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DGL

Decmil Group Limited

ANNUAL REPORT 2011

ABN: 35 111 210 390

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ABN: 35 111 210 390

ASX CODE: DCG

REGISTERED ADDRESS:
Level 2, 76 Hasler Road, Osborne Park WA 6017
Tel: +61 8 9368 8877

ANNUAL GENERAL MEETING

Shareholders are advised that the Decmil Group Limited 2011 Annual General Meeting (AGM) will be held on Wednesday, 16 November 2011 at The Parmelia Hilton, 14 Mill Street, Perth, Western Australia commencing at 10.00 am (AWST).

www.decmilgroup.com.au

ABOUT THIS REPORT

This Annual Report is a summary of Decmil Group Limited's (DGL) operations, activities and financial position as at 30 June 2011.

References in the report to 'the year' or 'the reporting period' relate to the financial year, which is 1 July 2010 to 30 June 2011, unless otherwise stated. All dollar figures are expressed in Australian currency.

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.

In its efforts to reduce its impact on the environment DGL 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.decmilgroup.com.au

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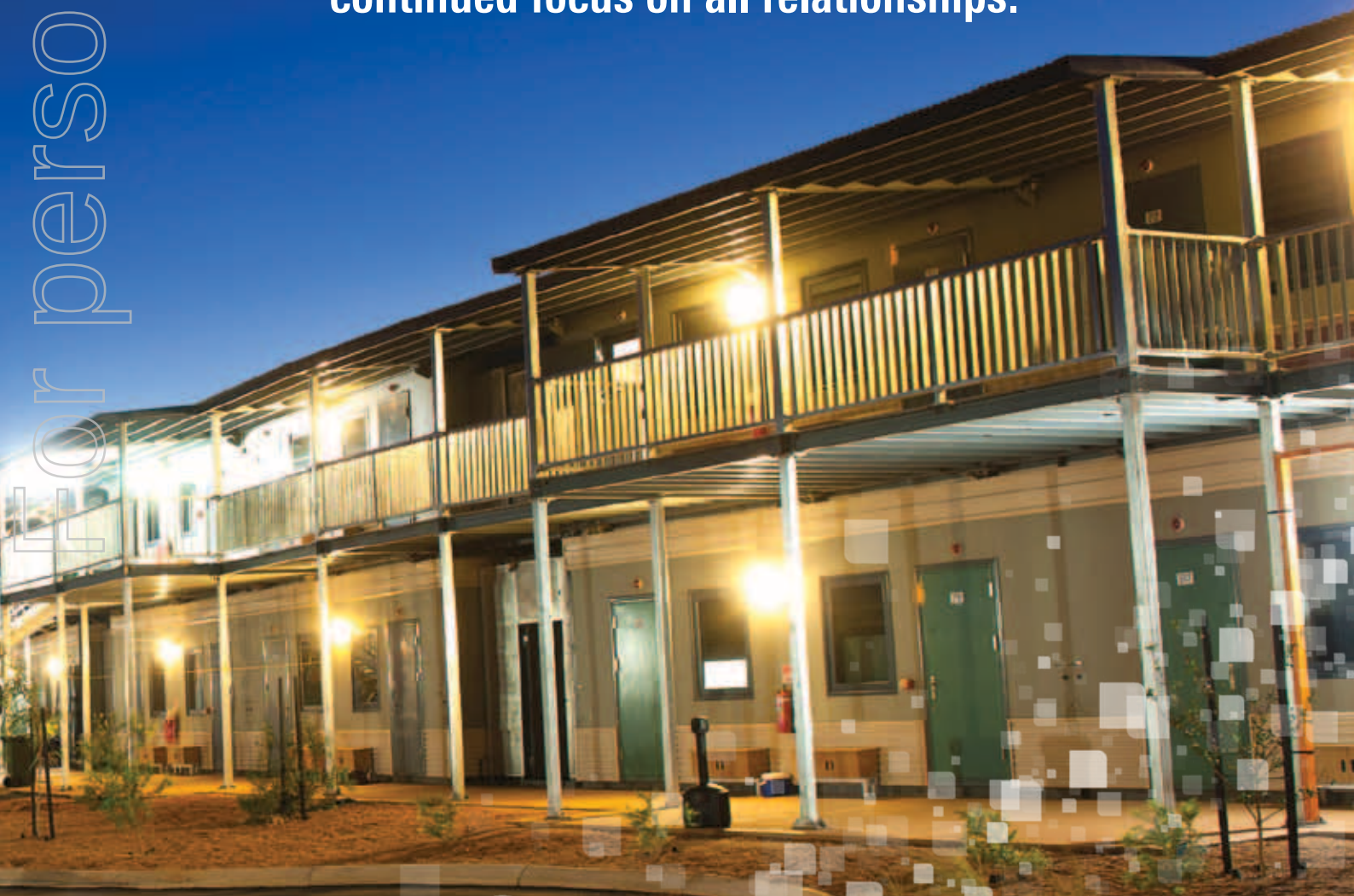
Decmil Group aims to be Australia's leading diversified construction company, delivering sustainable growth through our continued focus on all relationships.



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CORPORATE DIRECTORY

DIRECTORS

Denis Criddle	Non-Executive Chairman
Scott Criddle	Managing Director
Geoffrey Allen	Non-Executive Director
Giles Everist	Non-Executive Director
William (Bill) Healy	Non-Executive Director
Lee Verios	Non-Executive Director

EXECUTIVE TEAM

Justine Campbell	Chief Financial Officer
Brad Kelman	General Counsel/ Company Secretary
Ray Sputore	Managing Director, Decmil Australia

ABN

35 111 210 390

PRINCIPAL REGISTERED ADDRESS

Level 2, 76 Hasler Road, Osborne Park WA 6017

Telephone: 08 9368 8877
Facsimile: 08 9368 8878

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OPERATIONAL OFFICES

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Decmil Australia Pty Ltd
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Telephone: 07 3640 4601
Email: enquiries@decmil.com.au
Website: www.decmil.com.au

AUDITOR

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Telephone: 08 9261 9100
Facsimile: 08 9261 9111

SHARE REGISTRY

Computershare Investor Services Pty Limited
Level 2, 45 St Georges Terrace, Perth WA 6000

Telephone: 08 9323 2000
Facsimile: 08 9323 2033
Email: web.queries@computershare.com.au
Website: www-au.computershare.com

LAWYERS

Steinepreis Paganin
Level 4, Next Building, 16 Milligan Street, Perth WA 6000

Telephone: 08 9321 4000
Facsimile: 08 9321 4333

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WEBSITE

www.decmilgroup.com.au

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The people we have are the strength of our business and we support them to be the best they can be

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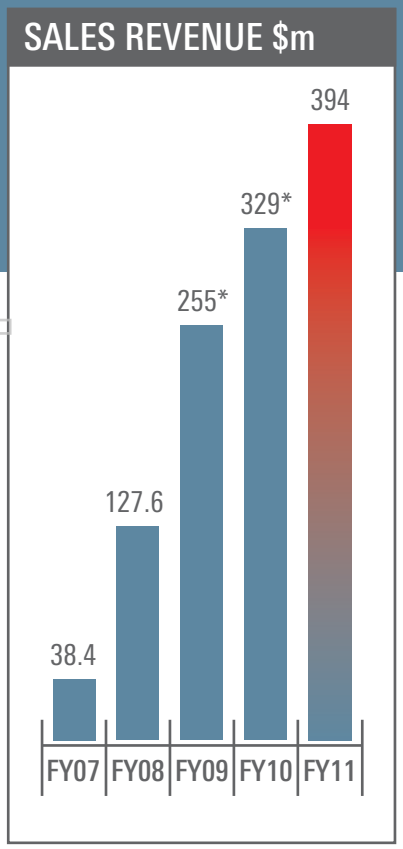
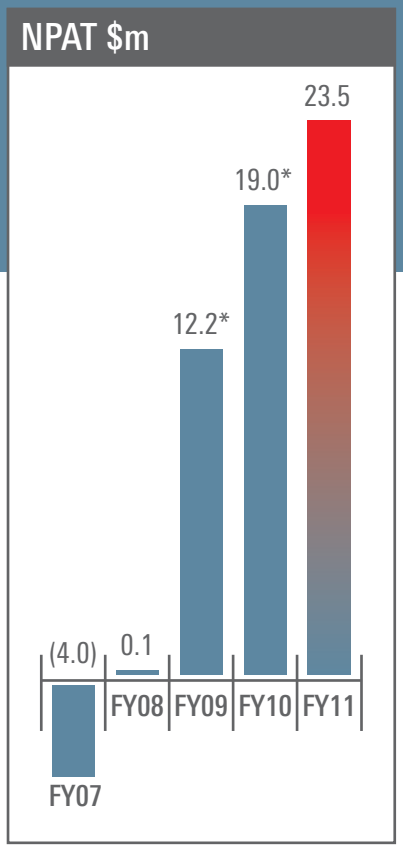
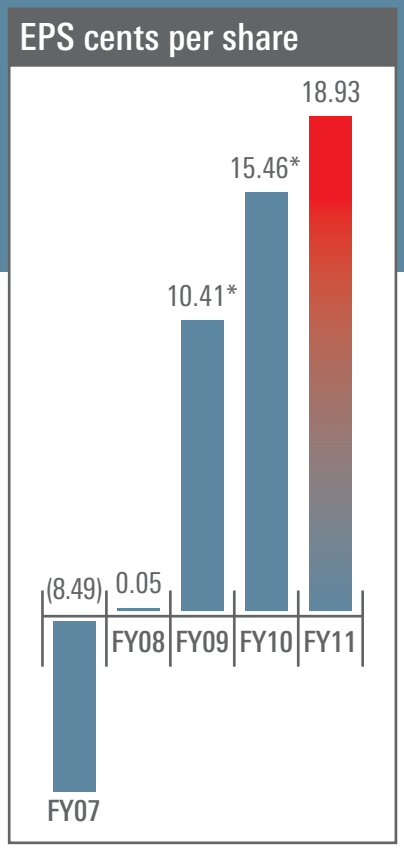
HIGHLIGHTS
from the 2010/11 financial year include:

- Continued growth in the size and scope of projects won by Decmil Australia in all business areas of civil works, non-process building construction and village accommodation.
- Total Group revenue for the year of $394, up 20% from $329 the previous year.
- Increase in net profit after tax to $23.5 million, up 24% from $19.0 million the previous year.
- Significant cash on hand at year-end of $64.4 million, up 22% from $52.9 million the previous year.
- Substantial increase in share price from approx $1.50 at June 2010 to approx $2.75 in June 2011.
- Strong future outlook for 2011/12 financial year, with forward order book at 1 July 2011 of approximately $300 million.
- Solid pipeline for new contracts, with $670m in tenders submitted, pending award before end 2011.
- Strengthened Executive Management team in place to deliver performance and growth strategy targets.







*FY figures relate to continuing operations

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Major development and infrastructure projects
(current and planned)

Western Australia

A.	Wheatstone LNG (Chevron)	$23b
B.	Browse LNG (Woodside)	$30b
C.	RGP 6 Iron Ore (BHP)	$5.7b
D.	Ichthys LNG (Inpex/Total)	$25b
E.	Roy Hill Iron Ore (Hancock Prospecting)	$7.2b

Source: ABARE April 2011 Minerals & Energy - Major Development Projects

Current Projects

1
SITE
Karntama
CLIENT
Fortescue Metals Group
PROJECT VALUE
$146m
COMPLETION DATE
January 2012

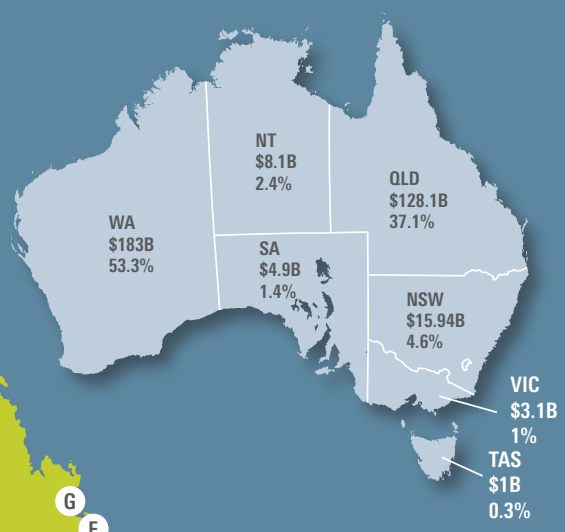
2
SITE
Gorgon Site Preparation
CLIENT
Chevron
PROJECT VALUE
$74m
COMPLETION DATE
January 2012

3
SITE
Gorgon Village Accommodation
CLIENT
Chevron
PROJECT VALUE
$700m+ (Decmil $233m)
COMPLETION DATE
November 2012

4
SITE
Pluto
CLIENT
Woodside Energy
PROJECT VALUE
$400m+
COMPLETION DATE
December 2011 (possibility of extension)

5
SITE
Warrawandu
CLIENT
BHP Billiton
PROJECT VALUE
$83m
COMPLETION DATE
October 2012

Australian CAPEX by State

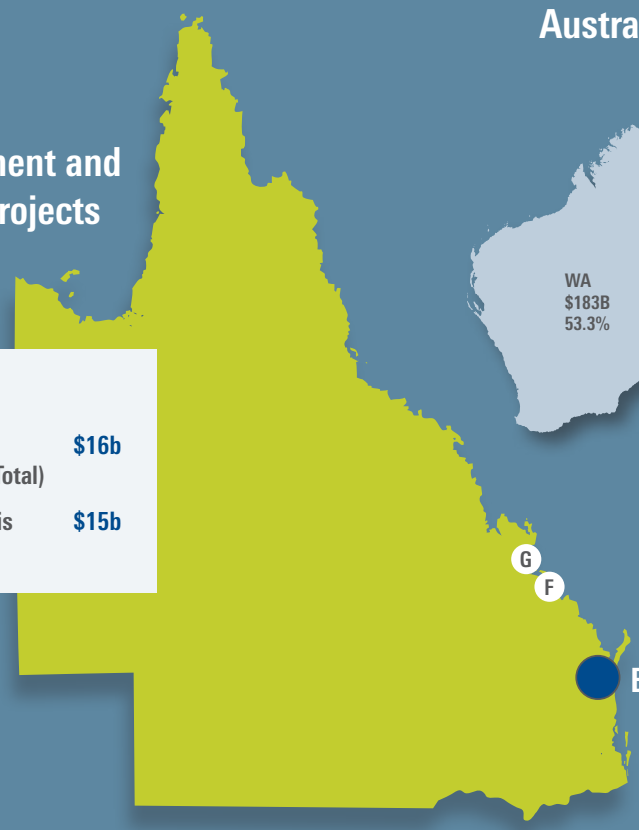


Major development and infrastructure projects
(current and planned)

Queensland

F.	Gladstone LNG (Santos/KOGAS/Total)	$16b
G.	Queensland Curtis LNG (BG)	$15b

Source: ABARE April 2011 Minerals & Energy - Major Development Projects



Brisbane Office

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CHAIRMAN'S REPORT

On behalf of your Board, it is my pleasure to report that Decmil Group Limited again delivered record operating and financial performance for its shareholders in the year ended 30 June 2011.

Focussed on maximising returns from the Group's assets to deliver value to our shareholders, clients and other stakeholders, DGL achieved a record sales result and delivered a record profit for the year. This performance was realised through the Group's core asset, Decmil Australia, which was awarded a number of major contracts and contract extensions in the resources and oil and gas sectors.

Highlights from the 2010/11 financial year include:

- Record total Group revenue for the year of A$394 million, up 20% on previous corresponding period.
- Increase in net profit after tax from continuing operations to a record A$23.5 million, up 24% from A$19 million the previous year.
- Significant cash on hand at year end of A$64.4 million, up 22% from A$52.9 million the previous year.
- Earnings per share increased by 22% to 18.9 cents, up from 15.5 cents in the previous corresponding year.
- Declaration of maiden dividend of 6 cents per share, fully franked.
- Substantial increase in share price from A$1.52 at 30 June 2010 to A$2.76 at 30 June 2011.
- Strong operational performance by Decmil Australia, delivering earnings before interest, tax and depreciation and amortisation of A$35.4 million, up 18% on the previous year.
- Strong future outlook for 2011/12 financial year, with forward order book at 1 July 2011 being approximately A$300 million.

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SUSTAINED GROWTH

Decmil Australia continued to secure substantial contracts and contract extensions with leading resources and energy clients including Woodside Energy, BHP Billiton and Fortescue Metals Group.

It also continued work on the Company's largest contract to date for the design and construction of a 4,000 person construction village on Barrow Island for the Chevron operated Gorgon Project.

NET ASSETS & CASH POSITION

The Group's net assets increased by A$24 million to A$114 million during the financial year. Sound operating cash flow performance continued to be a key feature of the Group in 2010/11 with A$28.9 million for the year. The year-end cash on hand grew 22% to A$64.4 million and the Group maintained a low gearing structure.

The Company has banking facilities in place which put Decmil in a strong financial position to expand and grow its current operations.

MAIDEN DIVIDEND DECLARED

Following the Group's strong financial performance and healthy cash position, it is my pleasure to advise that the Board of Directors has declared the Company's maiden dividend of 6 cents per share fully franked.

The full year dividend payout represents a 31.7% payout ratio which is in line with the Board's dividend payout policy. This policy will continue to be reviewed in line with trading conditions, the need for significant cash requirements and investment opportunities.

BOARD CHANGES

In October 2010 the Company announced that Mr. Robert Franco would retire as Non-Executive Director at the Group's 2010 Annual General Meeting after serving as a Director of the Company since its ASX listing in April 2005. Mr. Franco advised the Board of his decision not to stand for re-election at the AGM due to increased commitments in other business interests, including his role as Finance Director of Fero Group Pty Ltd.

OUTLOOK

The core strategy of focusing on our blue-chip client base and providing consistent, high quality, value adding services has served Decmil Group very well, and continues to do so.

While it is pleasing to report the Group has had a record year in 2010/11 in terms of revenue, after tax profit and share price, our goal is to maintain a leadership position in the resources and energy sector in Western Australia and pursue organic growth in this region.

Concurrent with this, we will continue to assess expansion opportunities in Queensland and the Northern Territory. We are also pursuing opportunities to leverage our business expertise and reputation to expand into the infrastructure sector.

Acquisition opportunities that align with our strategic initiatives will continue to be considered by the Board.

The overall outlook for the resources and energy sectors remains positive in our geographic focus regions of Western Australia and Queensland with continued demand for Australian commodities likely to continue in the short and medium-terms. However there is still some uncertainty on the final timing of some key projects.

The Board is confident that the Group has the correct vision and strategy, coupled with an outstanding and committed management team, to enable the Company to bring value to our shareholders, to the communities in which we operate, and to our employees.

On behalf of the Board I would like to thank every employee for their contribution to your Company's success and look forward to reporting on the Group's strong future performance.

DENIS CRIDDLE
Chairman, DGL

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MANAGING DIRECTOR'S REPORT

Decmil has $670 million in tenders submitted which are pending award before the end of December 2011.

In the past year, Decmil Group Limited strengthened its position as a leading engineering and construction company in the Western Australian resources and oil & gas sectors by completing a number of major contracts and securing approximately $360 million in new contracts and contract extensions on existing projects.

As reported, the Group's sales revenue increased by 20 percent to a record $394 million, driven by our continued strong service performance to national and international blue-chip customers in the company's target sectors.

While a number of companies elected to delay the start-up of major projects and associated award of contracts during the year, Decmil expects these projects will commence in the near term.

Significantly, Decmil has $670 million in tenders submitted at 30 June 2011 which are pending award before end of December 2011.

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BUSINESS PERFORMANCE

Reflecting our strong standing and reputation with existing clients, BHP Billiton Iron Ore awarded the Group an $83 million contract to design and construct the 1,080 person Warrawandu Village and EPCM facilities in Western Australia's Pilbara region.

Decmil was also awarded a new $55 million contract to design and construct the second stage of the Karntama (previously known as Kandama) accommodation village for Fortescue Metals Group's Christmas Creek Project.

We continued to work – as part of the TDK joint venture – on a $700+ million contract for the design and construction of a 4,000 person accommodation village on Barrow Island for the Gorgon Project. Decmil Australia's share of the total contract is about $233 million.

Decmil also progressed work on a $74 million sub-contract, awarded by Thiess, to design and construct temporary construction warehouses, transportable buildings and workshops for the Gorgon Project.

DIVERSIFICATION STRATEGY

During the year, Decmil continued to focus on strengthening relationships with customers, service expansion, growing a recurring revenue base and diversifying our business through leveraged growth into the infrastructure sector and via geographical expansion into the Queensland and Northern Territory resources and oil & gas sectors.

The resources and oil & gas sectors in Western Australia, Northern Territory and Queensland are poised for significant growth in the near future. The company has identified $3.8 billion in contracts in its target sectors is to be awarded before the end of 2013.

INVESTMENT IN COMPANY RESOURCES

In the past two years, Decmil has continued to invest in and build our management systems and processes to effectively manage larger contracts in these sectors.

Concurrent with our internal systems, we have also developed an internet portal to allow the growing list of subcontractors we engage to partner with us more efficiently.

Decmil's business capabilities were also maintained in a competitive labour market to ensure we have the resource to manage current projects and future projects.

The Group actively recruited for key roles of business development, estimating and operational project management to competitively position DGL for the strong pipeline of future projects. Total employee numbers were approximately 540 at the end of the financial year which, while lower than the 910 people employed at the same time in 2010, increased to about 750 people by September 2011 and are expected to return to previous levels as projects ramp up.

The safety of people and protection of the environment matters most in all that we do, and continued to be a core focus across our business. It is pleasing to report that our safety performance improved during the year with Decmil recording a Total Recordable Incident Frequency Rate (TRIFR) of 5.29, a substantial improvement on 9.09 recorded in the previous corresponding period. No significant environmental incidents were reported during the year.

STRENGTHENED MANAGEMENT TEAM

To support the delivery of the Company's strategic target of 20 per cent compound growth annually, Decmil significantly strengthened its Executive Management Team (EMT) with several key appointments during the year.

In January 2011, Mr Brenton Akehurst was appointed as Decmil Australia's General Manager Queensland. Mr Akehurst has more than 15 years' experience in the engineering and construction industry and will oversee Decmil Australia's expansion into Queensland and the Northern Territory.

This was followed, in April 2011, by the appointment of Mr Ray Sputore as Decmil Australia's Managing Director. Mr Sputore has extensive experience in the engineering and construction industry, having served as Leighton Contractors' General Manager – Western Region from 2002 to 2011, and prior to that in both operational and senior executive roles with Transfield Pty Ltd over 28 years.

OUTLOOK

Decmil entered the 2011 financial year with a strong order book of approximately $300 million. We are confident we remain well positioned to capitalise on the substantial project pipeline in the resources, oil & gas and infrastructure sectors which, combined with our strong cash position and our unwavering focus on client relationships, provides DGL with the opportunity to continue to deliver a strong operational performance.

SCOTT CRIDDLE
Managing Director & CEO, DGL

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We build, support and respect trusting relationships with our clients

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ABOUT US

Decmil Group Limited (DGL) is a leading design, civil engineering and construction company, focussed on delivering integrated solutions to blue-chip clients in Australia's oil and gas, resources and infrastructure sectors.

Listed on the Australian Securities Exchange (ASX), DGL's goal is to **maximise returns** from our operations to **deliver value to our shareholders, clients and other stakeholders.** Following a group restructure in 2010, we currently operate through our wholly-owned subsidiary **Decmil Australia**.

DGL's strong **customer focus** has been used to **build and maintain solid relationships** with major oil and gas and resources companies operating in Australia.

As testament to our **sustained approach** of maintaining client relationships and demonstrated record of consistently providing **high quality** work and service to our customers for more than **30 years,** our clients continue to award Decmil **'repeat work'**.

It is **Decmil's people** that sustain that reputation and we are continuing to attract people who share our values and contribute to the Group's **long-term success**.

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

We work to build, maintain and support our customers' operations through safe, reliable, innovative and cost-effective **engineering and construction services.**

Our growth strategy is to maintain a leadership position in Western Australia's resources and energy sectors and **pursue growth** through geographical expansion of our business into Queensland and the Northern Territory. In addition, execution of our diversification strategy **will expand our business** into the infrastructure sector.

Acquisition opportunities that align with our strategic initiatives **will also be considered** by the company.

OUR VISION

Decmil Group aims to be Australia's leading diversified construction company, delivering sustainable growth through our continued focus on all relationships.

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OUR FOCUS

DGL is a leading design, civil engineering and construction company with a solid reputation with blue-chip clients for delivering results.

Strategic focus

- Oil & Gas, resources.
- Leveraged expansion into infrastructure (water, power, rail).

Geographic focus

- Western Australia north west (historical base).
- Staged expansion into Queensland and Northern Territory.

Contract size

- Capable of delivering complex, multi-discipline projects.
- Targeted contract size of $100m+.

Solid reputation with blue-chip clients

- For delivering projects 'on time, on budget'.

Highly responsive to clients' needs

- Size and flat structure allows quick response in dynamic and competitive market.
- Building and civil skill sets transferable across diversified sectors.
- Key trades all self-performed.

Our clients operate in dynamic growth sectors and we are highly responsive to their needs

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OUR SPECIALITY

We specialise in implementing large-scale industrial infrastructure projects.

We have the facilities, expertise, experience and manpower to undertake individual projects valued in excess of $150 million.

OUR COMPETITIVE POSITIONING

- Few competitors capable of servicing Decmil's target contract size of $100m plus.
- Based on contracts performed for Tier One Clients.

	CIVIL CONSTRUCTION	BUILDING CONSTRUCTION	
		Non-Process	Accommodation
Decmil Group	✓	✓	✓
Leighton Contractors	✓	✓	✗
Thiess	✓	✓	✗
John Holland	✗	✓	✓
Forge Group	Small	✓	✗
VDM Group	Small	✗	✓
NRW Holdings	✓	✓	✗
Georgiou Group*	✓	✓	✓
DORIC Group*	✗	✓	✓
Pindan*	✗	Small	Small

*Private companies

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EXISTING

CIVIL CONSTRUCTION

BUILDING CONSTRUCTION

	Non-Process	Accommodation
Small & large-scale brownfield greenfield civil concrete	Industrial buildings, plants, storage facilities & workshops	Design & construct permanent and temporary accommodation facilities
Complex concrete works, from bridge deck construction and cooling towers to raft foundations, slabs and piling	Manage design to delivery of Non-Process Infrastructure including: control rooms; vehicle workshops; warehouses; storage facilities; rail workshops	All aspects of project development - design, site preparation and excavation, bulk earthworks, civil works, construction and installation
Resources, Oil & Gas	Resources, Oil & Gas, Government	Resources, Oil & Gas

DIVERSIFICATION

INFRASTRUCTURE

Civil infrastructure

Road works and road furniture to site access, internal and regional roads; substations; fire & process water; and process watering/ dewatering

Government, Oil & Gas, Resources, Utility providers

MAINTENANCE & OPERATIONS

Build, own and operate accommodation villages

We offer clients Build Operate (BO), Build Own Operate (BOO) and Build Own Operate and Transfer (BOOT) options. We obtain Facility Management (FM) partners, structure finance, coordinate the design and deliver the project

Resources, Oil & Gas

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OUR KEY PROJECTS

PLUTO LNG PROJECT

CLIENT: Woodside Energy
VALUE: $400m+
DETAILS: Supply and install concrete foundations and pedestals, in-ground electrical & hydraulic services.
Construction of temporary site facilities and miscellaneous civil works.

GORGON CONSTRUCTION VILLAGE

CLIENT: Chevron
VALUE: Total JV contract $700m+ (Decmil $233m)
DETAILS: Construct 4,000 person village on Barrow Island

GORGON LNG PROJECT - SITE PREPARATION

CLIENT: Thiess (Chevron)
VALUE: $74m
DETAILS: Design and construct temporary construction warehouses, transportable buildings and workshops

KARNTAMA ACCOMMODATION VILLAGE - STAGES 1 & 2

CLIENT: Fortescue Metals Group
VALUE: $146m
DETAILS: Design and construct 1,600 person resort style village

WARRAWANDU VILLAGE

CLIENT: BHP Billiton
VALUE: $83m
DETAILS: Design and construct 1,080 person village and EPCM facilities

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Multi-disciplined design, civil engineering and construction works for the oil and gas, resources and infrastructure sectors

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HEALTH, SAFETY & ENVIRONMENT

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.

We actively engage in meaningful health, safety and environmental (HSE) initiatives aimed at ensuring zero harm to our people, the environment and communities in which we operate.

PERFORMANCE

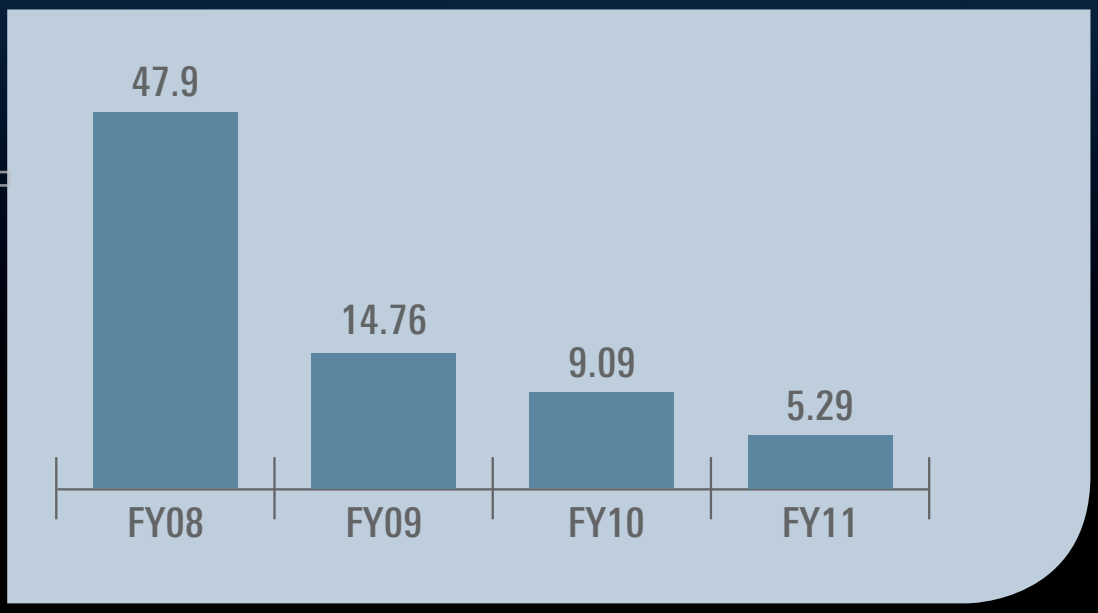
Decmil has an enviable reputation in the market as a leader in HSE performance.

No serious injuries were reported during the year. The Company recorded a Total Recordable Incident Frequency Rate (TRIFR) of 5.29, a significant improvement on the previous year.

In addition, Decmil has recorded almost 3 million working hours Lost Time Injury Free.

No significant environmental incidents were reported during the year.

TOTAL RECORDABLE INCIDENT FREQUENCY RATE (TRIFR)



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KEY ACTIVITIES

To drive health and safety performance improvement, Decmil introduced an integrated safety and health program entitled SHIELD across the business in March 2010. The acronym stands for - Safety and Health in Every Level at Decmil. The program requires a personal commitment from all individuals at all levels to take ownership for the safety, health and welfare of themselves and their work mates. The objective of the program is to drive the behaviours, attitudes, decisions and actions required of all individuals within the business to achieve a working environment that is free from injury or incident.

This year the SHIELD Program has been reviewed and enhanced further. The program now consists of six (6) key elements each requiring a number of strategies to be implemented and maintained by the business, which are expected to deliver on the incident and injury free working environment targeted by the business. The 6 elements of the program are as follows:

1. Personal Commitment and Cultural Alignment – Aligning the personal values of Decmil's workforce with its workplace safety and health values.
2. Leadership Commitment and Mentoring – Ensuring Decmil's leadership group visibly and consistently demonstrate its SHIELD Charter principles.
3. Employee Health and Welfare – Minimising the impact fly in / fly out and remote work site environments have on the health and welfare of Decmil's workforce.
4. Reward and Recognition – Ensuring that everyone returns home in the same condition they arrive, with recognition and reward for individuals or work groups that consistently meet and exceed objectives and targets set to achieve this result.
5. Training and Development – Providing programs at every level of the business to achieve Decmil's SHIELD Program objective.
6. Consultation, Communication and Empowerment – Providing a process that ensures Decmil's workforce is informed of current and relevant workplace safety and health issues, and is empowered to take responsibility for, and ensure their input on these issues.

An annual program event calendar has been established to implement strategies specified within the six (6) key elements above.

In relation to HSE Systems Management, Decmil continues to hold AS 4801 and ISO14001 certification for its Occupational Health, Safety and Environmental Management systems. During the year, the Company successfully completed a triennial audit of its management systems conducted by SAI Global. The company also achieved the GOLD Safe Way Achiever Award from IFAP this year from an audit of its Health and Safety Management system.

INCREASED ENVIRONMENTAL FOCUS

This year, Decmil engaged Carbon Neutral to facilitate a carbon inventory program aimed at identifying the carbon footprint of the business in 2010/11. This process has established reporting mechanisms for Decmil to continue to record and calculate its carbon footprint year-on-year.

Data from this carbon inventory program has been reviewed this year to develop the approach the business will be taking to achieve carbon emission reductions and/or offsetting next year. These initiatives will be launched within the branded environmental program for Decmil entitled 2nd Nature.

OUTLOOK

We will continue to focus on zero harm through the continued implementation of strategic safety, health and environmental initiatives across the Group.

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PEOPLE, CULTURE & VALUES

It is great people that create a great company and DGL recognises it is our employees' ability to sustainably apply their talents and energy to deliver on the Group's objectives that continues to be our primary source of competitive advantage.

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

Our strategic focus for people management continues to be maximising efficiency, while providing for future growth opportunities. This has been achieved by attracting and retaining the right people who deliver quality work and share Decmil's values.

KEY ACTIVITIES

Decmil focused its people-oriented systems, processes and resources to improve workforce forecasting to meet its project needs and the increased competition for labour in its key target markets.

Total employee numbers were slightly lower at approximately 543 people in June 2011, from approximately 910 people at the same time in 2010. The numbers have increased since June to approximately 750 people in September 2011 and are expected to return to previous levels as projects ramp up. During the year we strengthened our business development, estimating and operational project management capabilities in line with future projects pipeline. We also welcomed three new civil engineering graduates and five vacation students as part of our Future Leaders pipeline strategy.

During the year, we developed a structured program to deliver training, career and leadership development opportunities to employees across the Group. These programs address the Company's requirement to have people with the technical competencies to continue to deliver projects well, while providing them with the leadership skills to meet the organisation's future needs. Underpinned by Decmil's core values, the system will provide a shared understanding between managers and employees of role expectations to support employee retention programs.

Decmil has a comprehensive range of people strategies aimed at supporting the Company's ongoing performance and long-term growth. These strategies include offering our employees internal traineeships, such as Certificate II and III in construction and Occupational Health and Safety. To harness the opportunity to increase Australia's trade skills, Decmil currently offers plumbing and electrical apprenticeships.

As a demonstration of our key value of community, Decmil engages with local Indigenous communities to offer the opportunity to access skills development through traineeship programs. These programs are designed to leave each community with an increased skills capacity. Positive results have been achieved in the program's early history. For example, Decmil Australia's work with BHP Billiton on the Warrawandu Camp has resulted in 12% of the resources currently engaged on the project being committed to Indigenous Traineeship programs.

Competition for labour in the resources, oil & gas and infrastructure sectors in our areas of geographic focus is likely to strengthen as existing and new client take long-term investment decisions. To meet this challenge, Decmil is progressing development of a number of initiatives to increase employee retention rates. These initiatives encompass flexible rosters, highly competitive salaries and employee benefits, and maintenance of key industrial agreements. The Company also activated an international offshore recruitment program.

OUTLOOK

Over the coming year, Decmil will continue to invest considerable time and resources in its most important strategic asset, people.

We will continue to define and implement initiatives aimed at attracting, retaining and developing people who deliver quality work, share our values and contribute to the Group's long-term success.

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COMMUNITY

DGL believes it is important to make a contribution to the community beyond providing jobs for local residents. As our company grows, so do the needs of the communities in which we operate.

Decmil supports initiatives that help to create healthy, vibrant and cohesive communities including grass roots activities aimed at building and maintaining the foundations of a community.

Decmil Group encourages staff involvement in raising funds for charities by participating in events such as NAIDOC week and other special activities. As a company, we also make donations to numerous charities and causes.

We are also an active participant and supporter of the broader engineering profession, including through Engineers Australia activities.

KEY ACTIVITIES

Supporting the Clontarf Foundation in the Pilbara

In 2011, Decmil continued support of the Clontarf Foundation through a two-year sponsorship by Decmil Australia.

The Foundation exists to improve the education, discipline, self esteem, life skills and employment prospects of young Aboriginal men and, by doing so, equip them to participate more meaningfully within their communities. Decmil Australia values its partnership with the Foundation and shares the belief that the long-term investment in capacity building for young Aboriginal men will result in benefits for the individual students as well as the local and broader community.

The Foundation currently operates in 45 schools across Western Australia, the Northern Territory and Victoria, and uses Indigenous youth's passion for football to attract them to attend an Academy. At the Academy, staff mentor and counsel participants on a range of behavioural and lifestyle issues while the school caters for their specific educational needs.

We hope that as part of our ongoing partnership with the Clontarf Foundation, Decmil Australia will be able to offer employment opportunities for Clontarf graduates.

Supporting our future leaders

At Decmil we recognise that children are the new generation of leaders for Australia.

In addition to our work with the Clontarf Foundation we have supported a number of other youth and education initiatives - some locally where our projects operate and others throughout Western Australia.

The Marble Bar Primary School was provided with 'Education packs' for the children to start the new school year. The packs consisted of a Royal Flying Doctors puzzle book, pencil, ruler and pencil case; as well as a 'Save the Bears' bear and information pack. The school was also given a TV and Wii Fit Sports pack for the children to play as a reward from their teachers.

Our project teams are encouraged to look for regional opportunities to support healthy sports activities and build community spirit. A sponsorship of the Karratha Amateur Swimming Club is an example where a contribution made has long-term benefits for the children. Our support helped the Club strengthen its coaching staff and supported competitors and their families attend the Pilbara Championships and Country Pennants in Kambalda.

Supporting NAIDOC

Decmil supported the Shire of Roebourne NAIDOC Week activities. NAIDOC is an Indigenous arts and community festival that aims to recognise the valuable contribution to the community by Indigenous Australians.

Dockers Football Club Sponsorship

Decmil Australia was proud to become the Official Coaches Sponsor for the Fremantle Football Club for season 2011.

The close working relationship with the club and its coach has provided some excellent opportunities to engage with the communities we work in and also to motivate our staff towards working well as a team and delivering safe projects.

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DIRECTORS' REPORT

1. DIRECTORS

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

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

Geoffrey Allen	Non-Executive Director	
Denis Criddle	Non-Executive Chairman	
Scott Criddle	Managing Director and Chief Executive Officer	
Giles Everist	Non-Executive Director	
Robert Franco	Non-Executive Director	Resigned 22 November 2010
William Healy	Non-Executive Director	
Lee Verios	Non-Executive Director	

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

2. PARTICULARS OF DIRECTORS AND COMPANY SECRETARY

GEOFFREY ALLEN, NON-EXECUTIVE DIRECTOR

Qualifications

- Registered Builder WA No 2206
- Fellow of the Australian Institute of Building

Experience

Geoffrey Allen was appointed as Non-Executive Director in April 2009. He was a former Director of Multiplex Constructions from 1969 to 2003 and has served in various roles during that period as Managing Director and Deputy Chairman from 1989 to 2003. Geoffrey was Chairman of Nomad Building Solutions since the company's listing on the ASX to 2008. Over the past 30 years he has also served in various capacities with the Australian Institute of Building, the Master Builders Association of Western Australia, where he was President from 1979-1980, and the Builders' Registration Board of WA.

Other Directorships

None

Former Directorships

Non-Executive Director Nomad Building Solutions

DENIS CRIDDLE, NON-EXECUTIVE CHAIRMAN

Qualifications

- Chartered Professional Engineer
- Member of the Institute of Engineering Australia
- Fellow of the Australian Institute of Company Directors

DIRECTORS' REPORT (CONT)

2. PARTICULARS OF DIRECTORS AND COMPANY SECRETARY (CONT)

Experience

Denis was appointed as Non-Executive Chairman in September 2009. 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

None

Former Directorships

None

SCOTT CRIDDLE, MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

Qualifications

- Bachelor of Applied Science in Construction Management and Economics, Curtin University Western Australia

Experience

Appointed as Chief Executive Officer in July 2009 and Managing Director in April 2010. Scott has more than 15 years' experience in the civil construction and engineering industry.

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
- Member of the Australian Institute of Company Directors

Experience

Appointed as Non-Executive Director in December 2009. Formerly the Chief Financial Officer and Company Secretary of Monadelphous Group Limited between 2003 and 2009.

Giles has more than 17 years' experience in the resources and engineering services industry. During his career he has held financial executive roles with Rio Tinto in the United Kingdom and Australia plus major design engineering group Flour Australia.

Other Directorships

LogiCamms Ltd

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Former Directorships

None

WILLIAM HEALY, NON-EXECUTIVE DIRECTOR

Qualifications

- Bachelor of Commerce, University of South Africa

Experience

William Healy was appointed as Non-Executive Director in April 2009. He was a director and shareholder in Sealcorp Holdings from 1985 which then established and developed the diversified financial services group. He was a 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 Mr Healy remained on the Board until 1999. William 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

None

LEE VERIOS, NON-EXECUTIVE DIRECTOR

Qualifications

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

Experience

Appointed as a Non-Executive Director in April 2010. Formerly a partner in the international law firm Norton Rose, he is an experienced commercial and property lawyer. He also has broad experience as a company director and is a member of the Australian Institute of Company Directors and the Law Society of WA.

Other Directorships

Port Bouvard Ltd - Chairman

Former Directorships

Vmoto Ltd - Chairman

BRAD KELMAN, COMPANY SECRETARY

Qualifications

- Bachelor of Economics (Hons), University of Sydney
- Bachelor of Law (Hons), University of Sydney

Experience

Appointed as General Counsel and Company Secretary in November 2009. Previously Brad held several roles with Leighton Contractors Pty Ltd in Sydney and Perth including Legal Counsel for Victoria and Commercial & Risk Manager for Western Australia.

DIRECTORS' REPORT (CONT)

3. DIRECTORS' INTERESTS IN THE SHARES AND OPTIONS OF THE COMPANY AND RELATED BODIES CORPORATE

As at the date of this report, the interests of the Directors in the shares and options of the Company were:

Geoffrey Allen	-	-
Denis Criddle	21,248,232	625,000
Scott Criddle	240,000	-
Giles Everist	250,000	-
William Healy	418,190	-
Lee Verios	50,000	-

4. DIRECTORS' MEETINGS

During the financial year, 13 meetings of directors were held. Attendances by each director during the year were:

Geoffrey Allen	13	13	4	4	-	-
Denis Criddle	13	13	4	3	-	-
Scott Criddle	13	13	4	3	-	-
Giles Everist	13	13	4	4	-	-
Robert Franco	6	6	1	1	-	-
William Healy	13	13	-	-	2	2
Lee Verios	13	13	-	-	2	2

5. 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:

- Geoffrey Allen
- Denis Criddle
- Scott Criddle
- Giles Everist
- Robert Franco – Resigned 22 November 2010
- William Healy
- Lee Verios

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6. REMUNERATION PHILOSOPHY - AUDITED

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

7. REMUNERATION COMMITTEE - AUDITED

The Remuneration Committee of the Board of Directors of the company is responsible for determining and reviewing the compensation arrangements for the directors and executive management team.

The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of directors and the executive management 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 forecast growth of the consolidated entity's profits and shareholders' value. All bonuses and incentives are linked to predetermined performance criteria. The board may, however, exercise its discretion in relation to approving incentives, bonuses and options. 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 share option scheme approved by shareholders.

Where applicable, executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, 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 the cost to the company and expensed. Where options are given to directors and executives, they are valued using the Black-Scholes or Binomial 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 or its nominated sub-committee determines 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.

8. PERFORMANCE BASED REMUNERATION - AUDITED

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 as well as short and long-term goals. The level set for each KPI is based on budgeted figures for the consolidated entity and respective industry standards.

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

Performance Rights Plan

As a result of passing of Resolution 7 at the 30 November 2009 Annual General Meeting, a performance rights plan was put in place. For the financial year ended 30 June 2011, performance rights were granted to Scott Criddle, Andries Dique (since lapsed), Justine Campbell and Brad Kelman.

DIRECTORS' REPORT (CONT)

8. PERFORMANCE BASED REMUNERATION - AUDITED (CONT)

Performance Rights Plan (cont)

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.

The number of Performance Rights price were calculated by dividing up to 100% (as determined by the Board) of the executive's total annual fixed remuneration by the volume weighted average closing price of Shares, as quoted on ASX, over the 60 days prior to the issue of the Notice of Meeting for approval by shareholders.

The Performance Rights have a varying vesting period, the minimum vesting period which must elapse before Shares may be issued or transferred to the executives is three years from the grant date of the Performance Rights and the number of Performance Rights which vest is dependent to the extent that the applicable performance hurdle outlined below is satisfied. For each tranche issued, any Performance Rights which do not vest at the three year measurement date, further vesting dates exist at five years from the date of grant and seven years from the date of grant.

The Performance Rights will vest (that is, shares will be issued or become transferable to the executives upon satisfaction of the Performance Rights vesting condition) to the extent that the applicable performance hurdle outlined below is 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.

Performance Hurdle

The performance hurdle for the vesting of the Performance Rights (and allocation of Shares) will be measured by comparing the total shareholder return (TSR) of the Company relative to the TSRs of the companies in the S&P/ASX 300 Index as at the commencement of the Vesting Period. Total Shareholder Return (TSR) is a measure that represents the change in capital value of a listed company's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value.

The period over which the TSR of the Company is compared with the TSRs of companies in the S&P/ASX 300 Index commences on the first day of the Vesting Period and is measured at three test dates, namely the third, fifth and seventh anniversary of the first day of the Vesting Period.

The percentage of Performance Rights that will vest is based on the Company's relative ranking over the measurement period (unless the Board otherwise determines), as follows:

The Company's TSR rank in the S&P/ASX 300 Index	The percentage of Performance Rights which will vest
Below the 50th percentile	Nil
At or above the 50th percentile and below the 75th percentile	50%, plus 2% for every one percentile increase above the 50th percentile
At or above the 75th percentile	100%

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

9. REMUNERATION PRACTICES - AUDITED

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 length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and specified directors and executives are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement, specified directors and executives are paid employee benefit entitlements accrued to the date of their retirement. The company may terminate the respective contracts without cause by providing between one and three months written notice or making payment in lieu of notice based on the individual's annual salary component together with a discretionary redundancy payment.

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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. Executives have thirty days from leaving their employment with the company to exercise any vested options after which time the vested options will automatically lapse. Any unvested options lapse automatically upon termination.

10. COMPANY PERFORMANCE, SHAREHOLDER WEALTH AND DIRECTORS' AND EXECUTIVES' REMUNERATION - AUDITED

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 bonus based on key performance indicators, and the second being the issue of options to executive directors and executives to encourage the alignment of personal and shareholder interests. The company believes this policy to have been effective in increasing shareholder wealth over the past year.

11. DETAILS OF REMUNERATION - AUDITED

YEAR ENDED 30 JUNE 2011

Geoffrey Allen	72,500	-	-	-	-	-	72,500	-	100
Denis Criddle	101,500	750	-	-	-	-	102,250	-	100
Scott Criddle	604,800	15,200	-	-	89,248	-	709,248	12.6%	87.4
Giles Everist	70,000	-	-	-	-	-	70,000	-	100
Robert Franco	23,280	2,095	-	-	-	-	25,375	-	100
William Healy	45,872	4,128	-	-	-	-	50,000	-	100
Lee Verios	45,872	4,128	-	-	-	-	50,000	-	100
TOTAL	963,824	26,301	-	-	89,248	-	1,079,373		

YEAR ENDED 30 JUNE 2011

Justine Campbell, Chief Financial Officer	355,400	15,200	-	-	41,167	-	411,767	10.0%	90.0
Andries Dique, Chief Operating Officer[1]	618,055	15,200	26,652	-	-	-	659,907	-	100
Tom Fallon, General Manager Decmil Australia[2]	513,750	15,200	-	-	-	75,000	603,950	12.4%	87.6
Brad Kelman, General Counsel and Company Secretary	310,705	15,200	-	-	12,617	46,100	384,622	15.3%	84.7
Lance van Drunick, Project Director, Decmil Australia	499,154	15,200	9,200	-	-	780	524,334	0.1%	99.9
TOTAL	2,297,064	76,000	35,852	-	53,784	121,880	2,584,580		

[1] Andries Dique resigned on 31 May 2011
[2] Tom Fallon resigned on 30 June 2011

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DIRECTORS' REPORT (CONT)

11. DETAILS OF REMUNERATION - AUDITED (CONT)

YEAR ENDED 30 JUNE 2010

Geoffrey Allen	60,000	-	-	-	-	-	60,000	-	100.0
Denis Criddle	95,897	-	-	-	-	-	95,897	-	100.0
Scott Criddle	602,859	31,795	13,045	-	26,690	-	674,389	4.0	96.0
Giles Everist	35,000	-	-	-	-	-	35,000	-	100.0
Robert Franco	55,871	5,029	-	7,077	-	-	67,977	10.4	89.6
William Healy	45,872	4,128	-	-	-	-	50,000	-	100.0
Victor Kuss[3]	589,000	135	-	-	-	-	589,135	-	100.0
Dennis O'Neill	25,000	-	-	-	-	-	25,000	-	100.0
Lee Verios	8,167	735	-	-	-	-	8,902	-	100.0
TOTAL	1,517,666	41,822	13,045	7,077	26,690	-	1,606,300		

[3] Remuneration for Victor Kuss relates to termination payments in accordance with his employment contract

YEAR ENDED 30 JUNE 2010

Justine Campbell, Chief Financial Officer	328,799	21,474	-	-	11,881	-	362,154	3.3	96.7
Andries Dique, Chief Operating Officer[4]	629,296	18,136	25,138	-	26,690	-	699,260	3.8	96.2
Tom Fallon, General Manager Decmil Australia[5]	107,480	-	-	-	-	-	107,480	-	100.0
Brad Kelman, General Counsel and Company Secretary	180,847	11,581	-	-	-	-	192,428	-	100.0
Yenon Ofri , General Manager Engineering Division[6]	203,578	-	-	-	-	-	203,578	-	100.0
Lance van Drunick, Project Director, Decmil Australia	402,046	15,721	18,553	-	-	-	436,320	-	100.0
TOTAL	1,852,046	66,912	43,691	-	38,571	-	2,001,220		

[4] Andries Dique resigned on 31 May 2011
[5] Tom Fallon resigned on 30 June 2011
[6] Yenon Ofri resigned on 24 December 2009

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12. OPTIONS ISSUED AS PART OF REMUNERATION FOR THE YEAR ENDED 30 JUNE 2011 - AUDITED

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

13. EMPLOYMENT CONTRACTS OF DIRECTORS AND SENIOR EXECUTIVES - AUDITED

The employment conditions of the specified executives are formalised in contracts of employment. Executives are employees of Decmil Group Limited or wholly owned subsidiaries of Decmil Group Limited.

The employment contracts stipulate a range of one to three months resignation periods. The company may terminate an employment contract without cause by providing between one and three months written notice or making payment in lieu of notice, based on the individual's annual salary component together with a discretionary redundancy 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. Executives have thirty days from leaving their employment with Decmil Group Limited to exercise any vested options after which time the vested options will automatically lapse. Any unvested options lapse automatically upon termination.

14. PERFORMANCE RIGHTS - AUDITED

During the year ended 30 June 2011, the following performance rights were granted.

Justine Campbell	1 July 2010	180,780	$158,825
Scott Criddle	1 July 2010	378,049	$332,136
Andries Dique	1 July 2010	378,049	$332,136
Brad Kelman	1 July 2010	109,665	$96,347

During the year ended 30 June 2011, no performance rights met their vesting criteria.

During the year ended 30 June 2011, the following performance rights lapsed due to their vesting criteria not being met:

Andries Dique	30 November 2009	439,717	$320,278
Andries Dique	1 July 2010	378,049	$332,136

15. OPTIONS

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

12 December 2006	30 September 2013	$0.81	800,000
12 December 2006	30 September 2013	$0.90	450,000
6 July 2007	30 June 2012	$0.75	55,000
6 July 2007	30 June 2012	$1.00	625,000
TOTAL			1,930,000

During the year ended 30 June 2011, there were 660,000 ordinary shares of Decmil Group Limited issued on the exercise of options. 40,000 shares under option have been exercised since that date.

During the year ended 30 June 2011, no options were cancelled.

No person entitled to exercise an option had or has any right by virtue of the option to participate in any share issue of any other body corporate.

As at 30 June 2011, all options have vested.

During the year ended 30 June 2011, no options were exercised by key management personnel.

DIRECTORS' REPORT (CONT)

16. 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:

The company has paid 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 $27,452.

17. PRINCIPAL ACTIVITIES

The Group's subsidiary companies provide multi-disciplined design, civil engineering and construction works for the oil and gas, resources and infrastructure sectors. Its principal activities are as follows:

CIVIL WORKS

- Large and small-scale brownfield and greenfield projects in regional and remote areas including industrial zones and port facilities
- Basic and complex works

INDUSTRIAL AND NON-PROCESS INFRASTRUCTURE

- Large-scale implementation of industrial infrastructure, including industrial buildings, processing plants, workshops and storage facilities
- Site preparation and services
- Specialist and general maintenance contracting including concrete repairs, building repairs, paving maintenance and refurbishing enclosures and tanks

ACCOMMODATION

- Design and construct permanent and temporary accommodation, including villages, residential homes and units
- All aspects of project development from design, site preparation and excavation to bulk earthworks, civil works and construction

GOVERNMENT INFRASTRUCTURE

- Small and large-scale government infrastructure projects including office buildings, administration buildings and storage facilities
- Initial concept and design, engineering, fabrication, manufacture, supply, transportation, installation, commissioning, site works and services

There were no significant changes in the nature of the Group's principal activities during the financial year.

18. OPERATING RESULTS

The consolidated profit of the Group after providing for income tax expense amounted to $23,480,000 (2010: $7,838,000).

19. DIVIDENDS PAID OR RECOMMENDED

The company announces a fully franked 6 cent per share final dividend with a record date of 2 September 2011 and pay date of 23 September 2011.

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20. REVIEW OF OPERATIONS

A review of the Group's activities during the financial year and the results of those operations and are set out in the Chairman's Review.

21. SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the parent entity or the consolidated entity during the financial year.

22. AFTER BALANCE DATE EVENTS

On 17 August 2011, the company proposed a fully franked 6 cent per share final dividend with a record date of 2 September 2011 and payment date of 23 September 2011. The total amount of this dividend payment will be $7.455 million.

Except for the matter 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.

23. FUTURE DEVELOPMENTS, PROSPECTS AND BUSINESS STRATEGIES

To further improve the consolidated entity's profit and maximise shareholder wealth, the directors are focusing on extracting value from its core business – Decmil Australia Pty Ltd. The directors may also consider acquisition opportunities to complement current business activities focused in the resources and oil and gas and government infrastructure sectors. Any acquisitions sought would broaden the company's asset base and provide a diversified and recurring source of revenue.

These developments, together with the current strategy of continuous improvement and an adherence to quality control in existing markets, are expected to assist in the achievement of the consolidated entity's long term goals and development of new business opportunities in the resources and oil and gas and government infrastructure sectors.

24. ENVIRONMENTAL ISSUES

Decmil Group Limited is subject to significant environmental regulation under the laws of the Commonwealth and State.

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

The company aims to continually improve its environmental performance.

25. LIKELY DEVELOPMENTS

The Group will continue to maintain its strategy of focussing on activity within the Western Australian and Queensland resources, energy and infrastructure sectors, and identify further opportunities for growth and development within these regions.

Further information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the Directors believe it would be likely to result in unreasonable prejudice to the Company.

26. PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings. The Group was not a party to any such proceedings during the year.

27. NON-AUDIT SERVICES

No non-audit services were provided to the company by the company's external auditor during the financial year.

DIRECTORS' REPORT (CONT)

28. AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found within this financial report.

29. 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.

30. 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 principles of Corporate Governance.

The company's Corporate Governance Statement is detailed at the end of this report.

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

Denis Criddle

Chairman

17 August 2011

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AUDITOR'S INDEPENDENCE DECLARATION

RSM Bird Cameron Partners
Chartered Accountants

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
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T +61 8 9261 9100 **F** +61 8 9261 9111
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 2011, 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
Chartered Accountants

Perth, WA
Dated: 17 August 2011

TUTU PHONG
Partner

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Major Offices in: Perth, Sydney, Melbourne, Adelaide and Canberra
ABN 36 965 185 036

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STATEMENT OF COMPREHENSIVE INCOME

FOR YEAR ENDED 30 JUNE 2011

Revenue from continuing operations	4	394,202	328,982
Cost of sales		(337,506)	(284,312)
Gross profit		56,696	44,670
Administration expenses		(19,038)	(14,040)
Borrowing expenses	5	(503)	(814)
Depreciation and amortisation expense	5	(3,708)	(2,611)
Equity based payments		(116)	(4)
Profit before income tax expense		33,331	27,201
Income tax (expense)	6	(9,851)	(8,356)
Net profit from continuing operations		23,480	18,845
(Loss) after tax from discontinued operations	7	-	(11,007)
Net profit for the year		23,480	7,838
Other Comprehensive Income		-	-
Total comprehensive income for the year		23,480	7,838
Overall Operations			
Basic earnings per share (cents per share)	10	18.93	6.43
Diluted earnings per share (cents per share)	10	18.64	6.30
Continuing Operations			
Basic earnings per share (cents per share)	10	18.93	15.46
Diluted earnings per share (cents per share)	10	18.64	15.14
Discontinuing Operations			
Basic earnings per share (cents per share)	10	-	(9.03)

The accompanying notes form part of these financial statements.

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STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2011

ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	11	64,362	52,894
Trade and other receivables	12	57,114	25,716
Work in progress	13	7,405	12,993
Other assets	18	4,005	13,296
TOTAL CURRENT ASSETS		132,886	104,899
NON-CURRENT ASSETS			
Property, plant and equipment	16	25,391	9,396
Deferred tax assets	21	1,202	1,358
Intangible assets	17	48,601	48,601
TOTAL NON-CURRENT ASSETS		75,194	59,355
TOTAL ASSETS		208,080	164,254
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	19	77,515	57,996
Current tax payable		4,796	5,332
Borrowings	20	3,102	2,565
Provisions	22	3,991	5,380
TOTAL CURRENT LIABILITIES		89,404	71,273
NON-CURRENT LIABILITIES			
Borrowings	20	4,844	3,183
TOTAL NON-CURRENT LIABILITIES		4,844	3,183
TOTAL LIABILITIES		94,248	456
NET ASSETS		113,832	89,798
EQUITY			
Issued capital	23	78,596	78,042
Retained earnings		35,236	11,756
TOTAL EQUITY		113,832	89,798

The accompanying notes form part of these financial statements.

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STATEMENT OF CHANGES IN EQUITY

FOR YEAR ENDED 30 JUNE 2011

Consolidated Entity			
Balance at 1 July 2009	73,498	3,918	77,416
Net profit for the year	-	7,838	7,838
Total comprehensive income for the year	-	7,838	7,838
Shares issued during the year	4,739	-	4,739
Transaction costs net of tax benefit	(199)	-	(199)
Equity based payments	4	-	4
Balance at 30 June 2010	**78,042**	**11,756**	**89,798**
Balance at 1 July 2010	78,042	11,756	89,798
Net profit for the year	-	23,480	23,480
Total comprehensive income for the year	-	23,480	23,480
Shares issued during the year	555	-	555
Transaction costs net of tax benefit	(117)	-	(117)
Equity based payments	116	-	116
Balance at 30 June 2011	**78,596**	**35,236**	**113,832**

The accompanying notes form part of these financial statements.

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STATEMENT OF CASH FLOWS

FOR YEAR ENDED 30 JUNE 2011

CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		415,122	387,698
Payments to suppliers and employees		(377,397)	(350,955)
Interest received		2,016	750
Finance costs		(523)	(829)
Income tax paid		(10,341)	(5,234)
Net cash provided by operating activities	26(a)	**28,877**	**31,430**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(17,671)	(2,529)
Purchase of investments		-	(1,750)
Proceeds from sale of non-current assets		261	494
Proceeds from sale of subsidiary, net of cash received		-	1,694
Net cash (used in) investing activities		**(17,410)**	**(2,091)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,115	-
Repayment of borrowings		(3,662)	(2,307)
Conversion of options into shares		555	2,989
Costs of issuing shares		(7)	(39)
Net cash provided by / (used in) financing activities		**1**	**643**
Net increase in cash held		11,468	29,982
Cash at beginning of financial year		52,894	22,912
Cash at end of financial year	**11**	**64,362**	**52,894**

The accompanying notes form part of these financial statements.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2011

The financial statements of Decmil Group Limited ('the Company') for the year ended 30 June 2011 comprise of the Company and its subsidiaries (collectively referred to as 'the consolidated entity') and the consolidated entity's interest in a joint venture. 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 directors dated 17 August 2011.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is 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. A controlled entity is any entity over which Decmil Group Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the consolidated entity during the year, the financial performance of those entities are included only for the period of the year that they were controlled.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the consolidated group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

Non-controlling interests, being the equity in a subsidiary not attributable, directly or indirectly, to a parent, are shown separately within the equity section of the consolidated statement of financial position and statement of comprehensive income. The non-controlling interests in the net assets comprise their interests at the date of the original business combination and their share of changes in equity since that date.

Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses and results in the consolidation of its assets and liabilities.

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 incurred and its fair value can be reliably measured.

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

Included in the measurement of consideration transferred is any asset or liability resulting from a contingent consideration arrangement. Any obligation incurred relating to contingent consideration is classified as either a financial liability or equity instrument, depending upon the nature of the arrangement. Rights to refunds of consideration previously paid are recognised as a receivable. 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 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 comprehensive income.

(b) Income Tax

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

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

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

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

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

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

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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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Basis of Preparation (cont)

(b) Income Tax (cont)

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

Tax consolidation

Decmil Group Limited and its wholly-owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. Each entity in the consolidated entity recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'stand-alone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to the head entity. The tax consolidated entity has entered a tax funding arrangement whereby each company in the consolidated entity contributes to the income tax payable by the consolidated entity in proportion to their contribution to the consolidated entity's taxable income. Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution 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 as compared to expected actual costs. Where losses are anticipated they are provided for in full.

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

(d) Interest in Joint Ventures

The consolidated entity's share of the assets, liabilities, revenue and expenses of jointly controlled assets has been included in the appropriate line items of the consolidated financial statements.

The consolidated entity's interests in joint venture operation are brought to account using the proportionate consolidation method.

Where the consolidated entity contributes assets to the joint venture or if the consolidated entity purchases assets from the joint venture, only the portion of the gain or loss that is not attributable to the consolidated entity's share of the joint venture shall be recognised.

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(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 fixed assets and capitalised lease assets is depreciated on a straight-line or diminishing value basis over their useful lives to the consolidated entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

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

Plant and equipment	20%
Computer equipment	Between 20% and 33%
Motor vehicles	20%
Furniture and fittings	20%
Office equipment	Between 18% and 33%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance date.

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 comprehensive income.

(f) 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 charged as expenses in the periods in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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Basis of Preparation (cont)

(g) 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 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.

(h) 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 fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

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 larger than an operating segment.

Impairment losses recognised for goodwill are not subsequently reversed.

(i) Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits.

Equity-settled compensation

The consolidated entity operates equity-settled share-based payment employee share and option schemes. 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 options is ascertained using a Black–Scholes pricing model or Binomial Option pricing model which incorporates all market vesting conditions. The number of shares and options 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.

(j) 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.

(k) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of 3 months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

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(l) Revenue and Other Income

Interest revenue is using the effective interest rate method.

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

Revenue relating to construction activities is detailed at note 1(c).

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

(m) Borrowing Costs

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

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

(n) 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 Australian Tax Office. 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.

(o) Financial Instruments

Recognition and initial measurement

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

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss 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 accumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

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

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.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

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Basis of Preparation (cont)

(o) Financial Instruments (cont)

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.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

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 instrument 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 comprehensive income.

(p) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the consolidated entity during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(q) 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.

Exchange differences arising on the translation of monetary items are recognised in the profit or loss.

(r) Rounding of Amounts

The parent entity 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.

(s) Comparative Figures

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

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(t) Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Impairment of goodwill

The company determines whether goodwill is 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 are discussed in note 17.

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 options are determined by using a Black-Scholes option pricing model. The fair value of performance rights are determined using a Binomial option pricing model. The accounting estimates and assumptions relating to equity-settled share-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 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.

NOTE 2: NEW ACCOUNTING STANDARDS FOR APPLICATION IN FUTURE PERIODS

The AASB has issued new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods and which the consolidated entity has decided not to early adopt. A discussion of those future requirements and their impact on the consolidated entity is as follows:

AASB 9	Financial Instruments	Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39.	1 January 2013	No expected material impact on the consolidated entity
AASB 124	Related Party Disclosures	Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition	1 January 2011	Disclosure only

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NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 3: PARENT ENTITY DISCLOSURES

Profit / (Loss) for the year	1,399	(13,259)
Total comprehensive income for the year	**1,399**	**(13,259)**
ASSETS		
Current assets	18,347	7,503
Non-current assets	62,623	50,870
TOTAL ASSETS	**80,970**	**58,373**
LIABILITIES		
Current liabilities	953	1,483
Non-current liabilities	27,662	6,489
TOTAL LIABILITIES	**28,615**	**7,972**
EQUITY		
Issued capital	78,596	78,042
Retained earnings	(26,241)	(27,641)
TOTAL EQUITY	**52,355**	**50,401**

a) Guarantees

Cross guarantees have been provided by Decmil Group Limited and its controlled entities and are listed in note 14. The fair value of the cross guarantee has been assessed as $nil based on the underlying performance of the entities in the closed group.

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 24 and note 30.

NOTE 4: REVENUE

From continuing operations			
Construction revenue		392,095	328,235
Other revenue			
— interest received	4(a)	2,107	747
Total revenue		**394,202**	**328,982**
From discontinued operations			
— sale of goods and services		-	9,653
— interest received	4(a)	-	3
Total revenue	**7**	**-**	**9,656**
(a) Other revenue			
Interest revenue from:			
— other persons		2,107	750

NOTE 5: EXPENSES

Expenses relating to continuing operations:			
Employee benefits costs		**99,719**	93,472
Borrowing costs:			
— External		**503**	814
Total borrowing costs		**503**	814
Depreciation and amortisation of non-current assets:			
— plant and equipment owned		**1,918**	1,105
— plant and equipment leased		**1,790**	1,506
Total depreciation		**3,708**	2,611
Rental expense on operating leases		**858**	1,563
Expenses relating to discontinued operations:			
Employee benefits costs		-	5,736
Borrowing costs:			
— External		-	15
Loss on disposal of fixed assets		-	301
Impairment of goodwill	17	-	7,038
Depreciation of non-current assets:			
— plant and equipment owned		-	451
— plant and equipment leased		-	29
Total depreciation		-	480
Rental expense on operating leases		-	**900**

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NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 6: INCOME TAX EXPENSE

(a) The components of tax expense comprise:			
Current tax		(9,864)	(7,130)
Deferred tax	21	(46)	550
Over/(under) provision for tax in prior year		59	(206)
		(9,851)	(6,786)
Income tax attributed to:			
Tax relating to continuing operations		(9,851)	(8,356)
Tax relating to discontinued operations	7	-	1,570
		(9,851)	(6,786)
(b) The prima facie tax (expense)/benefit on profit before income tax is reconciled to the income tax (expense) as follows:			
Prima facie future tax (expense)/benefit on profit/(loss) before income tax at 30% (2010: 30%)		(9,999)	(4,387)
Adjusted by the tax effect of:			
— shares and options expensed during year		(35)	(1)
— impairment of goodwill		-	(2,111)
— restructuring costs		-	29
— loss on sale of subsidiary		-	(102)
— deductible capital raising costs		135	179
— non-deductible items		(11)	-
— other deductible capital raising costs		-	(187)
— over/(under) provision for tax in prior year		59	(206)
Income tax (expense)/benefit attributable to profit before income tax		**(9,851)**	**(6,786)**
The applicable weighted average effective tax rates are as follows:		30%	46%

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NOTE 7: DISCONTINUED OPERATIONS

Operations discontinued in the previous period had no material impact to the Consolidated Entity in the current period. No further operations became discontinued in the current period.

The financial performance of the discontinued operations per the statement of comprehensive income is as follows:			
Revenue	4	-	9,656
Expenses		-	(22,233)
Loss before income tax		-	(12,577)
Income tax benefit	6	-	1,570
Total loss after tax attributable discontinued operations		**-**	**(11,007)**
The net cash flows of discontinued operations which have been incorporated into the statement of cash flows are as follows:			
Net cash inflow/(outflow) from operating activities		-	2,077
Net cash inflow/(outflow) from investing activities		-	(80)
Net cash inflow/(outflow) from financing activities		-	(68)
Net cash increase/(decrease) in cash generated by discontinued operations		**-**	**1,929**

NOTE 8: KEY MANAGEMENT PERSONNEL

(a) Names and positions held of directors and specified executives in office at any time during the financial year are:

Parent Entity Directors

Geoffrey Allen	Non-Executive Director
Denis Criddle	Non-Executive Chairman
Scott Criddle	Managing Director and Chief Executive Officer
Giles Everist	Non-Executive Director
Robert Franco	Non-Executive Director (Resigned 22 November 2010)
William Healy	Non-Executive Director
Lee Verios	Non-Executive Director

Specified Executives

Justine Campbell	Chief Financial Officer
Andries Dique	Chief Operating Officer (resigned 31 May 2011)
Tom Fallon	General Manager, Decmil Australia Pty Ltd (Resigned 30 June 2011)
Brad Kelman	General Counsel and Company Secretary
Lance van Drunick	Project Director, Decmil Australia Pty Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 8: KEY MANAGEMENT PERSONNEL (CONT)

b) Options and Rights Holdings

Number of Options Held by Directors and Specified Executives

Directors:							
Denis Criddle	625,000	-	-	-	625,000	625,000	-
Robert Franco	450,000	-	-	(450,000)*	-	-	-
TOTAL	**1,075,000**	**-**	**-**	**(450,000)**	**625,000**	**625,000**	**-**

*Balance held on resignation

Number of Options Held by Directors and Specified Executives

Directors:							
Denis Criddle	625,000	-	-	-	625,000	625,000	-
Scott Criddle	240,000	-	(240,000)	-	-	-	-
Robert Franco	450,000	-	-	-	450,000	450,000	-
Victor Kuss	500,000	-	(500,000)	-	-	-	-
Dennis O'Neill	1,000,000	-	(200,000)	(800,000)*	-	-	-
Specified Executives:							
Andries Dique	865,000	-	(865,000)	-	-	-	-
Yenon Ofri	150,000	-	(150,000)	-	-	-	-
TOTAL	**3,830,000**	**-**	**(1,955,000)**	**(800,000)**	**1,075,000**	**1,075,000**	**-**

Number of Rights Held by Directors and Specified Executives

Directors:							
Scott Criddle	439,717	378,049	-	-	817,766	-	817,766
Specified Executives:							
Justine Campbell	195,745	180,780	-	-	376,525	-	376,525
Andries Dique	439,717	378,049	(817,766)#	-	-	-	-
Brad Kelman	-	109,665	-	-	109,665	-	109,665
TOTAL	**1,075,179**	**1,046,543**	**(817,766)**	**-**	**1,303,956**	**-**	**1,303,956**

*Balance held on resignation

#Balance cancelled on resignation

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Number of Rights Held by Directors and Specified Executives

Directors:							
Scott Criddle	-	439,717	-	-	439,717	-	439,717
Specified Executives:							
Justine Campbell	-	195,745	-	-	195,745	-	195,745
Andries Dique	-	439,717	-	-	439,717	-	439,717
TOTAL	-	1,075,179	-	-	1,075,179	-	1,075,179

(c) Shareholdings

The number of ordinary shares in Decmil Group Limited held by each Director and Specified Executive of the consolidated entity during the financial year is as follows:

Directors:					
Denis Criddle	26,248,232	-	-	(5,000,000)	21,248,232
Scott Criddle	240,000	-	-	-	240,000
Giles Everist	200,000	-	-	50,000	250,000
Robert Franco	8,400,000	-	-	(8,400,000)*	-
William Healy	368,190	-	-	50,000	418,190
Lee Verios	-	-	-	50,000	50,000
Specified Executives:					
Andries Dique	2,000,000	-	-	(2,000,000)*	-
TOTAL	37,456,422	-	-	(15,250,000)	22,206,422

[1]Net change other refers to shares purchased or sold in the financial year.

*Balance held on resignation

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NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 8: KEY MANAGEMENT PERSONNEL (CONT)

(c) Shareholdings (cont)

Directors:					
Denis Criddle	24,398,232	-	-	1,850,000	26,248,232
Scott Criddle	-	-	240,000	-	240,000
Giles Everist	-	-	-	200,000	200,000
Robert Franco	8,283,051	-	-	116,949	8,400,000
William Healy	368,190	-	-	-	368,190
Victor Kuss	385,000	-	500,000	(885,000)*	-
Dennis O'Neill	1,000,000	-	-	(1,000,000)*	-
Specified Executives:					
Andries Dique	4,500,000	-	865,000	(3,365,000)	2,000,000
Yenon Ofri	25,000	-	133,300	(158,300)*	-
TOTAL	**38,959,473**	**-**	**1,738,300**	**(3,241,351)**	**37,456,422**

[1]Net change other refers to shares purchased or sold in the financial year.

*Balance held on resignation

(d) Compensation for Key Management Personnel

The totals of remuneration paid to Directors and Specified Executives of the company and the consolidated entity during the year are as follows:

Short term benefits	3,521	3,536
Share based payments	143	72
	3,664	3,608

(e) Loans to Key Management Personnel

No directors or executives had any loans during the reporting period.

(f) Other transactions and balances with Key Management Personnel

There were no other transactions and balances with Key Management Personnel.

NOTE 9: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:

— auditing or reviewing the financial report	126	128
	126	128

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NOTE 10: EARNINGS PER SHARE

(a) Reconciliation of earnings to profit or loss from overall operations		
Profit from overall operations	**23,480**	7,838
Earnings used to calculate basic and dilutive EPS from overall operations	**23,480**	7,838
(b) Reconciliation of earnings to profit or loss from continuing operations		
Profit from continuing operations	**23,480**	18,845
Earnings used to calculate basic EPS from continuing operations	**23,480**	18,845
(c) Reconciliation of earnings to profit or loss from discontinuing operations		
(Loss) from discontinuing operations	**-**	(11,007)
Earnings used to calculate basic EPS from discontinuing operations	**-**	(11,007)
(d) Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	**124,014,732**	121,916,879
Weighted average number of dilutive options outstanding	**1,930,000**	2,590,000
Weighted average number of ordinary shares outstanding during the year used in calculating dilutive EPS	**125,944,732**	124,506,879

NOTE 11: CASH AND CASH EQUIVALENT

Cash at bank and in hand	41,569	45,367
Deposits at call	22,793	7,527
	64,362	**52,894**
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	**64,362**	**52,894**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 12: TRADE AND OTHER RECEIVABLES

CURRENT		
Trade receivables	57,114	25,807
Provision for impairment of receivables	-	(91)
	57,114	25,716
Provision for impairment of receivables		
Current		
Trade receivables:		
— opening balance	91	2
— charge for the year	(91)	89
	-	91

The following table details the consolidated entity's trade receivables exposed to credit risk (prior to collateral and other credit enhancements) 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 counter party 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.

2011							
Trade and term receivables	57,114	49,318	3,786	3,759	64	187	-
Total	57,114	49,318	3,786	3,759	64	187	-
2010							
Trade and term receivables	25,807	23,501	79	1,952	1	274	91
Total	25,807	23,501	79	1,952	1	274	91

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NOTE 13: WORK IN PROGRESS

CURRENT			
Construction contracts			
Cost incurred to date plus profit recognised		656,380	464,946
Consideration received and receivables as progress billings		(656,882)	(451,953)
Retention		-	-
		(502)	12,993
Advanced billings to customers	19	(7,907)	(1,797)
Unbilled amounts due from customers		7,405	14,790
		(502)	12,993

NOTE 14: CONTROLLED ENTITIES

(a) Controlled Entities

Parent Entity:			
Decmil Group Limited	Australia		
Subsidiaries of Decmil Group Limited:			
Novacoat Workforce Pty Ltd	Australia	100%	100%
McFee Pty Ltd	Australia	100%	100%
McFee Engineering Pty Ltd	Australia	100%	100%
Matrix Engineers Pty Ltd	Australia	100%	100%
Decmil Properties Pty Ltd (formerly Remtech Environmental Solutions Pty Ltd)	Australia	100%	100%
McFee Maintenance Pty Ltd	Australia	100%	100%
Fabcon Construction Pty Ltd	Australia	100%	100%
Decmil Australia Pty Ltd	Australia	100%	100%
Subsidiary of Matrix Engineers Pty Ltd:			
Eastman Fort Pty Ltd	Australia	100%	100%

(b) A deed of cross guarantee between Decmil Group Limited and the following wholly owned subsidiaries existed during the financial year and relief was obtained from preparing a financial report for Decmil Group Limited's wholly owned subsidiaries under ASIC Class Order 98/1418: Novacoat Workforce Pty Ltd, McFee Pty Ltd, McFee Engineering Pty Ltd, Matrix Engineers Pty Ltd, Eastman Fort Pty Ltd, McFee Maintenance Pty Ltd, Fabcon Construction Pty Ltd and Decmil Australia Pty Ltd. Under the deed, Decmil Group Limited and the above named wholly owned subsidiaries guarantee to support each others' liabilities and obligations. Decmil Group Limited and its above named wholly owned subsidiaries are the only parties to the deed of cross guarantee and are members of the Closed Group. At the date of this report Decmil Properties Pty Ltd is in the process of being included in the deed of cross guarantee.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 14: CONTROLLED ENTITIES (CONT)

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

Financial information in relation to:		
(i) Statement of Comprehensive Income:		
Profit before income tax	21,059	9,131
Income tax (expense)	(6,170)	(5,138)
Profit after income tax	14,889	3,993
Profit attributable to members of the parent entity	**14,889**	**3,993**
(ii) Retained Earnings:		
Retained profits at the beginning of the year	7,911	3,918
Profit after income tax	14,889	3,993
Retained earnings at the end of the year	**22,800**	**7,911**
(iii) Statement of Financial Position:		
CURRENT ASSETS		
Cash and cash equivalents	40,967	35,310
Trade and other receivables	38,631	25,716
Work in progress	7,405	12,993
Other assets	1,923	2,520
TOTAL CURRENT ASSETS	**88,926**	**76,539**
NON-CURRENT ASSETS		
Property, plant and equipment	24,907	9,396
Deferred tax assets	1,202	1,358
Intangible assets	48,601	48,601
TOTAL NON-CURRENT ASSETS	**74,710**	**59,355**
TOTAL ASSETS	**163,636**	**135,894**
CURRENT LIABILITIES		
Trade and other payables	49,188	38,813
Current tax payable	1,115	-
Borrowings	3,102	2,565
Provisions	3,991	5,380
TOTAL CURRENT LIABILITIES	**57,396**	**46,758**
NON-CURRENT LIABILITIES		
Borrowings	4,844	3,183
TOTAL NON-CURRENT LIABILITIES	4,844	3,183
TOTAL LIABILITIES	**62,240**	49,941
NET ASSETS	**101,396**	**85,953**
EQUITY		
Issued capital	78,596	78,042
Retained earnings	22,800	7,911
	101,396	**85,953**

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NOTE 15: INTERESTS IN JOINT VENTURES

Chevron Australia Pty Ltd awarded Decmil, in a joint venture with Thiess Pty Ltd and Kentz Pty Ltd (TDKJV), an AUD$730m contract for the Gorgon LNG Project Construction Village on Barrow Island. The accommodation facility is expected to accommodate 4,000 construction workers.

The joint venture agreement was entered into in 2009. Decmil Australia Pty Ltd has a 33.33% interest in this unincorporated joint venture, known as Thiess Decmil Kentz Joint Venture.

The consolidated entity's interests in the joint venture are included in the consolidated financial statements under the following classifications:

CURRENT ASSETS		
Cash and cash equivalents	23,395	17,584
Receivables	18,483	-
Other assets	2,082	10,776
TOTAL CURRENT ASSETS	**43,960**	**28,360**
NON-CURRENT ASSETS		
Property, plant and equipment	484	-
TOTAL NON-CURRENT ASSETS	484	-
TOTAL ASSETS	**44,444**	**28,360**
CURRENT LIABILITIES		
Trade and other payables	32,010	24,515
TOTAL LIABILITIES	**32,010**	**24,515**
Revenue	110,790	49,090
Expenses	(102,199)	(45,245)
PROFIT FOR THE YEAR	**8,591**	**3,845**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 16: PROPERTY, PLANT AND EQUIPMENT

LAND AND BUILDING (Secured)+		
Freehold land, at cost	10,511	-
Building under construction#	5,444	-
	15,955	-
Plant and Equipment:		
At cost	7,580	5,366
Accumulated depreciation	(4,158)	(2,401)
	3,422	2,965
Leased plant and equipment (Secured)+	9,704	8,821
Accumulated depreciation	(3,690)	(2,390)
	6,014	6,431
Total Property, Plant and Equipment	**25,391**	**9,396**

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:

Balance at 1 July 2010	-	2,965	6,431	9,396
Additions	15,955	2,200	1,818	19,973
Transfer between leased and owned	-	315	(315)	-
Disposals	-	(135)	(130)	(265)
Intercompany Elimination	-	(5)	-	(5)
Depreciation expense	-	(1,918)	(1,790)	(3,708)
Balance at 1 July 2011	**15,955**	**3,422**	**6,014**	**25,391**

$19,672 of borrowing costs was capitalised in building under construction for the year ended 30 June 2011.

+ Refer to Note 20 for details of the facilities these assets are pledged against.

Balance at 1 July 2009	-	3,927	5,274	9,201
Additions	-	2,060	3,332	5,392
Transfer between leased and owned	-	491	(491)	-
Disposals	-	(941)	(76)	(1,017)
Sale of subsidiary	-	(1,016)	(73)	(1,089)
Intercompany Elimination	-	-	-	-
Depreciation expense	-	(1,556)	(1,535)	(3,091)
Balance at 1 July 2010	**-**	**2,965**	**6,431**	**9,396**

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NOTE 17: INTANGIBLE ASSETS

Goodwill at cost	48,601	48,601
Accumulated impairment losses	-	-
	48,601	**48,601**
Movements in Carrying Amounts		
Balance at the beginning of year	48,601	56,392
Additions	-	-
Disposals	-	(753)
Impairment write-off	-	(7,038)
Balance at the end of year	**48,601**	**48,601**
Allocation of goodwill to CGUs:		
Decmil Australia	48,601	48,601
Balance at the end of year	**48,601**	**48,601**
Assumptions used in value in use calculation:		
Decmil Australia Pty Ltd	16.8%	15.5%

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 subsidiaries 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 after tax and are adjusted to incorporate risks associated with a particular industry.

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NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 18: OTHER CURRENT ASSETS

CURRENT		
Prepayments	1,835	329
Others	2,170	12,967
	4,005	13,296

NOTE 19: TRADE AND OTHER PAYABLES

CURRENT			
Unsecured liabilities:			
Trade payables		36,168	31,612
Advanced billings due to customers	13	7,907	1,797
Sundry payables and accrued expenses		33,440	24,587
		77,515	57,996

NOTE 20: BORROWINGS

CURRENT			
Secured liabilities:			
Hire purchase liability	24	2,525	2,565
Bank loan		577	-
		3,102	2,565
NON-CURRENT			
Secured liabilities:			
Hire purchase liability	24	2,306	3,183
Bank loan		2,538	-
		4,844	3,183
Total Borrowings		7,946	5,748

Hire purchase agreements have an average term of 3 years. The average interest rate implicit in the hire purchase is 8.6% (2010: 8.4%). The hire purchase liability is secured by a charge over the underlying hire purchase assets.

The bank loan facility from the National Australia Bank ("NAB") expires in May 2014. The interest rate is the weighted average of the interest rates applicable in relation to the fixed amount and the floating amount. This was 6.41% as at 30 June 2011. Once fully drawn, the interest rate will be fixed at 6.53% on 75% of the loan balance and variable for the remaining 25% of the loan balance. Security for the loan and other NAB facilities included in Note 26(d) comprises the following:

- Indemnity and guarantee by Decmil Group Limited and its controlled entities;
- Registered mortgage debenture over all assets and undertakings of Decmil Group Limited and its controlled entities;
- 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.

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NOTE 21: TAX

(a) Assets			
Deferred tax assets comprise:			
Transaction costs on equity issue		12	135
Employee benefits		1,164	1,193
Restructuring costs		22	30
Trademark costs		4	-
	21(b)	1,202	1,358
(b) Reconciliations			
(i) Gross Movements			
The overall movement in the deferred tax benefit account is as follows:			
Opening balance		1,358	967
(Charge) / credit to income statement	6	(46)	550
(Charge) / credit to equity		(110)	(159)
Closing balance		1,202	1,358
(ii) Deferred Tax Assets			
The movement in deferred tax assets for each temporary difference during the year is as follows:			
Transaction costs on equity issue			
At beginning of the year		135	294
(Charge) / credit directly to equity		(110)	(159)
(Charge) / credit to income statement		(13)	-
At end of the year		12	135
Employee Benefits			
At beginning of the year		1,193	673
(Charge) / credit to income statement		(29)	520
At end of the year		1,164	1,193
Restructuring Costs			
At beginning of the year		30	-
(Charge) / credit to income statement		(8)	30
At end of the year		22	30
Trademark Costs			
At beginning of the year		-	-
(Charge) / credit to income statement		4	-
At end of the year		4	-

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 22: PROVISIONS

CURRENT		
Employee entitlements	3,991	5,380
Balance at beginning of year	5,380	3,064
Additional provision	11,890	11,968
Amounts used	(13,279)	(9,652)
Balance at end of year	3,991	5,380

Provision for Employee Entitlements

A provision has been recognised for employee entitlements relating to annual, long service and vesting sick leave. In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data.

NOTE 23: ISSUED CAPITAL

124,214,568 (2010: 123,554,568) fully paid ordinary shares	78,596	78,042

(a) Ordinary Shares				
At the beginning of reporting period	123,554,568	78,042	117,427,935	73,498
Shares issued during the year	660,000	555	6,126,633	4,739
Equity based payments	-	116	-	4
Transaction costs of issue	-	(117)	-	(199)
At the end of the reporting date	124,214,568	78,596	123,554,568	78,042

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.

(b) Options

(i) For information relating to the Decmil Group Limited employee share option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to note 27.

(ii) For information relating to share options issued to executive directors during the financial year, refer to note 27.

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(c) Capital Management

Management controls the capital of the consolidated entity in order to maintain a good debt to equity ratio, provide the 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, supported by financial assets.

Management effectively 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. These responses include management of debt levels, distributions to shareholders and share issues.

There have been no changes in the strategy adopted by management to control the capital of the consolidated entity since the prior year. The strategy is to ensure that the consolidated entity has a positive net cash position. The gearing ratios for the years ended 30 June 2011 and 30 June 2010 are as follows:

Total borrowings	20	7,946	5,748
Trade and other creditors	19	77,515	57,996
Less cash and cash equivalents	11	(64,362)	(52,894)
Net debt/(cash)		21,099	10,850
Total equity		78,596	78,042
Total capital		**99,695**	**88,892**
Gearing ratio		21%	12%

NOTE 24: CAPITAL AND HIRE PURCHASE COMMITMENTS

(a) Hire Purchase Commitments			
Payable — minimum HP payments			
— not later than 1 year		2,833	2,958
— between 1 and 5 years		2,480	3,428
Minimum HP payments		5,313	6,386
Less future finance charges		(482)	(638)
Present value of minimum HP payments	**20**	**4,831**	**5,748**
(b) Operating Lease Commitments			
Non-cancellable operating leases contracted for but not capitalised in the financial statements			
Payable — minimum lease payments			
— not later than 1 year		961	1,039
— between 1 and 5 years		275	697
		1,236	**1,736**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 24: CAPITAL AND HIRE PURCHASE COMMITMENTS (CONT)

The property for the Osborne Park office premises is a non-cancellable lease with a five year term, with rent payable monthly in advance. Rental provisions within the lease agreement require the minimum lease payments shall be increased by CPI each year. An option exists to renew the lease at the end of the five year term for an additional term of five years.

Capital expenditure commitments contracted for capital expenditure project	8,768	-
	8,768	-

NOTE 25: SEGMENT REPORTING

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

The consolidated entity operates as a single segment being multi-discipline design, civil engineering and construction services.

The consolidated entity is domiciled in Australia. All the revenue from external customers is generated from Australia. Segment revenues are allocated based on the country in which the customer is located.

The consolidated entity derives 36%, 29% and 23% (2010: 43%, 38% and 17%) of its revenues from the top three external customers.

All the assets are located in Australia.

NOTE 26: CASH FLOW INFORMATION

(a) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Profit after income tax	23,480	7,838
Non-cash flows in profit		
Depreciation and amortisation	3,708	3,091
Equity based payments	116	4
Loss on sale of subsidiary	-	339
(Profit)/Loss on sale of non-current assets	4	390
Impairment to goodwill	-	7,038
Changes in assets and liabilities		
Trade receivables	24,329	17,658
Prepayments	(24)	339
Other assets	(11,997)	(9,061)
Work in progress	4,539	(8,272)
Trade payables and accruals	(18,051)	8,735
Deferred tax assets / tax liability	110	996
Provisions	1,389	2,335
Cash flow from operations	28,877	31,430

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(b) Acquisition of Entities

No new acquisitions of entities have been made during the financial year.

(c) Non-cash Financing and Investing Activities

(i) Share issues		
- 333,333 fully paid ordinary shares at $0.75 each issued in part consideration for the acquisition of Matrix Engineers Pty Ltd	-	250
- 2,000,000 fully paid ordinary shares at $0.75 each issued in part consideration for the acquisition of Decmil Australia Pty Ltd	-	1,500
- 1,775,000 options exercisable at $0.75 each and 625,000 options exercisable at $1.00 each to acquire ordinary shares as part consideration for the acquisition of Decmil Australia Pty Ltd	-	1,956
- 50,000 fully paid ordinary shares at $0.90 each issued as deferred part consideration for the acquisition of Eastman Fort Pty Ltd	-	45
(ii) Finance leases:		
- Finance leases to acquire plant and equipment	2,296	4,168

(d) Credit Standby Facilities with Banks		
Credit facilities	168,000	110,300
Amount utilised		
- Bank and performance guarantees	(66,347)	(57,078)
- Equipment finance	(4,831)	(5,748)
- Bank loan	(3,115)	-
	93,707	47,474
The credit facilities are summarised as follows:		
Bank loan	15,000	-
Equipment finance	14,500	6,800
Bank and performance guarantees	138,500	92,500
Limited recourse receivables finance	-	11,000
	168,000	110,300

The majority of credit facilities are provided by National Australia Bank Limited and are subject to annual review. This comprises of a $15 million bank loan facility, a $40 million bank guarantee facility and a $3 million equipment finance facility. Terms of the NAB facilities and other equipment finance facilities are detailed in Note 20. In addition to the NAB facilities, the consolidated entity also has the following facilities: Equipment finance of $8 million and $3.5 million with Toyota Finance and Commonwealth Bank Finance respectively; and performance guarantees of $50 million, $33.5 million and $15 million with Asset Insure, QBE and AP Surety respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 27: SHARE-BASED PAYMENTS

The company established the Decmil Group Limited Share Option Plan ("the Plan") on 24 November 2005 following approval of the Plan by shareholders at a general meeting held on that date. All employees of the consolidated entity are entitled to participate in the Plan at the board's discretion. The exercise price of the options granted pursuant to the plan is calculated as the average market value of the company's share price on the five days preceding the date in which the board resolved to grant the options pursuant to the Plan. Common vesting conditions are that one third of the number of options granted pursuant to the Plan may be exercised within one year from the date of granting, a further one third within 2 years from the date of granting and the remainder fully vested thereafter. Options issued under the Plan have an expiry date of 5 years from the date of granting. Shares issued pursuant to the exercise of vested options are entitled to full dividend and voting rights. The number of options that may be granted under the Plan is restricted to no more than 5% of the number of ordinary shares on issue by the parent company.

The company has granted options as part of contracts of employment with key employees to attract them to join and retain their services within the consolidated entity. The exercise prices of the granted options pursuant to contracts of employment were set based on the market value of the company's share price at the time of the offer of employment was made or were negotiated by mutual consent during contract negotiations. These options have varying vesting terms and expiry periods.

The company has granted options to executive directors pursuant to shareholder approval gained during general meetings to grant such options. The exercise prices of the options granted to executive directors was set based on the market value of the company's share price at the time of the board's decision to recommend such granting of options to the company's shareholders. These options have varying vesting terms and expiry periods.

Common terms and conditions applicable to all options granted are:

- options have no rights to any dividends;
- options are not transferable;
- any vested options must be exercised within 30 days of ceasing employment with the consolidated entity or they automatically expire thereafter; and
- any unvested options automatically expire upon ceasing employment with the consolidated entity.

PERFORMANCE RIGHTS PLAN

As a result of passing of Resolution 7 at the 30 November 2009 Annual General Meeting, a performance rights plan was put in place. For the financial year ended 30 June 2011, performance rights were granted to Scott Criddle, Andries Dique, Justine Campbell and Brad Kelman.

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.

The number of rights issued were calculated by dividing up to 100% (as determined 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 5 trading days prior to the relevant grant date.

In future years, the number of Performance Rights price will be calculated by dividing up to 100% (as determined by the Board) of the executive's total annual fixed remuneration by the volume weighted average closing price of Shares, as quoted on ASX, over the 60 days prior to the issue of the Notice of Meeting for approval by shareholders.

The Performance Rights have a varying vesting period, the minimum vesting period which must elapse before Shares may be issued or transferred to the executives is three years from the grant date of the Performance Rights and the number of Performance Rights which vest is dependent to the extent that the applicable performance hurdle outlined below is satisfied. For each tranche issued, any Performance Rights which do not vest at the three year measurement date, further vesting dates exist at five years from the date of grant and seven years from the date of grant.

The Performance Rights will vest (that is, Shares will be issued or become transferable to the executives upon satisfaction of the Performance Rights vesting condition) to the extent that the applicable performance hurdle outlined below is 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.

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PERFORMANCE HURDLE

The performance hurdle for the vesting of the Performance Rights (and allocation of Shares) will be measured by comparing the total shareholder return (TSR) of the Company relative to the TSRs of the companies in the S&P/ASX 300 Index as at the commencement of the Vesting Period. Total Shareholder Return (TSR) is a measure that represents the change in capital value of a listed company's share price over a period, plus reinvested dividends, expressed as a percentage of the opening value.

The period over which the TSR of the Company is compared with the TSRs of companies in the S&P/ASX 300 Index commences on the first day of the Vesting Period and is measured at three test dates, namely the third, fifth and seventh anniversary of the first day of the Vesting Period.

The percentage of Performance Rights that will vest is based on the Company's relative ranking over the measurement period (unless the Board otherwise determines), as follows:

The Company's TSR rank in the S&P/ASX 300 Index	The percentage of Performance Rights which will vest
Below the 50th percentile	Nil
At or above the 50th percentile and below the 75th percentile	50%, plus 2% for every one percentile increase above the 50th percentile
At or above the 75th percentile	100%

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

i. A summary of the movements of all company options issues is as follows:

Options outstanding as at 30 June 2009	6,600,000	$0.83
Granted	-	-
Forfeited	-	-
Exercised	(3,793,300)	$0.82
Expired	(216,700)	$0.84
Options outstanding as at 30 June 2010	**2,590,000**	**$0.86**
Granted	-	-
Forfeited	-	-
Exercised	(660,000)	$0.84
Expired	-	-
Options outstanding as at 30 June 2011	**1,930,000**	**$0.89**

Options exercisable as at 30 June 2011:	1,930,000
Options exercisable as at 30 June 2010:	2,590,000

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 27: SHARE-BASED PAYMENTS (CONT)

The weighted average remaining contractual life of options outstanding at year end was 2 years. The exercise price of outstanding shares at the end of the reporting period was in the range of $0.75 to $0.90.

The fair value of the options granted to employees is deemed to represent the value of the employee services received over the vesting period.

ii. There were no options granted during the year.

iii. A summary of the movements of all performance right issues is as follows:

Performance Rights outstanding as at 30 June 2010	1,075,179	-
Granted	1,046,543	-
Forfeited	(817,766)	-
Exercised	-	-
Expired	-	-
Performance Rights outstanding as at 30 June 2011	**1,303,956**	**-**

Performance Rights exercisable as at 30 June 2011:	-
Performance Rights exercisable as at 30 June 2010:	-

The fair value of the Performance Rights granted during the financial year was $919,443. Performance Rights granted during the year were valued using a Binomial option pricing model. The expected life used in the model has been based on management's best estimate for the effects of the vesting conditions and the probability of meeting the vesting conditions. The Fair Value has been discounted by 25% to reflect the probability of not meeting the TSR performance hurdles. The discount factor of 25% was determined through the use of a Binomial option pricing model, probability trees and an analysis of the historic performance, over various periods of time of the ASX 300.

The weighted average fair value of performance right granted during the year was $0.879 (2010: $0.728). These values were calculated using a Binomial option pricing model applying the following inputs:

Weighted average exercise price:	$Nil
Expected vesting period for the performance rights to vest:	7 years
Expected share price volatility:	80%
Risk-free interest rate:	5.23%

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

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

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

Options	-	(61)
Performance rights		
- Expenses	212	65
- Written back on forfeiture	(96)	-
	116	**4**

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NOTE 28: RELATED PARTY TRANSACTIONS AND BALANCES

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

Transactions with related parties:

(a) Director Related Entities		
Rent of workshop premises used by Novacoat (WA) Pty Ltd was paid to various entities in which Mr Robert Franco has an indirect beneficial interest	-	540
Rent of office premises used by Decmil Group Limited and several of its subsidiaries was paid to LMR Partnership, an entity in which Mr Robert Franco has a beneficial interest	-	477
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	**291**	211
(b) Director Related Balances		
Amounts owing to GLA Consulting Pty Ltd, an entity in which Mr Geoffrey Allen has a beneficial interest, for directors' fees	**11**	6
Amounts owing to The Nevern Group Pty Ltd, an entity in which Mr Giles Everist has a beneficial interest, for directors' fees	**6**	39

NOTE 29: FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT POLICIES

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

The main purpose of non-derivative financial instruments is to raise finance for operations.

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

i. Treasury Risk Management

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. These include credit risk policies and future cash flow requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 29: FINANCIAL INSTRUMENTS (CONT)

FINANCIAL RISK MANAGEMENT POLICIES (CONT)

ii. 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 and price 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 or the fair value of fixed rate financial instruments. The consolidated entity is also exposed to earnings volatility on floating rate instruments. Interest rate risk is managed with a mixture of fixed and floating rate debt.

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, excluding the value of any collateral or other security, at balance date to recognised 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 2011.

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

Credit risk is managed on a group 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 AUD functional currency of the consolidated entity.

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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.

Financial assets							
Cash and cash equivalents	5.0	-	64,362	-	-	-	64,362
Receivables	-	57,114	-	-	-	-	57,114
		57,114	64,362	-	-	-	121,476
Financial liabilities							
Payables	-	(77,515)	-	-	-	-	(77,515)
Borrowings	7.8	-	(3,102)	(4,844)	-	-	(7,946)
		(77,515)	(3,102)	(4,844)	-	-	(85,461)
Financial assets							
Cash and cash equivalents	4.5	-	52,894	-	-	-	52,894
Receivables	-	25,716	-	-	-	-	25,716
		25,716	52,894	-	-	-	78,610
Financial liabilities							
Payables	-	(57,996)	-	-	-	-	(57,996)
Borrowings	5.05	-	(2,565)	(3,183)	-	-	(5,748)
		(57,996)	(2,565)	(3,183)	-	-	(63,744)

Trade and other payables are expected to be paid as followed:

Less than 6 months	77,515	63,328
	77,515	63,328

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2011 (CONT)

NOTE 29: FINANCIAL INSTRUMENTS (CONT)

FINANCIAL RISK MANAGEMENT POLICIES (CONT)

iv. Net Fair Values

The net fair values of:

- Other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
- Other assets and other liabilities approximate their carrying value.

No financial assets and financial liabilities are readily traded on organised markets in standardised form.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated entity intends to hold these assets to maturity.

Aggregate net fair values equal to the respective carrying amounts of financial assets and financial liabilities at balance date.

v. Sensitivity Analysis

Interest Rate Risk and Price Risk

The consolidated entity has performed sensitivity analysis relating to its exposure to interest rate risk, and price 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 2011, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant is immaterial.

Price Risk Sensitivity Analysis

At 30 June 2011, 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:

Change in Profit		
— Increase in labour costs by 5% (CPI assumption)	**(4,986)**	(4,674)
Change in Equity		
— Increase in labour costs by 5% (CPI assumption)	**(4,986)**	(4,674)

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

The above interest rate and price risk 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, will all other variables remaining constant, is immaterial.

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NOTE 30: CONTINGENT LIABILITIES

Guarantees given to various clients for satisfactory contract performance	66,347	57,078
	66,347	57,078

NOTE 31: SUBSEQUENT EVENTS

On 17 August 2011, the company proposed a fully franked 6 cent per share final dividend with a record date of 2 September 2011 and payment date of 23 September 2011. The total amount of this dividend payment will be $7.455 million. After this dividend payment, the franking account balance will be $15.958 million.

Except for the matter 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.

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DIRECTOR'S 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. comply with Australian Accounting Standards, which, as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and

   b. give a true and fair view of the financial position as at 30 June 2011 and of the performance for the year ended on that date of the consolidated entity;

2. the Chief Executive Officer and Chief Finance Officer have each declared that:

   a. the financial records of the company for the financial year have been properly maintained in accordance with s 286 of the *Corporations Act 2001;*

   b. the financial statements and notes for the financial year comply with Australian Accounting Standards; and

   c. the financial statements and notes for the financial year give a true and fair view; and

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

   The company and its controlled entities as disclosed in Note 14(b) have entered into a deed of cross guarantee under which the company and its controlled entities guarantee the debts of each other.

   At the date of this declaration, there are reasonable grounds to believe that the companies which are party to this deed of cross guarantee will be able to meet any obligations or liabilities to which they are, or may become, subject to by virtue of the deed.

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

Denis Criddle

Chairman

Dated this 17th day of August 2011

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INDEPENDENT AUDITOR'S REPORT

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RSM Bird Cameron Partners
Chartered Accountants

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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 consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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

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INDEPENDENT AUDITOR'S REPORT (CONT)

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RSM Bird Cameron Partners
Chartered Accountants

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 2011 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 2011. 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 2011 complies with section 300A of the *Corporations Act 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

TUTU PHONG
Partner

Perth, WA
Dated: 17 August 2011

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CORPORATE GOVERNANCE STATEMENT

The Board of Decmil Group Limited is responsible for the corporate governance of Decmil Group Limited and its subsidiary companies. The Board determines all matters relating to the strategic direction and governance, policies, practices, management and operations of Decmil Group Limited with the aim of protecting the interests of its Shareholders and other stakeholders, including employees, clients and suppliers, and creating value for them.

The ASX Corporate Governance Council's (Council) "Corporate Governance Principles and Recommendations" (Principles and Recommendations) articulates eight core corporate governance Principles, with commentary about implementation of those Principles in the form of Recommendations.

Under ASX Listing Rule 4.10.3 Decmil Group Limited is required to provide a statement in its annual report disclosing the extent to which it has followed the Recommendations in the reporting period. Where a Recommendation has not been followed, the fact must be disclosed, together with reasons for departure from the Recommendation. In addition, a number of the Recommendations require the disclosure of specific information in the corporate governance statement of the annual report.

Decmil Group Limited's corporate governance statement is structured with reference to the Council's Principles and Recommendations, which are as follows:

Principle	1	Lay solid foundations for management and oversight
Principle	2	Structure the board to add value
Principle	3	Promote ethical and responsible decision-making
Principle	4	Safeguard integrity in financial reporting
Principle	5	Make timely and balanced disclosure
Principle	6	Respect the rights of shareholders
Principle	7	Recognise and manage risk
Principle	8	Remunerate fairly and responsibly

Details of Decmil Group Limited's compliance with the Recommendations for the period ended 30 June 2011 are disclosed in this statement.

For further information on the corporate governance policies adopted by Decmil Group Limited, please refer to our website: http://www.decmilgroup.com.au

STRUCTURE AND OPERATION OF THE BOARD

The Board operates pursuant to a formal board charter, which sets out the functions and responsibilities of the Board and management of Decmil Group Limited, and is available in the corporate governance section of the Decmil Group Limited website.

The skills, experience and expertise relevant to the position of each director who is in office at the date of the annual report and their term of office are detailed in the Directors' Report.

A Director is considered to be independent where they are a non-executive director, are not a member of management and are free of any relationship that could, or could reasonably be perceived to, materially interfere with the independent exercise of their judgment. The existence of the following relationships may affect independent status if the director:

- is a substantial shareholder of Decmil Group Limited or an officer of, or otherwise associated directly with a substantial shareholder of Decmil Group Limited (as defined in section 9 of the Corporations Act);
- is employed, or has previously been employed in an executive capacity by the Decmil Group Limited Group, and there has not been a period of at least three years between ceasing such employment and serving on the Board;
- has within the last three years been a principal of a material professional adviser or a material consultant to the Decmil Group Limited Group, or an employee materially associated with the services provided;

CORPORATE GOVERNANCE STATEMENT (CONT)

STRUCTURE AND OPERATION OF THE BOARD (CONT)

- is a material supplier or customer of the Decmil Group Limited Group, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has a material contractual relationship with the Decmil Group Limited Group other than as a Director.

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board Charter requires that at least one half of the Directors of Decmil Group Limited will be non-executive (preferably independent) Directors and that the Chair will be a non-executive Director.

In the context of Director independence, "materiality" is considered from both the Company and individual Director perspective. The determination of materiality requires consideration of both quantitative and qualitative elements. An item is presumed to be quantitatively immaterial if it is equal to or less than 5% of the appropriate base amount, being the monetary value of the transaction or item in question. It is presumed to be material (unless there is qualitative evidence to the contrary) if it is equal to or greater than 10% of the appropriate base amount. Qualitative factors considered include whether a relationship is strategically important, the competitive landscape, the nature of the relationship and the contractual or other arrangements governing it.

In accordance with the definition of independence above, and the materiality thresholds set, the Board reviewed the positions and associations of each of the 6 Directors in office at the date of this statement and considers that 4 of the Directors are independent as follows:

Geoffrey Allen	Non-Executive Director
Giles Everist	Non-Executive Director
William Healy	Non Executive Director
Lee Verios	Non-Executive Director

The Board will assess the independence of new Directors upon appointment, and the independence of other Directors, as appropriate. To facilitate independent judgement in decision-making, each Director has the right to seek independent professional advice at Decmil Group Limited's expense. However, prior approval from the Chair is required, which may not be unreasonably withheld.

The term in office held by each Director in office at the date of this statement is as follows:

Denis Criddle	Appointed August 2007
Scott Criddle	Appointed April 2010
Geoffrey Allen	Appointed April 2009
Giles Everist	Appointed December 2009
William Healy	Appointed April 2009
Lee Verios	Appointed April 2010

NOMINATION COMMITTEE

The board is of the view that due to the nature and size of the company's operations that the functions normally performed by a nomination committee can adequately be performed by the full board.

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REMUNERATION COMMITTEE

The Board established a Remuneration Committee in January 2009 that operates under a charter approved by the Board.

The purpose of the Committee is to provide the Board of Directors of the Company (Board) with advice and recommendations which enable the Board to:

- set in place remuneration policies which are designed to attract and retain senior managers and directors with the expertise to enhance the performance and growth of the Company; and
- ensure that the level and composition of remuneration packages are fair, reasonable and adequate and, in the case of executive directors and senior managers, display a clear relationship between the performance of the individual and the performance of the Company

The Remuneration Committee is responsible for:

Executive remuneration policy

The Committee is responsible for providing the Board with advice and recommendations regarding the ongoing development of an executive remuneration policy that:

- is designed to attract, maintain and motivate directors and senior management with the aim of enhancing the performance and long-term growth of the Company; and
- clearly sets out the relationship between the individual's performance and remuneration

The Committee must review the remuneration policy and other relevant polices on an ongoing basis and recommend any necessary changes to the Board.

The Committee is also responsible for providing the Board with advice and recommendations regarding the Company's polices on recruitment, retention and termination.

Executive remuneration packages

The Committee is responsible for reviewing and providing recommendations to the Board with respect to the remuneration packages of senior management and executive directors.

The Committee must ensure that the remuneration packages of senior management and executive directors:

- display a balance between fixed and incentive pay which is tailored to the Company's short and long-term performance objectives
- provide for a link between rewards and the performance of the Company and individual; and
- are consistent with the Company's remuneration policy and any other relevant Company policies

The fixed component of each executive remuneration package should be based on the core performance requirements and expectations of the individual. The performance based component of each executive remuneration package must be clearly linked to specified performance targets.

The Committee must ensure that, where applicable, any payments of equity-based remuneration are made in accordance with any thresholds set in plans approved by the Company's shareholders. Committee members must be aware at all times of the limitations of equity-based remuneration.

The Committee is also responsible for advising and providing recommendations to the Board with respect to executive superannuation and termination payments (if applicable).

Incentive schemes

The Committee is responsible for reviewing and providing recommendations to the Board with respect to:

- the Company's policies with respect to incentive schemes; and
- the incentive schemes of senior managers and executive directors

The Committee will assist the Board in the development of appropriate benchmarks for use in designing incentive schemes.

CORPORATE GOVERNANCE STATEMENT (CONT)

REMUNERATION COMMITTEE (CONT)

Non-executive remuneration

The Committee is responsible for providing advice to the Board with respect to non-executive directors' remuneration.

The remuneration packages of non-executive directors should generally be fee based and the Committee must ensure that:

- there is a clear distinction between the structure of non-executive directors' and executive directors' remuneration; and
- non-executive directors do not:
  - participate in remuneration schemes designed for executive directors; or
  - receive options, bonus payments, retirement or termination benefits other than statutory superannuation

Termination payments

The Committee is responsible for providing advice and recommendations to the Board on the Company's termination and redundancy polices and the payments made to outgoing directors and senior managers. The Committee should ensure that termination payments:

- are fair to the individual and the Company; and
- do not reward failure

Where applicable termination payments must be agreed in advanced and must contain clearly defined provisions regarding the consequences of early termination. The termination payments of the Company's chief executive officer must always be agreed in advance.

The Remuneration Committee comprised the following members:

- Lee Verios (Chair)
- William Healy

For details of Directors' attendance at meetings of the Remuneration Committee, please refer to the Directors' Report.

For additional details regarding the Remuneration Committee, including the committee charter, please refer to our website.

Audit and Risk Committee

The Board established an Audit and Risk Committee in January 2009 that operates under a charter approved by the Board.

The purpose of the Committee with respect to audit is to assist the board of directors of the Company in fulfilling its corporate governance and oversight responsibilities by:

Monitoring and reviewing:

- the integrity of financial statements
- the effectiveness of internal financial controls;
- the independence, objectivity and competency of internal and external auditors; and
- the policies on risk oversight and management; and

Making recommendations to the Board in relation to the appointment of external auditors and approving the remuneration and terms of their engagement.

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Risk Management

The primary objective of the Committee is to assist the Board in fulfilling its responsibilities relating to the risk management and compliance practices of the Company.

The Audit and Risk Committee comprised the following members:

- Giles Everist (Chair)
- Geoffrey Allen
- Denis Criddle

Details of the skill and experience of the committee members are detailed in the Director's report.

For details on the number of meetings of the Audit and Risk Committee held during the year and the attendees at those meetings, please refer to the Directors' Report.

Performance

The performance of the Board and its individual Directors are reviewed regularly.

During the reporting period the performance of the Board was reviewed internally.

The Board has determined that there is insufficient value in an external Board review process, and accordingly proposes that the Board review process is handled internally whereby the performance of the Board is assessed against its objectives and responsibilities as set out in the Board Charter. The process consists of an informal discussion, completion of a standard format questionnaire, one-on-one meetings between the Chairman and individual Directors and a final review of completed questionnaires. A timetable for the Board review process has been established.

Both performance reviews of the Remuneration Committee and Audit and Risk Committee were conducted during the year.

The process for evaluating the performance of the Remuneration Committee and the Audit and Risk Committee involves an internal review by the relevant committee of its performance against its objectives and responsibilities as set out in the relevant committee charter.

The performance of key executives is reviewed regularly against appropriate measures. Further, the performance of key executives is reviewed internally on an annual basis pursuant to a Decmil Group Limited-wide performance planning and review process. Key performance indicators are agreed on an individual basis for such executives and performance against these indicators is then reviewed by the Chief Executive Officer. The outcome of the review then provides the basis for a professional development plan for the key executive.

As noted above, performance evaluations for individual Directors and key executives were conducted during the reporting period in accordance with the above processes.

Risk Management

Decmil Group Limited recognises the importance of risk management and as such, has completed the establishment of its formal risk management framework during the reporting period.

The Decmil Group Limited Board is ultimately responsible for risk management in Decmil Group Limited and must satisfy itself that significant risks faced by the Decmil Group Limited Group are being managed appropriately and that the system of risk management within the Decmil Group Limited Group is robust enough to respond to changes in Decmil Group Limited's business environment.

The Audit and Risk Committee has the following responsibilities in regard to risk management:

- assess the internal process for determining and managing key risk areas;
- ensure that the Decmil Group Limited Group has an effective risk management system and that macro risks to the Decmil Group Limited Group are reported at least twice a year to the Board;
- evaluate the process Decmil Group Limited has in place for assessing and continuously improving internal controls, particularly those related to areas of significant risk; and
- assess whether management has controls in place for unusual types of transactions and/or any potential transactions that may carry more than an acceptable degree of risk.

CORPORATE GOVERNANCE STATEMENT (CONT)

REMUNERATION COMMITTEE (CONT)

Risk Management (Cont)

The CEO is responsible for the continuous development of risk management in the Decmil Group Limited Group and for supervising the implementation of risk management in compliance with the risk management policy and guidelines established.

Each business unit is responsible for the identification, assessment, control, reporting and on-going monitoring of risks within its own responsibility. Business units are responsible for implanting the requirements of this policy and for providing assurance to the Board of Directors that it has done so. The business unit, where deemed appropriate, may enhance its own organisational structure provided that such enhancements further assist the achievement of the objectives of this policy.

Management is responsible for identifying and evaluating risks within their area of responsibility, implementing agreed actions to manage risk and for reporting as well as monitoring any activity or circumstance that may give risk to new or changed risks.

In summary, the Decmil Group Limited Risk Management system comprises:

- A Group Risk Management Policy Statement and methodology based on the Australian Standard on Risk Management, ASNZS 4360. This Policy has been placed on the Decmil Group Limited website and is therefore accessible by all Decmil Group Limited staff. The Policy outlines Decmil Group Limited's approach to managing risk including a description of responsibilities;
- A Strategic Risk Management Plan for the Group and an Operational Risk Management Plan for each of the business units, which were developed by management using the Decmil Group Limited Risk Management methodology, with the endorsement of the Audit and Risk Committee;
- A Group Risk Co-ordinator, who is responsible for managing and implementing Decmil Group Limited's risk management framework;
- A designated "risk champion" for each business unit, who liaises with the Group Risk Coordinator;
- The Group Strategic Risk Management Plan is reviewed every 6 months by management;
- A Group Strategic Risk Register, which records any extreme or high residual risks identified in the Group Strategic Risk Management Plan (such risks being equivalent to the Council's "material business risks"). This central register is managed by the Group Risk Co-ordinator and is regularly reviewed by management and the Audit and Risk Committee. The Audit and Risk Committee reports every 6 months to the Board on the management of the risks contained in the Strategic Risk Register;
- The Operational Risk Management Plans for the business units are reviewed every 6 months by the designated risk champions, such reviews are facilitated by the Group Risk Coordinator;
- A Group Operational Risk Register, which is maintained for each business unit and records any extreme or high residual risks identified in the Operational Risk Management Plans. This central register is also managed by the Group Risk Co-ordinator and is regularly reviewed by management and the Audit and Risk Committee. The Audit and Risk Committee reports every 6 months to the Board on the management of the risks contained in the Operational Risk Register;
- The Audit and Risk Committee review the timeliness and effectiveness of action taken to reduce any Extreme or High residual risks noted in the Risk Registers at their meetings. The Audit and Risk Committee have four meetings a year;
- A Decmil Group Limited Group wide comprehensive insurance program, which is reviewed annually; and
- Regular meetings with Business Unit General Managers.

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The Decmil Group Limited Internal Control system comprises:

- Management understanding and acceptance of its responsibility to implement appropriate systems of internal control to effectively manage potential risks;
- Ongoing management oversight of strategic matters by management and of operational matters by business unit management;
- Various policies and procedures covering areas such as Finance, Human Resources, Information Technology, Safety and Delegations of Authority, such policies are centrally located via an intranet;
- Monthly reporting and review of financial and budgetary information;
- External auditors independently evaluating Decmil Group Limited's compliance with the International Financial Reporting Standards on an annual basis;
- In particular, the Audit and Risk Committee endorses an annual list of planned audits across the business units, which are set out in an agreed Internal Audit Plan, to be undertaken by suitably qualified auditors.

In addition, the Board has received a written assurance from the Chief Executive Officer and the Chief Financial Officer that, to the best of their knowledge and belief, the declaration provided by them in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in relation to financial reporting risks. The Board understands that these assurances regarding the internal control systems provide a reasonable level of assurance only and do not imply a guarantee against adverse events, or losses, or more volatile outcomes arising in the future and that the design and operation of the internal control systems relating to financial reporting has been assessed primarily through the use of declarations by process owners who are responsible for those systems.

Remuneration

It is Decmil Group Limited's objective to provide maximum stakeholder benefit from the retention of a high quality Board by remunerating Directors fairly and appropriately with reference to relevant market conditions.

The remuneration policy, which sets the terms and conditions for the chief executive officer and other senior executives, was reviewed by the remuneration committee which consisted of two independent directors. Professional advice from independent consultants is sought and considered when deemed appropriate. All executives receive a base salary, superannuation, performance incentives and retirement benefits. The remuneration committee reviewed the executive packages by reference to company performance, executive performance, comparable information from industry sectors and other listed companies, and independent advice. The performance of executives is measured against predetermined criteria based on forecast growth of the company's activities, profits and shareholder value. The policy is designed to attract high calibre executives and reward them for performance which results in long-term growth in shareholder value.

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

The amount of remuneration for all directors and the specified executives, including all monetary and non-monetary components, are detailed in the notes to the financial report. All remuneration paid to executives is valued at the cost to the company and expensed. Options are valued using Black-Scholes option pricing methodologies and performance rights are valued using a Binomial option pricing model.

The board expects that the remuneration structure implemented will result in the company being able to attract and retain the best executives to run the economic entity. It will also provide executives with the necessary incentives to work to grow long-term shareholder value.

The payment of bonuses, stock options and other incentive payments are reviewed by the board periodically as part of the review of executive remuneration and a recommendation is put to the board for approval. All bonuses, rights and incentives must be linked to predetermined performance criteria. The board can exercise its discretion in relation to approving incentives, bonuses and rights.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive Directors.

For a full discussion of Decmil Group Limited's remuneration philosophy and framework and the remuneration received by Directors in the current period please refer to the remuneration report, which is contained within the Director's Report and also the company's website in the Corporate Governance section.

CORPORATE GOVERNANCE STATEMENT (CONT)

REMUNERATION COMMITTEE (CONT)

Code of Conduct

Decmil Group Limited has established a code of conduct. The code of conduct is located on the company's website in the Corporate Governance section.

Trading Policy

The company's policy regarding directors and employees trading in its securities restricts directors and employees from acting on material information until it has been released to the market and adequate time has been given for this to be reflected in the security's prices.

Trading in the company's securities is permitted during the 30 day period immediately after the company announces its full year and half year results, and also whenever a disclosure document is current. No trading is permitted outside of these time frames without first obtaining the approval of the Chairman.

The Securities trading policy is located on the company's website in the Corporate Governance section.

Diversity

Decmil recognises that a talented and diverse workforce is a key competitive advantage and our success is a reflection of the quality and skills of our people. Diversity assists the business in achieving its objectives and delivering for its stakeholders by enabling it to attract and retain the most qualified and experienced individuals to the workforce.

Decmil's policy is to recruit and manage on the basis of competence and performance regardless of age, nationality, race, gender, religious beliefs, sexuality, physical ability or cultural background.

The measurable objectives adopted by the Board in respect of developing gender diversity for the 2011 financial year are set out below. Decmil will report on the progress in achieving these objectives in the 2011 annual report:

- Senior executives to review the career development plans of female middle management employees annually to ensure their appropriateness in developing and retaining Decmil's female talent;
- Senior managers to meet or formally contact women on parental leave at least quarterly;
- Formal annual review of all part-time work arrangements to ensure roles are appropriate to maintain career development;
- Reduction in the rates of attrition in female employees identified as high talent, through a formal mentoring program for female employees; and
- Continued promotion of career opportunities in the resources sector including presentation at career expositions, school and universities and other suitable forums.

Decmil workforce gender profile

Administration	45	87	7	13
Workforce	16	9	168	91
Supervisory/Professional	12	9	128	91
Middle Management	6	33	12	67
Executive Management	4	36	7	64
Total	**83**	**20**	**322**	**80**
Board	0	0	6	100

Summary

In summary, Decmil Group Limited concludes that it substantially complied with all of the Recommendations other than as previously disclosed in this statement.

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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 shareholders listed on the company's register as at 30 June 2011 are:

Broadway Pty Ltd and Nola Isabel Criddle	21,248,232	17.11
Acorn Capital Ltd.	9,219,939	7.42
Thorney Investments	9,141,183	7.36
L, M & R Franco – LMR Franco Unit A/C, Delauney Pty Ltd – The Franco Family A/C, MR & RM & LM Franco, MF & I Franco	8,400,000	6.76

The following information is made up as at 31 July 2011.

2. DISTRIBUTION OF SHAREHOLDINGS

1 – 1,000	1,403	698,296	0.56
1,001 – 5,000	1,588	4,539,720	3.65
5,001 – 10,000	655	5,086,206	4.09
10,001 – 100,000	506	12,616,638	10.15
100,001 and over	53	101,313,708	81.55
Total	**4,205**	**124,254,568**	**100.00**

There are no shareholders with an unmarketable parcel.

3. VOTING RIGHTS

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

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ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES (CONT)

4. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders of ordinary shares in the company are:

National Nominees Ltd	19,898,070	16.01
Broadway Pty Ltd - The Decmil Australia A/C	19,850,000	15.98
JP Morgan Nominees Australia Ltd	14,640,288	11.78
HSBC Custody Nominees (Australia) Ltd	14,621,985	11.77
Citicorp Nominees Pty Ltd	5,222,173	4.20
L, M & R Franco - LMR Franco Unit A/C	4,650,000	3.74
Delauney Pty Ltd - The Franco Family A/C	2,300,000	1.85
Fairview Pty Ltd - Ernest Franco Family A/C	2,300,000	1.85
Cogent Nominees Pty Ltd	1,794,747	1.44
Mrs Nola Isabel Criddle – Criddle Investment Fund	1,398,232	1.13
RBC Dexia Investor Services Australia Nominees Pty Ltd - MLCI A/C	1,217,331	0.98
Anjet Projects Pty Ltd – The Lyndi Superfund A/C	865,000	0.70
Citicorp Nominees Pty Ltd – Cwlth Bank Off Super A/C	864,894	0.70
Invia Custodian Pty Ltd - R&A Wright Family Super Fund A/C	806,558	0.65
O'Neill Administration Pty Ltd – O'Neill Super Fund	785,000	0.63
Mr Mario Franco & Mrs Immacolata Franco - The Mario Franco S/F A/C	600,000	0.48
Mr Michael Franco & Mr Robert Franco & Miss Laura Franco	600,000	0.48
Ureka Drafting Pty Ltd	600,000	0.48
Citicorp Nominees Pty Ltd – CFSIL Cwlth Aust SHS 23 A/C	574,351	0.46
Damich Pty Ltd	550,000	0.44
Total	**94,138,629**	**75.75**

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