable weighted average effective tax rates are as follows:		29%	29%

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 7: KEY MANAGEMENT PERSONNEL DISCLOSURES

(a) Names and positions held of directors and other members of key management personnel in office at any time during the financial year are:

Parent Entity Directors

Denis Criddle
Scott Criddle
Trevor Davies
Giles Everist
Bill Healy
Lee Verios

Key Management Personnel

Jon Holmes: Executive General Manager, Decmil Australia
Pamela Rosenthall: General Manager, Homeground Villages
Craig Amos: Chief Financial Officer

(b) Compensation for Key Management Personnel

The totals of remuneration paid to directors and key management personnel of the company and the consolidated entity during the year are as follows:

	2015 $000	2014 $000
Short-term employee benefits	3,541	4,417
Equity-based payments	519	360
	4,060	4,777

(c) Loans to Key Management Personnel

No directors or key management personnel had any loans during the reporting period.

(d) Other transactions and balances with Key Management Personnel

There were no other transactions and balances with key management personnel other than that disclosed in note 30.

NOTE 8: AUDITORS REMUNERATION

	Consolidated Entity	
	2015 $000	2014 $000
Remuneration of the auditor of the parent entity for:		
- auditing or reviewing the financial report	261	195
- taxation services	104	101
- assurance assistance	34	6
- corporate finance services	2	3
	401	305

NOTE 9: EARNINGS PER SHARE

	Consolidated Entity	
	2015 $000	2014 $000
(a) Reconciliation of earnings to profit or loss		
Profit after income tax	40,280	52,627
Earnings used to calculate basic and dilutive EPS	40,280	52,627
	No.	No.
(b) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	167,294,299	168,586,806
Weighted average number of dilutive options outstanding	-	-
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	167,294,299	168,586,806

NOTE 10: DIVIDENDS

	Consolidated Entity	
Distributions Paid	2015 $000	2014 $000
Final dividend for the year ended 30 June 2014 of 8.5 cents (2013: 8.0 cents) per share fully franked at the tax rate of 30% (2013: 30%)	14,336	13,492
Interim dividend for the year ended 30 June 2015 of 4.5 cents (2014: 4.5 cents) per share fully franked at the tax rate of 30% (2014: 30%)	7,588	7,590
	21,924	21,082
Balance of franking account at year end	70,994	59,078

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 11: CASH AND CASH EQUIVALENT

	Consolidated Entity	
	2015 $000	2014 $000
Cash at bank and in hand	59,548	59,308
	59,548	59,308
Reconciliation of cash		
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:		
Cash and cash equivalents	59,548	59,308

NOTE 12: TRADE AND OTHER RECEIVABLES

	Consolidated Entity	
	2015 $000	2014 $000
CURRENT		
Trade receivables	47,827	113,861
Less: Provision for impairment of receivables	-	-
	47,827	113,861
Movement in the provision for impairment of receivables are as follows:		
Opening balance	-	306
Additional provisions recognised	-	-
Written off during the year as uncollectable	-	(306)
Closing balance	-	-

NOTE 12: TRADE AND OTHER RECEIVABLES *(Cont'd)*

The following table details the consolidated entity's trade receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered as 'past due' when the debt has not been settled, with the terms and conditions agreed between the consolidated entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the consolidated entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross amount $000	Within initial trade terms $000	Past due but not impaired (days overdue) 31-60 $000	61-90 $000	91-120 $000	>120 $000	Past due and impaired $000
2015							
Trade receivables	47,827	40,654	644	4,124	305	2,100	-
Total	47,827	40,654	644	4,124	305	2,100	-
2014							
Trade receivables	113,861	111,281	1,403	396	294	487	-
Total	113,861	111,281	1,403	396	294	487	-

NOTE 13: WORK IN PROGRESS

	Note	Consolidated Entity 2015 $000	2014 $000
CURRENT			
Construction and engineering contracts			
Cost incurred to date plus profit recognised		1,085,271	858,997
Consideration received and receivables as progress billings		(1,097,775)	(871,118)
		(12,504)	(12,121)
Advanced billings to customers	20	(28,286)	(31,728)
Unbilled amounts due from customers		15,782	19,607
		(12,504)	(12,121)

NOTE 14: CONTROLLED ENTITIES

(a) Controlled Entities

	Country of Incorporation	Percentage Owned (%) 2015	2014
Parent Entity:			
Decmil Group Limited	**Australia**		
Controlled entities of Decmil Group Limited			
Decmil Australia Pty Ltd	**Australia**	100%	100%
Decmil Properties Pty Ltd	**Australia**	100%	100%
Eastcoast Development Engineering Pty Ltd	**Australia**	100%	100%
Homeground Villages Pty Ltd	**Australia**	100%	100%
Decmil Infrastructure Pty Ltd	**Australia**	100%	100%
Decmil Services Pty Ltd	**Australia**	100%	-
Controlled entities of Homeground Villages Pty Ltd:			
Homeground Gladstone Pty Ltd ATF Homeground Gladstone Unit Trust	**Australia**	100%	100%
Homeground Gladstone Unit Trust	**Australia**	100%	100%
Homeground Broome Pty Ltd	**Australia**	100%	100%
Controlled entities of Decmil Australia Pty Ltd			
Decmil PNG Limited	**Papua New Guinea**	100%	100%
Decmil Construction NZ Limited	**New Zealand**	100%	-
Decmil Engineering Pty Ltd	**Australia**	100%	100%
Controlled entities of Decmil Infrastructure Pty Ltd:			
Cornelisse Shoal Pty Ltd	**Australia**	100%	100%
Controlled entities of Decmil Services Pty Ltd:			
Decmil Telecom Pty Ltd	**Australia**	100%	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 14: CONTROLLED ENTITIES *(Cont'd)*

(b) A deed of cross guarantee between Decmil Group Limited and the following wholly owned controlled entities existed during the financial year and relief was obtained from preparing a financial report for Decmil Group Limited's wholly owned controlled entities under ASIC Class Order 98/1418: Decmil Australia Pty Ltd, Eastcoast Development Engineering Pty Ltd, Homeground Villages Pty Ltd and Decmil Properties Pty Ltd.

Under the deed, Decmil Group Limited and the above named wholly owned controlled entities guarantee to support each other's liabilities and obligations. Decmil Group Limited and its above named wholly owned controlled entities are the only parties to the deed of cross guarantee and are members of the Closed Group.

The following are the aggregate totals, for each category, relieved under the deed.

	2015 $000	2014 $000
Financial information in relation to:		
(i) Statement of profit or loss and other comprehensive income:		
Profit before income tax	60,799	61,204
Income tax expense	(18,638)	(17,604)
Profit after income tax	42,161	43,600
(ii) Retained Earnings:		
Retained earnings at the beginning of the year	100,356	77,838
Profit after income tax	42,161	43,600
Dividends recognised for the period	(21,924)	(21,082)
Retained earnings at the end of the year	120,593	100,356

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 14: CONTROLLED ENTITIES *(Cont'd)*

	2015 $000	2014 $000
(iii) Statement of Financial Position:		
Current Assets		
Cash and cash equivalents	54,752	54,905
Trade and other receivables	44,999	113,297
Work in progress	14,780	16,883
Current tax receivable	4,824	-
Other assets	12,107	10,572
Total Current Assets	131,462	195,657
Non-Current Assets		
Investment property	188,374	188,182
Property, plant and equipment	37,374	38,998
Deferred tax assets	4,079	3,466
Intangible assets	70,027	69,343
Total Non-Current Assets	299,854	299,989
Total Assets	431,316	495,646
Current Liabilities		
Trade and other payables	127,113	225,034
Current tax payable	2,335	(11,103)
Borrowings	738	1,119
Provisions	6,512	5,080
Total Current Liabilities	136,698	220,130
Non-Current Liabilities		
Deferred tax liabilities	12,033	10,817
Borrowings	45	797
Provisions	242	-
Total Non-Current Liabilities	12,320	11,614
Total Liabilities	149,018	231,744
Net Assets	282,298	263,902
Equity		
Issued capital	161,705	163,517
Retained earnings	120,593	100,385
Net Equity	282,298	263,902

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 15: JOINT ARRANGEMENTS

(a) Interest in Joint Operations

i. In September 2014, Leighton Contractors Pty Ltd awarded Decmil Australia Pty Ltd, in a joint venture with Structural Systems and Hawkins Civil (DASSH JV), an AUD$19.9m contract for the construction of the Elizabeth Quay Pedestrian Bridge in Perth, Western Australia. The works are part of the Elizabeth Quay Inlet and Public Space Development for the West Australian State Government. The principal place of business of the joint operation is Australia.

Under the joint venture agreement entered into in 2014, Decmil Australia Pty Ltd has a 45% direct interest in all the assets used, the revenues generated and the expenses incurred by the joint arrangement. Decmil Australia Pty Ltd is also liable for 45% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint venture agreement, Decmil Australia Pty Ltd has 45% of the voting rights in relation to the DASSH JV.

DASSH JV is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Australia Pty Ltd's interests in the assets, liabilities, revenues and expenses attributable to the joint arrangement have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of DASSH JV that are included in the consolidated financial statements are as follows:

	2015 $000	2014 $000
CURRENT ASSETS		
Cash and cash equivalents	168	-
Other assets	1,285	-
TOTAL CURRENT ASSETS	1,453	-
TOTAL ASSETS	1,453	-
CURRENT LIABILITIES		-
Trade and other payables	1,179	-
TOTAL CURRENT LIABILITIES	1,179	-
TOTAL LIABILITES	1,179	-
Revenue	7,809	-
Expenses	(7,085)	-
Profit for the year	724	-

NOTE 15: JOINT ARRANGEMENTS *(Cont'd)*

ii. Main Roads Western Australia awarded Decmil Australia Pty Ltd, in a joint venture with Obrascon Huarte Lain S.A. (Decmil OHL JV), an AUD$7.6m contract for the demolition and replacement of an existing bridge in Maylands, Western Australia. The principal place of business of the joint operation is Australia.

Under the joint venture agreement entered into in 2014, Decmil Australia Pty Ltd has a 50% direct interest in all the assets used, the revenues generated and the expenses incurred by the joint arrangement. Decmil Australia Pty Ltd is also liable for 50% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint venture agreement, Decmil Australia Pty Ltd has 50% of the voting rights in relation to the Decmil OHL JV.

Decmil OHL JV is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Australia Pty Ltd's interests in the assets, liabilities, revenues and expenses attributable to the joint venture have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of Decmil OHL JV that are included in the consolidated financial statements are as follows:

	2015 $000	2014 $000
CURRENT ASSETS		
Cash and cash equivalents	726	292
Work in progress	-	311
Other assets	68	15
TOTAL CURRENT ASSETS	794	618
TOTAL ASSETS	794	618
CURRENT LIABILITIES		
Trade and other payables	986	574
TOTAL CURRENT LIABILITIES	986	574
TOTAL LIABILITES	986	574
Revenue	3,981	577
Expenses	(4,367)	(533)
(Loss)/profit for the year	(386)	44

NOTE 15: JOINT ARRANGEMENTS *(Cont'd)*

iii. Chevron Australia Pty Ltd awarded Decmil Australia Pty Ltd, in a joint venture with Thiess Pty Ltd and Kentz Pty Ltd (TDKJV), an AUD$854m contract for the Gorgon LNG Project Construction Village on Barrow Island. The accommodation facility accommodates 4,000 construction workers. The principal place of business of the joint operation is Australia.

Under the joint venture agreement entered into in 2009, Decmil Australia Pty Ltd has a 33.33% direct interest in all the assets used, the revenues generated and the expenses incurred by the joint arrangement. Decmil Australia Pty Ltd is also liable for 33.33% of any liabilities incurred by the joint arrangement. In addition, pursuant to the joint venture agreement, Decmil Australia Pty Ltd has 33.33% of the voting rights in relation to the TDKJV.

TDKJV is an unincorporated entity and is classified as a joint operation. Accordingly, Decmil Australia Pty Ltd's interests in the assets, liabilities, revenues and expenses attributable to the joint venture have been included in the appropriate line items in the consolidated financial statements.

The consolidated entity's share of assets employed, liabilities owing and net results of TDKJV that are included in the consolidated financial statements are as follows:

	2015 $000	2014 $000
CURRENT ASSETS		
Cash and cash equivalents	-	3,023
Work in progress	-	369
Other assets	-	499
TOTAL CURRENT ASSETS	-	3,891
TOTAL ASSETS	-	3,891
CURRENT LIABILITIES		
Trade and other payables	-	1,417
TOTAL LIABILITES	-	1,417
Revenue	-	16,209
Expenses	-	(2,097)
Profit for the year	-	14,112

(b) Contingent Liabilities in Respect of Joint Arrangements

The consolidated entity is liable for the following contingent liabilities owing from its interests in joint arrangements if and when they arise:

	2015 $000	2014 $000
Guarantees given for satisfactory contract performance	621	6,709

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

	Consolidated Entity	
	2015 $000	2014 $000
LAND AND BUILDING (Secured)		
Freehold land, at cost	5,002	5,002
Building:		
At cost	21,536	21,639
Accumulated depreciation	(1,780)	(1,256)
	24,758	25,385
PLANT AND EQUIPMENT		
Plant and Equipment:		
At cost	35,699	30,509
Accumulated depreciation	(22,332)	(17,552)
	13,367	12,957
Leased Plant and Equipment (Secured)	3,032	4,412
Accumulated depreciation	(2,117)	(2,304)
	915	2,108
Total Property, Plant and Equipment	39,040	40,450

The Land and Building disclosed above represents the seven storey commercial office building owned by the consolidated entity, which is located at 20 Parkland Road, Osborne Park, Western Australia.

Movements in Carrying Amounts

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year:

	Land and Building $000	Owned Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2014	25,385	12,957	2,108	40,450
Additions	17	5,459	-	5,476
Transfer between leased and owned	-	547	(547)	-
Disposals	-	(118)	(75)	(193)
Write off	(120)	-	-	(120)
Additions through acquisition of controlled entity	-	65	-	65
Depreciation expense	(524)	(5,543)	(571)	(6,638)
Balance at 30 June 2015	24,758	13,367	915	39,040

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 16: PROPERTY, PLANT AND EQUIPMENT *(Cont'd)*

	Land and Building $000	Owned Plant and Equipment $000	Leased Plant and Equipment $000	Total $000
Balance at 1 July 2013	25,125	14,420	2,932	42,477
Additions	109	2,767	227	3,103
Transfer between leased and owned	-	558	(558)	-
Disposals	-	(413)	(4)	(417)
Additions through acquisition of controlled entity	675	955	458	2,088
Depreciation expense	(524)	(5,330)	(947)	(6,801)
Balance at 30 June 2014	25,385	12,957	2,108	40,450

NOTE 17: INVESTMENT PROPERTY

	Consolidated Entity	
	2015 $000	2014 $000
Balance at beginning of year	188,182	192,923
Additions	192	1,313
Reduction in provision for costs to complete	-	(6,054)
Balance at end of year	188,374	188,182

The investment property comprises the Homeground Gladstone Accommodation Village located in Gladstone, Queensland. The investment property is carried at fair value, with fair value being determined using a discounted cash flow valuation model based on key assumptions made by the consolidated entity as detailed in note 32.

The reduction in the cost base of investment property during the financial year ended 30 June 2014 was attributable to a reduction in estimated statutory charges, previously capitalised.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 18: INTANGIBLE ASSETS

	Consolidated Entity	
	2015 $000	2014 $000
Goodwill at cost	69,343	69,343
Accumulated impairment losses	-	-
	69,343	69,343
Customer contracts, at cost	848	-
Accumulated amortisation	(164)	-
	684	-
Total intangible assets	70,027	69,343
Movements in Carrying Amounts		
Goodwill		
Balance at the beginning of the year	69,343	68,613
Adjustment to purchase consideration	-	730
Balance at the end of the year	69,343	69,343
Customer Contracts		
Balance at the beginning of the year	-	-
Additions	848	-
Amortisation	(164)	-
Balance at the end of the year	684	-
Allocation of goodwill to CGU's		
Decmil Australia Pty Ltd	48,601	48,601
Eastcoast Development Engineering Pty Ltd	20,742	20,742
Balance at the end of the year	69,343	69,343

The assumptions used in the value in use calculations include an average growth rate of 2.5% and a pre-tax discount rate of circa 12.3%.

The recoverable amount of each cash-generating unit is determined based on value-in-use calculations. Value-in-use is calculated based on the present value of cash flow projections over a five year period with the period extending beyond one year extrapolated using an estimated growth rate. The cash flows are discounted using a discount rate which recognises the risk factor applicable to the industry in which the Company and its controlled entities operate.

Management has based the value-in-use calculations on budgets for each cash generating unit. Costs are calculated taking into account historical gross margins as well as estimated weighted average inflation rates over the periods which are consistent with inflation rates applicable to the locations in which the cash generating units operate. Discount rates are pre-tax and are adjusted to incorporate risks associated with a particular industry.

Intangible assets valued at $848,000 were recognised on the acquisition of SAS Telecom for managed service contracts on hand at the time of acquisition.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 19: OTHER CURRENT ASSETS

		Consolidated Entity	
		2015	2014
	Note	$000	$000
CURRENT			
Prepayments		1,033	890
Others		13,185	10,375
		14,218	11,265

NOTE 20: TRADE AND OTHER PAYABLES

		Consolidated Entity	
		2015	2014
	Note	$000	$000
CURRENT			
Unsecured Liabilities			
Trade Payables		21,863	42,880
Advance billings to customers	13	28,286	31,728
Sundry payables and accrued expenses		54,642	103,991
		104,791	178,599

NOTE 21: CURRENT INCOME TAX

		Consolidated Entity	
		2015	2014
	Note	$000	$000
Current tax receivable			
- income tax refundable		(4,824)	-
Current tax payable			
- provision for income tax		-	5,804
		(4,824)	5,804

NOTE 22: BORROWINGS

		Consolidated Entity	
		2015	2014
	Note	$000	$000
CURRENT			
Secured liabilities			
Hire purchase liability		739	912
Premium funding liability		-	266
Total current borrowings		739	1,178
NON-CURRENT			
Secured liabilities			
Hire purchase liability		45	797
Total non-current borrowings		45	797
Total Borrowings		784	1,975

Hire purchase agreements have an average term of 3 years. The average interest rate implicit in the hire purchase is 5.26% (2014: 5.60%). The hire purchase liability is secured by a charge over the underlying hire purchase assets.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 23: OTHER DEFERRED TAX

Consolidated Entity	Opening Balance $000	Under provision in prior year (charged to income) $000	Acquired on Acquisition $000	Charged to Income $000	Charged Directly to Equity $000	Closing Balance $000
2015						
Deferred tax asset on:						
Transaction costs on equity issue	389	16	-	(16)	(190)	199
Provisions – employee benefits	2,943	-	-	(147)	-	2,796
Restructuring costs	14	-	-	(5)	-	9
Trademark costs	1	-	-	(1)	-	-
Investment due diligence costs	77	-	-	(17)	-	60
Other provisions and accruals	304	363	-	504	-	1,171
Balance at 30 June 2015	3,728	379	-	318	(190)	4,235
Deferred tax liabilities on:						
Property plant and equipment:						
Tax allowance	1,665	-	-	1,105	-	2,770
Fair value gain	9,131	-	-	-	-	9,131
Prepayment	-	-	-	69	-	69
Balance at 30 June 2015	10,796	-	-	1,174	-	11,970

Consolidated Entity	Opening Balance $000	Under provision in prior year (charged to income) $000	Acquired on Acquisition $000	Charged to Income $000	Charged Directly to Equity $000	Closing Balance $000
2014						
Deferred tax asset on:						
Transaction costs on equity issue	586	-	-	-	(197)	389
Provisions – employee benefits	3,564	-	228	(849)	-	2,943
Restructuring costs	8	-	-	6	-	14
Trademark costs	2	-	-	(1)	-	1
Investment due diligence costs	106	-	-	(29)	-	77
Other provisions and accruals	1,464	-	-	(1,160)	-	304
Balance at 30 June 2014	5,730	-	228	(2,033)	(197)	3,728
Deferred tax liabilities on:						
Property plant and equipment:						
Tax allowance	1,182	-	84	399	-	1,665
Fair value gain	9,131	-	-	-	-	9,131
Balance at 30 June 2014	10,313	-	84	399	-	10,796

NOTE 24: PROVISIONS

		Consolidated Entity	
		2015	2014
	Note	$000	$000
CURRENT			
Employee entitlements	24a	6,458	5,763
Onerous lease	24b	279	-
NON CURRENT			
Onerous lease	24b	242	-
		6,979	5,763

a) Provision for Employee Entitlements

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the consolidated entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next 12 months. However, these amounts must be classified as current liabilities since the consolidated entity does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

		Consolidated Entity	
		2015	2014
	Note	$000	$000
Movement in provision			
Balance at beginning of year		5,763	5,874
Additional provision		7,703	5,974
Additions through acquisition of controlled entity		98	537
Amounts used		(7,106)	(6,622)
Balance at end of year		6,458	5,763

b) Provision for Onerous Lease

During the year ended 30 June 2015, Eastcoast Development Engineering Pty Ltd (EDE), a wholly owned controlled entity of Decmil Group Limited, vacated leased office and manufacturing space at 265 Queensport Road North, Murrarie in Brisbane. EDE subsequently entered into a sub-lease arrangement at a lower rate of rent than that payable under the original lease agreement because the cost of exiting the lease was greater than the loss on the sub-lease arrangement.

The amount of the liability has been recognised as the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. This is based on the excess of the cash flows for the unavoidable costs in meeting the obligations under the original lease over the unrecognised estimated future economic benefits from the sub-lease arrangement.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 24: PROVISIONS *(Cont'd)*

		Consolidated Entity	
		2015	2014
	Note	$000	$000
Movement in provision			
Balance at beginning of year		-	-
Additional provision		521	-
Balance at end of year		521	-

NOTE 25: ISSUED CAPITAL

	Consolidated Entity	
	2015	2014
	$000	$000
167,294,299 (2014: 168,203,219) fully paid ordinary shares	161,705	163,517

(a) Ordinary Shares

	2015		2014	
	No.	$000	No.	$000
At the beginning of reporting period	168,657,794	163,517	168,203,219	163,451
Shares issued during the year	-	-	-	-
Options exercised during the year	-	-	-	-
Performance rights converted to shares	-	-	454,575	-
Share buy-back	(1,363,495)	(1,542)	-	-
Equity based payments	-	(64)	-	266
Transaction costs of issue/buy-back	-	(206)	-	(200)
At the end of the reporting date	167,294,299	161,705	168,657,794	163,517

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

During the year ended 30 June 2015 the company purchased and cancelled 1,363,495 ordinary shares under an on-market buy back as part of its capital management program. The buy-back, which was announced to the market on 4 December 2014, did not require shareholder approval. The shares were acquired at an average price of $1.13 with prices ranging from $1.02 to $1.35. The total cost of $1,541,737, including $10,792 of after tax transaction costs, was deducted from shareholder equity.

NOTE 25: ISSUED CAPITAL *(Cont'd)*

(b) Capital Management

Management controls the capital of the consolidated entity in order to maintain an optimal debt to equity ratio, provide shareholders with adequate returns and ensure that the consolidated entity can fund its operations and continue as a going concern. The consolidated entity's debt and capital includes ordinary share capital and financial liabilities (including bank guarantee and surety bonding facilities), supported by financial assets.

Management manages the consolidated entity's capital by assessing the consolidated entity's financial risks and adjusting its capital structure in response to changes in these risks and in the market. This includes the management of debt levels, distributions to shareholders and the requirement for further equity funding in the consolidated entity. The deployment of capital to the consolidated entity's assets and business units is also reviewed regularly and managed to ensure rates of return continue to be at an acceptable level. Where necessary, Management may consider redeploying capital within the consolidated entity or alternatively returning capital to shareholders.

During the year ended 30 June 2015 the Company initiated an on-market share buyback program under provisions set out in the Corporations Act and the ASX Listing Rules. The program allows the Company to buy up to 10% of the Company's fully paid ordinary shares on-market within a twelve month period, which commenced on 18 December 2014. As at 30 June 2015 the Company had repurchased 1,363,495 shares for a total consideration of $1,541,737.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 26: COMMITMENTS

		Consolidated Entity	
		2015	2014
	Note	$000	$000
(a) Hire Purchase Commitments			
Payable – minimum HP payments			
- Not later than 1 year		765	983
- Between 1 and 5 years		46	825
Minimum HP payments		811	1,808
Less future finance charges		(27)	(99)
Present value of minimum HP payments		784	1,709
(b) Premium Funding Commitments			
Payable – minimum premium funding payments			
- Not later than 1 year		-	266
- Between 1 and 5 years		-	-
Minimum premium funding payments		-	266
Less future finance charges		-	-
Present value of minimum premium funding payments		-	266
(c) Operating Lease Payable			
Non-cancellable operating leases contracted for but not recognised as liabilities			
Payable — minimum lease payments			
- Not later than 1 year		1,487	1,846
- Between 1 and 5 years		800	3,399
		2,287	5,245
(d) Operating Leases Receivable			
Future minimum rentals receivable for operating leases at the end			
Payable — minimum lease payments			
- Not later than 1 year		361	841
- Between 1 and 5 years		910	1,319
		1,271	2,160

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 27: SEGMENT REPORTING

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the chief operating decision makers (being the Chief Executive Officer and the Chief Financial Officer) in assessing performance and determining the allocation of resources.

The consolidated entity operates as three segments.

1. Construction and Engineering
   - Decmil Australia Pty Ltd – multi-discipline design, civil engineering and construction services;
   - Eastcoast Development Engineering Pty Ltd – fabrication and installation of high pressure pipes, vessels and tanks;
   - Decmil PNG Limited – construction arm of Decmil located in Papua New Guinea;
   - Decmil Engineering Pty Ltd – civil construction including roads and bridges primarily for the Government sector; and
   - Decmil Infrastructure - pursuing opportunities in build-own-operate (BOO) infrastructure assets and public-private-partnerships (PPP).
2. Accommodation
   - Homeground Villages Pty Ltd – build-own-operation of the Homeground Gladstone Accommodation Village located in Gladstone, Queensland.
3. Other
   - Decmil Properties Pty Ltd – owner and manager of a commercial office building located at 20 Parkland Road, Osborne Park which derives internal and external revenue; and
   - Decmil Telecom Pty Ltd – telecommunications and managed services of communication systems.

The consolidated entity is domiciled in Australia. All the revenue from external customers is generated from Australia.

The consolidated entity derives 38%, 15% and 13% (2014: 23%, 19% and 5%) of its revenues from the top three external customers. 99% of the consolidated entity's assets are located in Australia and 1% is located in Papua New Guinea.

Basis of accounting for purposes of reporting by operating segments

a. Accounting policies adopted

Unless stated otherwise, all amounts reported to the chief operating decision makers with respect to operating segments, are determined in accordance with accounting policies that are consistent with those adopted in the annual financial statements of the consolidated entity

b. Intersegment transactions

Corporate charges are allocated to reporting segments based on the segments' overall proportion of revenue generation within the consolidated entity. Management believes this is representative of likely consumption of head office expenditure that should be used in assessing segment performance and cost recoveries.

c. Segment assets

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In most instances, segment assets are clearly identifiable on the basis of their nature and physical location.

d. Segment liabilities

Liabilities are allocated to segments where there is a direct nexus between the incurrence of the liability and the operations of the segment. Tax liabilities are generally considered to relate to the consolidated entity as a whole and are not allocated. Segment liabilities include trade and other payables and certain direct borrowings.

e. Unallocated items

The following items of revenue, expenses, assets and liabilities are not allocated to operating segments as they are not considered part of the core operations of any segment:

- gain from business combinations;
- income tax expense;
- deferred tax assets and liabilities; and
- current tax liabilities.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 27: SEGMENT REPORTING

(a) Segment Performance 2015	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
External sales	610,407	53,826	1,963	666,196
Total segment revenue	610,407	53,826	1,963	666,196
Segment EBITDA	40,562	24,768	(1,900)	63,430
Depreciation & amortisation expense	(4,538)	(1,540)	(724)	(6,802)
Net interest	548	(93)	4	459
Segment result	36,572	23,135	(2,620)	57,087
Gain from business combination				-
Other unallocated expenses				(733)
Income tax expense				(16,074)
Profit for the period				40,280

Segment Performance 2014	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
External sales	560,518	56,662	547	617,727
Total segment revenue	560,518	56,662	547	617,727
Segment EBITDA	48,402	30,263	196	78,861
Depreciation & amortisation expense	(4,652)	(1,623)	(526)	(6,801)
Net interest	313	(472)	(108)	(267)
Segment result	44,063	28,168	(438)	71,793
Gain from business combination				2,902
Other unallocated expenses				(645)
Income tax expense				(21,423)
Profit for the period				52,627

(b) Segment Assets 2015	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current assets	128,948	5,768	1,579	136,295
Non-current assets	78,937	191,247	25,135	295,319
Other unallocated assets	-	-	-	12,261
Total segment assets	207,885	197,015	26,714	443,875
Total assets includes:				
Acquisition of non-current assets	5,141	297	295	5,733

Segment Assets 2014	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current assets	188,094	10,796	499	199,389
Non-current assets	78,417	192,470	24,714	295,601
Other unallocated assets	-	-	-	10,754
Total segment assets	266,511	203,266	25,213	505,744
Total assets includes:				
Acquisition of non-current assets	3,111	1,389	2,004	6,504

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 27: SEGMENT REPORTING *(Cont'd)*

(c) Segment Liabilities 2015	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current liabilities	104,853	4,607	616	110,076
Non-current liabilities	272	15	-	287
Other unallocated liabilities	-	-	-	14,161
Total segment liabilities	105,125	4,622	616	124,524

Segment Liabilities 2014	Construction & Engineering $000	Accommodation $000	Other $000	Total $000
Current liabilities	175,470	7,379	78	182,927
Non-current liabilities	776	21	-	797
Other unallocated liabilities	-	-	-	19,213
Total segment liabilities	176,246	7,400	78	202,937

NOTE 28: CASH FLOW INFORMATION

	Consolidated Entity	
	2015	2014
(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax	$000	$000
Profit after income tax	40,280	52,627
Adjustments for:		
Depreciation and amortisation	6,802	6,801
Equity based payments	(64)	266
Gain arising from business combination	-	(2,902)
Profit on sale of non-current assets	(405)	(35)
Fixed assets write off	120	-
Changes in assets and liabilities		
Trade receivables	66,033	(50,871)
Other assets	(2,953)	(2,464)
Work in progress	3,825	2,062
Trade payable and accruals	(71,330)	58,709
Current tax liabilities	(10,628)	(38)
Deferred tax assets	(507)	2,230
Deferred tax liabilities	1,174	399
Provisions	1,118	(648)
Net cash provided by operating activities	33,465	66,136

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 28: CASH FLOW INFORMATION *(Cont'd)*

(b) Acquisition of Entities

(i) During the year ended 30 June 2015, the Company acquired the business assets and liabilities of SAS Telecom Pty Ltd for a total purchase consideration of $924,858. SAS Telecom provides telecommunications services including communication systems, structured cabling and data supply and provides managed services of communication systems.

The business assets and liabilities were acquired by Decmil Telecom Pty Ltd, a wholly owned controlled entity which is now trading as SAS Telecom. The acquisition is part of the consolidated entity's overall strategy to diversify its capability and continue to expand into new sectors. Details of the transaction are:

	Consolidated Entity	
	2015	**2014**
	$000	**$000**
Purchase consideration	925	-
Less: cash acquired	-	-
Cash outflow on acquisition	925	-
Assets and liabilities held at acquisition date		
Work in progress	83	
Other assets	14	
Intangible assets (customer contracts)	848	-
Plant and equipment	78	-
Provisions	(98)	-
Identifiable assets acquired and liabilities assumed	925	-
Purchase consideration	925	-

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 28: CASH FLOW INFORMATION *(Cont'd)*

(b) Acquisition of Entities (Cont'd)

(ii) During the year ended 30 June 2014, the Company acquired 100% of the issued capital of VDM Construction (Eastern Operations) Pty Ltd (now renamed Decmil Engineering Pty Ltd). Its activities include civil construction primarily for the Government sector. Details of the transaction are:

	Consolidated Entity	
	2015 $000	2014 $000
Purchase consideration	-	2,750
Less: cash acquired	-	(3,665)
Net cash inflow on acquisition	-	(915)
Assets and liabilities held at acquisition date		
Cash	-	3,665
Receivables	-	171
Work in Progress	-	6,693
Other assets	-	840
Plant and equipment	-	2,088
Payables	-	(9,948)
Deferred tax assets (net)	-	144
Provisions	-	(537)
Hire purchase liabilities	-	(159)
Identifiable assets acquired and liabilities assumed	-	2,957
Bargain purchase on consolidation	-	(207)
Purchase consideration	-	2,750

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 28: CASH FLOW INFORMATION *(Cont'd)*

(b) Acquisition of Entities (Cont'd)

(iii) During the year ended 30 June 2013, the Company acquired 100% of the issued capital of Eastcoast Development Engineering Pty Ltd (EDE). During the year ended 30 June 2014, and in final settlement of the acquisition, the Company paid $1,825,000 of the $10,000,000 initially accrued as deferred consideration, with the difference being reversed due to the vendor's failure to achieve certain conditions as set out in the Share Purchase Agreement. A further $730,000 was paid to satisfy EDE's taxation obligations arising from the acquisition. Details of the transaction are:

	Consolidated Entity	
	2015	2014
	$000	$000
Purchase consideration[1]	-	(5,865)
Less: deferred consideration	-	8,420
Net cash outflow on acquisition	-	2,555
Assets and liabilities held at acquisition date		
Work in progress	-	(4,077)
Payables	-	177
Identifiable assets acquired and liabilities assumed	-	(3,900)
Goodwill on consolidation	-	730
Gain from reversal of deferred purchase consideration	-	(2,695)
Purchase consideration	-	(5,865)

(b) Gain arising from business combination	Consolidated Entity	
	2015	2014
	$000	$000
Decmil Engineering Pty Ltd	-	207
Eastcoast Development Engineering Pty Ltd	-	2,695
TOTAL	-	2,902

[1] The negative purchase consideration represents amounts recorded as being payable at acquisition date that were not required to be paid at completion date due to the vendor's failure to achieve certain conditions as set out in the Share Purchase Agreement. Accordingly, the total purchase consideration for the acquisition of EDE amounts to $21,830,000.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 28: CASH FLOW INFORMATION *(Cont'd)*

	Consolidated Entity	
	2015	2014
(c) Non-cash Financing and Investing Activities	$000	$000
Finance leases to acquire plant and equipment	-	2,233

	Consolidated Entity	
	2015	2014
(d) Credit Standby Facilities with Banks	$000	$000
Credit facilities	292,091	254,500
Amount utilised		
Bank guarantees and surety bond facilities	(57,095)	(103,352)
Equipment finance	(784)	(1,709)
	234,212	149,439
The credit facilities are summaries as follows:		
Bank overdraft	15,000	15,000
Loan facility	75,000	-
Equipment finance	12,500	14,500
Bank guarantees and surety bond facilities	189,591	225,000
	292,091	254,500

The majority of credit facilities are provided by National Australia Bank Limited and are subject to annual review. This comprises a $75 million bank guarantee facility, a $75 million revolving loan facility, a $15 million overdraft facility and a $3 million equipment finance facility. Security for the National Australia Bank facilities comprises the following:

- Indemnity and guarantee by Decmil Group Limited and its controlled entities;
- Negative pledge in relation to Homeground Gladstone Pty Ltd
- Letter of set-off by Decmil Australia Pty Ltd over funds on deposit; and
- First registered mortgage over property situated at 20 Parkland Road, Osborne Park, Western Australia.

In addition to the NAB facilities, the consolidated entity also has the following facilities:

- Equipment finance of $6 million and $3.5 million with Toyota Finance and Commonwealth Bank Finance respectively; and
- Surety bond facilities of $50 million with Asset Insure, $4.6 million with QBE, $35 million with Vero and $25 million with New Surety.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 29: EQUITY-BASED PAYMENTS

Performance Rights Plan

The Board believes that the long term incentive offered to key executives forms a key part of their remuneration and assists to align their interests with the long term interests of Shareholders. For details of the Long Term Incentive Plan, refer to the Directors' Report.

(i) There were no options granted during the year or outstanding as at 30 June 2015.

(ii) A summary of the movements of all performance rights issued is as follows:

	Number
Performance Rights outstanding as at 30 June 2013	1,787,629
Granted	1,733,481
Forfeited	(1,629,612)
Vested	(454,575)
Lapsed	-
Performance Rights outstanding as at 30 June 2014	1,436,923
Granted	1,663,860
Forfeited	-
Vested	-
Lapsed	-
Performance Rights outstanding as at 30 June 2015	3,100,783

The fair value of the Performance Rights granted during the financial year was $555,693. Performance Rights are valued using various valuation methodologies, including Black-Scholes option pricing models and Monte Carlo simulations where Performance Rights have market based vesting conditions. Expected life is based on Management's best estimate at the time of valuation of vesting criteria being achieved. The fair value has been discounted by between 70% and 90% to reflect the probability of not meeting the vesting conditions. The discount factors were determined through an analysis of relative share price to the date of grant, dividends paid and likelihood of rights being forfeited prior to vesting.

NOTE 29: EQUITY-BASED PAYMENTS *(Cont'd)*

The weighted average fair value of performance rights granted during the year was $0.334 (2014: $0.525). These values were calculated using a Black-Scholes option pricing model applying the following inputs:

Expected vesting period for the performance rights to vest:	4 years
Expected share price volatility:	45%
Risk-free interest rate:	2.96%
Dividend yield	7.70%

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future movements.

Expenses arising from equity-based payment transactions recognised during the year were as follows:

	Consolidated Entity	
	2015	2014
Performance rights	$000	$000
Expenses	430	556
Written back on reassessment of probabilities	(494)	-
Written back on forfeiture	-	(292)
TOTAL	(64)	264

NOTE 30: RELATED PARTY TRANSACTIONS AND BALANCES

Parent entity
Decmil Group Pty Ltd is the parent entity.

Controlled entities
Interests in controlled entities are set out in note 14.

Key management personnel
Disclosures relating to key management personnel are set out in note 7 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated Entity	
	2015	2014
	$000	$000
(a) Director Related Transactions		
Rent of various properties used by Decmil Australia Pty Ltd paid to Broadway Pty Ltd, an entity in which Mr Denis Criddle has a beneficial interest	217	331
(b) Director Related Balances		
Amounts owing to The Nevern Group Pty Ltd, an entity in which Mr Giles Everist has a beneficial interest, for directors' fees[1]	9	11

Terms and conditions

Transactions between related parties are on commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

[1] Transactions relating to Directors fee are included in the Directors' report details of remuneration

NOTE 31: FINANCIAL INSTRUMENTS

Financial Risk Management Policies

The consolidated entity's financial instruments consist mainly of deposits with banks, accounts receivable and payable and borrowings.

No derivatives are used by the consolidated entity and the consolidated entity does not speculate in the trading of derivative instruments.

(i) Financial Risk Management Policies

The Chief Financial Officer and other senior finance executives regularly analyse financial risk exposure and evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

The overall risk management strategy seeks to assist the consolidated entity in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

Treasury functions are performed in accordance with policies approved by the Board of directors. Risk management policies are approved and reviewed by the Board on a regular basis.

(ii) Specific Financial Risk Exposures and Management

The main risks the consolidated entity is exposed to through its financial instruments are interest rate risk, liquidity risk, credit risk, price risk and foreign exchange risk.

Interest rate risk

Exposure to interest rate risk arises on financial assets and liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows.

Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk, at balance date to recognise financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements.

There are no material amounts of collateral held as security at 30 June 2015.

In respect of the parent entity, credit risk also incorporates the exposure of Decmil Group Limited to the liabilities of all the parties to the deed of cross-guarantee.

Credit risk is managed on a consolidated basis and reviewed regularly by finance executives and the Board. It arises from exposures to customers as well as through deposits with financial institutions.

The consolidated entity does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the consolidated entity.

Price risk

The consolidated entity is exposed to price risks associated with labour costs and to a lesser extent, fuel and steel prices. Wherever possible, the consolidated entity contracts out such exposures or allows for the rise and fall for changes in prices or provides sufficient contingencies to cover for such price risks.

Foreign exchange risk

Exposure to foreign exchange risk may result in the fair value or future cash flows of a financial instrument fluctuating due to movement in foreign exchange rates of currencies in which the consolidated entity holds financial instruments which are other than the Australian Dollar ("AUD") functional currency of the consolidated entity.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 31: FINANCIAL INSTRUMENTS *(Cont'd)*

(iii) Financial instrument composition and maturity analysis:

The tables below reflect the undiscounted contractual settlement terms for financial instruments of a fixed period of maturity, as well as Management's expectations of the settlement period for all other financial instruments. As such, the amounts may not reconcile to the statement of financial position.

	Weighted Average Effective Interest Rate	Non-Interest Bearing	Within 1 year	1 to 5 years	Carrying Amount
2015	%	$000	$000	$000	$000
Financial Assets					
Cash and cash equivalents	2.4	-	59,548	-	59,548
Receivables	-	47,827	-	-	47,827
		47,827	59,548	-	107,375
Financial Liabilities					
Payables		(104,791)	-	-	(104,791)
Borrowings	5.3	-	(739)	(45)	(784)
		(104,791)	(739)	(45)	(105,575)
2014					
Financial Assets					
Cash and cash equivalents	2.5	-	59,308	-	59,308
Receivables	-	113,861	-	-	113,861
		113,861	59,308	-	173,169
Financial Liabilities					
Payables	-	(178,599)	-	-	(178,599)
Borrowings	5.2	-	(1,178)	(797)	(1,975)
		(178,599)	(1,178)	(797)	(180,574)

The cashflows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

(iv) Net Fair Values of financial instruments

Unless otherwise stated, the carrying amount of financial instruments reflect their fair value.

(v) Sensitivity Analysis

Interest Rate Risk and Price Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk, price risk and foreign exchange risk at balance date. This sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Interest Rate Sensitivity Analysis

The consolidated entity's cash and cash equivalents and borrowings are subject to interest rate sensitivities. At 30 June 2015, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant is immaterial.

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 31: FINANCIAL INSTRUMENTS *(Cont'd)*

Price Risk Sensitivity Analysis

At 30 June 2015, the effect on profit and equity as a result of changes in the price risk, with all other variables remaining constant would be as follows:

	Consolidated Entity	
	2015	2014
	$000	$000
Change in profit		
Increase in labour costs by 5% (CPI assumption)	(5,997)	(6,165)
Change in equity		
Increase in labour costs by 5% (CPI assumption)	(5,997)	(6,165)

In the opinion of the consolidated entity's Management, the majority of the above increase in labour cost, had it been incurred, would have been negated by an increase in the price of services offered by the consolidated entity.

The above sensitivity analysis has been performed on the assumption that all other variables remain unchanged.

Foreign Exchange Sensitivity Analysis

The effect on profit and equity as a result of changes in foreign exchange rates, with all other variables remaining constant, is immaterial.

NOTE 32: FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the consolidated entity's assets measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets that the consolidated entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly

Level 3: Unobservable inputs for the asset

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated 2015				
Assets				
Investment property	-	-	188,374	188,374
Total assets	-	-	188,374	188,374
Consolidated 2014				
Assets				
Investment property	-	-	188,182	188,182
Total assets	-	-	188,182	188,182

There were no transfers between levels during the financial year.

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

Investment property has been valued using a discounted cash flow model.

Movements in level 3 assets during the current and previous financial year are set out below:

Consolidated	Investment Properties $000	Total $000
Balance at 1 July 2013	192,923	192,923
Additions	1,313	1,313
Reduction in provision for costs to complete	(6,054)	(6,054)
Balance at 30 June 2014	188,182	188,182
Additions	192	192
Balance at 30 June 2015	188,374	188,374

NOTES TO THE FINANCIAL STATEMENTS *(Cont'd)*

For the year ended 30 June 2015

NOTE 32: FAIR VALUE MEASUREMENT *(Cont'd)*

The level 3 assets unobservable inputs and sensitivity are as follows:

Unobservable Inputs	Range	Sensitivity
Room rate growth	0.25%-1.0%	0.25% change would increase/decrease fair value by approximately $1,060,000
Long term occupancy	45% - 60%	5.0% increase would increase fair value by approximately $27,600,000 5.0% decrease would decrease fair value by approximately $26,300,000
Post tax discount rate	8.5% - 9.5%	0.5% increase would decrease fair value by approximately $14,800,000 0.5% decrease would increase fair value by approximately $17,200,000

NOTE 33: CONTINGENT LIABILITIES

	Consolidated Entity	
	2015	2014
Performance rights	$000	$000
Guarantees given to various clients for satisfactory contract performance for the consolidated entity	57,095	103,352

Apart from the above there are no further contingent liabilities relating to the consolidated entity.

NOTE 34: SUBSEQUENT EVENTS

On 1 July 2015, the Company announced the appointment of Ric Buratto to the newly created position of CEO – Construction and Engineering. Ric will sit on the Company's Executive Leadership Team and will be included in Key Management Personnel for the purposes of the annual report for the year ended 30 June 2016.

On 25 August 2015, the Company proposed a fully franked 8.5 cent per share final dividend with a record date of 4 September 2015 and payment date of 25 September 2015. The total amount of this dividend payment will be $14.220 million. After this dividend payment, the franking account balance will be $65.861 million.

Except for the matters disclosed above, no matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

DIRECTORS' DECLARATION

The directors of the Company declare that:

1. the financial statements and notes, as set out in the financial report, are in accordance with the *Corporations Act 2001*, and:

- **a.** give a true and fair view of the financial position of the consolidated entity as at 30 June 2015 and of its performance for the year ended on that date; and
- **b.** comply with Australian Accounting Standards and the *Corporations Regulations 2001*.

2. the financial statements and notes also comply with International Financial Reporting Standards as disclosed in note 1.

3. in the directors' opinion, there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the year ended 30 June 2015.

In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 14(b) will be able to meet any obligations or liabilities to which they are or may be subject to, by virtue of the deed of cross guarantee.

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

W.P. Healy

Bill Healy
Chairman

25 August 2015

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 **F** +61 8 9261 9101
www.rsmi.com.au

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF
DECMIL GROUP LIMITED

Report on the Financial Report

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

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that 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. These Auditing 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 and fair presentation of the financial report 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 opinions.

Independence

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

Opinion

In our opinion:

(a) the financial report of Decmil Group Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

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

Report on the Remuneration Report

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

Opinion

In our opinion the Remuneration Report of Decmil Group Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Perth, WA
Dated: 25 August 2015

J A KOMNINOS
Partner

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in this report is as follows.

1. Substantial shareholders

The names of substantial beneficial shareholders listed on the Company's register as at 30 June 2015 are:

	Shares	%
Denis Criddle	18,914,884	11.31
Denver Investments	16,632,086	9.94
Franco Family Holdings (Retail Group)	12,600,000	7.53
Thorney Investments Commonwealth Bank Group	12,322,463	7.37
Colonial First State	11,406,236	6.82
Georgia Division of Investment Services	8,650,400	5.17

The following information is made up as at 31 July 2015.

2. Distribution of shareholdings

	No. of shareholders	No. of ordinary shares	%
1 – 1,000	1,389	655,593	0.39
1,001 – 5,000	1,280	3,726,378	2.23
5,001 – 10,000	530	4,277,303	2.56
10,001 – 100,000	637	17,409,691	10.41
100,001 and over	57	141,225,334	84.41
Total	3,893	167,294,299	100.00

There are 745 shareholders with an unmarketable parcel totalling 149,071 shares.

3. Voting rights

All ordinary shares issued by Decmil Group Limited carry one vote per share without restriction.

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES *(Cont'd)*

4. Twenty largest shareholders

The names of the twenty largest registered shareholders of fully paid ordinary shares in the Company are:

	No. of Ordinary Fully Paid Shares Held	%
HSBC Custody Nominees (Australia) Ltd	33,107,547	19.79
Citicorp Nominees Pty Ltd	22,965,228	13.73
J P Morgan Nominees Australia Ltd	21,028,318	12.57
National Nominees Ltd	16,097,089	9.62
Broadway Pty Ltd - The Decmil Australia Fund A/C	10,475,000	6.26
Broadway Pty Ltd - The Decmil Australia A/C	6,500,000	3.89
L, M & R Franco - LMR Franco Unit Trust A/C	5,000,000	2.99
Zero Nominees Pty Ltd	3,500,000	2.09
Delauney Pty Ltd - Franco Family A/C	2,300,000	1.37
Farview Pty Ltd - Ernesto Franco Family A/C	2,300,000	1.37
Mrs Nola Isabel Criddle - Criddle Investment Fund A/C	1,398,232	0.84
Mr Mario Franco + Mrs Immacolata Franco - The Mario Franco S/F A/C	1,100,000	0.66
CS Fourth Nominees Pty Ltd	990,691	0.59
O'Neill Administration Pty Ltd - O'Neill Super Fund A/C	812,500	0.49
Citicorp Nominees Pty Ltd - Colonial First State Inv A/C	788,272	0.47
Mr Robert Mario Franco	700,000	0.42
Mr Scott James Criddle	696,790	0.42
Brispot Nominees Pty Ltd – House Head Nominee No 1 A/C	662,211	0.40
BNP Paribas Nominees Pty Ltd – DRP	626,233	0.37
Navigator Australia Ltd – MLC Investment Sett A/C	616,929	0.37
Total	131,665,040	78.70

CORPORATE DIRECTORY

Directors
Bill Healy, Non-Executive Chairman
Scott Criddle, Managing Director
Denis Criddle, Non-Executive Director
Trevor Davies, Non-Executive Director
Giles Everist, Non-Executive Director
Lee Verios, Non-Executive Director

Executive Team
Scott Criddle, Group CEO and Managing Director
Ric Buratto, CEO – Construction & Engineering
Jon Holmes, Executive General Manager - Construction
Craig Amos, Chief Financial Officer

Company Secretary
Alison Thompson

Australian Business Number
35 111 210 390

Principal Registered Address
20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877
Facsimile: 08 9368 8878

Postal Address
PO Box 1233
Osborne Park WA 6916

Operational Offices
Decmil Australia Pty Ltd
20 Parkland Road
Osborne Park WA 6017
Telephone: 08 9368 8877
Facsimile: 08 9386 8878

Decmil Australia Pty Ltd, Eastcoast Development Engineering Pty Ltd, Decmil Engineering Pty Ltd & Homeground Villages Pty Ltd
Level 5, 60 Edward Street
Brisbane QLD 4000
Telephone: 07 3640 4600
Facsimile: 07 3640 4690

Auditor
RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000
Telephone: 08 9261 9100
Facsimile: 08 9261 9111

Share Registry
Computershare Investor Services Pty Limited
Level 11, 172 St Georges Terrace
Perth WA 6000
Telephone: 08 9323 2000
Facsimile: 08 9323 2033
Email: web.queries@computershare.com.au
Website: www.computershare.com

Lawyers
Ashurst
2 The Esplanade
Perth WA 6000
Telephone: 08 9366 8000
Facsimile: 08 9366 8111

Bankers
National Australia Bank Limited
100 St Georges Terrace
Perth WA 6000
Telephone: 13 10 12

Controlled Entities
Decmil Australia Pty Ltd
Decmil Engineering Pty Ltd
Decmil PNG Limited
Decmil Construction NZ Limited
Eastcoast Development Engineering Pty Ltd
Homeground Villages Pty Ltd
Homeground Gladstone Pty Ltd ATF Homeground Gladstone Unit Trust
Homeground Broome Pty Ltd
Decmil Properties Pty Ltd
Decmil Infrastructure Pty Ltd
Cornelisse Shoal Pty Ltd
Decmil Services Pty Ltd
Decmil Telecom Pty Ltd

ASX Code
DCG

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2015 ANNUAL REPORT

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