Calibre

Half Year Report

for the half-year ended 31 December 2016

calibre

CALIBRE GROUP LIMITED
ABN 44 100 255 623

CONTENTS

CORPORATE INFORMATION

Calibre Group Limited
ABN 44 100 255 623

Directors
Geoff Tomlinson (Chairman)
Brian MacDonald
Anne McIntyre
Ray Munro
Peter Massey (Managing Director)
Graham Smith
Dod Wales

Company Secretary
Tara Dennis

Registered Office
Calibre Group Limited
Level 7, 601 Pacific Highway
St. Leonards NSW 2065

Principal Place of Business
Calibre Group Limited
Level 7, 601 Pacific Highway
St. Leonards NSW 2065

Share Registry
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Auditors
Deloitte Touche Tohmatsu
Grosvenor Place
225 George Street
Sydney NSW 2000

Solicitors
Herbert Smith Freehills
GPO Box U1942
Perth Western Australia 6845

Bankers
National Australia Bank
Level 25, 255 George Street
Sydney NSW 2000

DIRECTORS' REPORT

The Directors of Calibre Group Limited (Calibre, the Company or the consolidated entity) present their report and consolidated financial report for the half-year ended 31 December 2016 (half-year) as follows:

The names of Directors in office at any time during or since the end of the half-year are:

Geoff Tomlinson	Chairman
Brian MacDonald	Non-Executive Director
Anne McIntyre	Non-Executive Director
Ray Munro	Non-Executive Director
Peter Massey	Managing Director (appointed 30 November 2016)
Peter Reichler	Managing Director (resigned 30 September 2016)
Graham Smith	Non-Executive Director
Dod Wales	Non-Executive Director

The above Directors were in office for this entire period unless otherwise stated.

Principal Activities

Calibre is a leading diversified provider of engineering, consulting, project delivery, construction and asset management services within Australasia. Calibre offers clients in the resources, infrastructure, utilities and transport sectors an integrated range of services, from early-stage asset evaluation and project feasibility studies, through design and delivery, to ongoing optimisation of production facilities. Calibre operates through four business units within two key sectors:

Professional Services

Projects & Technology

Consulting

Construction & Maintenance

G&S Engineering

Diona

Financial Review

Financial overview

For the half-year ended 31 December 2016 Calibre delivered a net loss before tax of $1.8m, a decrease of $3.1m from the prior corresponding period (pcp). Revenue for the half-year of $215.7m represented a decrease of $79.5m or 27% from the pcp, the result of subdued market conditions in the commodity based sectors (iron ore and coal) and completion of major projects, partially offset by strong growth in Calibre's utilities construction business Diona. Recent commodities price increases however are providing support in Calibre's key markets to re-commence investment programs, creating opportunities for several of the consolidated entity's businesses.

Calibre generated net cash from operating activities for the half-year of $3.5m, a decrease of $4.2m from the pcp. Deferred acquisition payments of $16.5m were made during the half-year, predominantly in relation to Diona, funded by additional borrowings of $15.0m.

Taxation

Due to the existence of accumulated Research & Development tax credits there is no income tax expense relating to Calibre's Australian operations for the half-year. The reported $0.2m income tax expense for the half-year is attributable to Calibre's foreign operations in Singapore and New Zealand.

Liquidity and indebtedness

Calibre had cash and cash equivalents of $19.8m at 31 December 2016 (30 June 2016 $22.1m). Calibre's net bank borrowings position as at 31 December 2016 was $57.4m (30 June 2016 $39.3m).

At 31 December 2016 Calibre's borrowings consisted of bank loans of $71.3m (30 June 2016 $55.6m), finance leases and hire purchase liabilities of $6.0m (30 June 2016 $5.8m) and deferred acquisition consideration of $19.8m (30 June 2016 $42.3m). The increase in bank borrowings was due primarily to a $15.0m draw-down made on Calibre's syndicated debt facility to fund the first of two deferred acquisition consideration payments in relation to Diona Pty Ltd, based on FY16 financial performance.

At 31 December 2016 Calibre's current liabilities exceed its current assets by $71.7m (30 June 2016 net current asset position of $0.4m). The net current liability position is a result of Calibre's three year syndicated term debt facility reaching its maturity date in November 2017. The amount outstanding under this facility at 31 December 2016 of $71.3m has accordingly been reclassified from non-current liabilities at 30 June 2016 to current liabilities. Further, the final deferred acquisition consideration payment of $19.5m in relation to Diona Pty Ltd, based on estimated FY17 financial performance, is due in October 2017 and is included in current liabilities at 31 December 2016. At 30 June 2016 this amount was included in non-current liabilities.

Calibre's ability to repay the syndicated term debt facility and pay the final deferred acquisition consideration payment in relation to Diona Pty Ltd, on their due dates, is dependent upon the successful refinancing of Calibre's syndicated term debt facilities. Calibre has commenced the process of refinancing its syndicated term debt facilities and is in discussions with existing and a range of alternative providers of debt and equity capital. Based on the progress of these discussions to date the Directors are confident that a successful refinancing will be concluded before Calibre's three year syndicated term debt facility reaches its maturity date.

Operational Review

Work health and safety

Calibre's focus first and foremost is the safety of its employees and all other people working on or around its sites.

During the half-year from 30 June 2016 Calibre's key indicators of safety performance have deteriorated marginally, with the Total Recordable Injury Frequency Rate (TRIFR) increasing from 2.3 at 30 June 2016 to 4.0 at 31 December 2016 and the Lost Time Injury Frequency Rate (LTIFR) increasing from 0.2 at 30 June 2016 to 0.3 at 31 December 2016, both on a rolling twelve months' basis. Specific factors which have affected this performance have been addressed.

Projects & Technology

Projects & Technology revenue for the half-year was $38.9m compared to $66.9m for the pcp, a decrease of 42%.

For Projects this was due principally to the wind-down and completion of a number of large Rio Tinto Iron Ore Expansion projects in WA. These projects contributed revenue of $18.9m in the half-year to 31 December 2015 compared to $9.6m in the current half-year.

Technology revenue in the current half-year was adversely affected by the completion of large resources projects for Rio Tinto and BHP, although new work awarded has mitigated this impact.

Recent commodities price increases have provided support for clients operating in Projects & Technology's key markets to commence new projects, creating opportunities for revenue growth through expansion of current offerings to new and existing clients. Opportunities in non-mining markets such as rail infrastructure projects are also emerging.

Consulting

Consulting revenue for the half-year was $46.6m compared to $48.7m for the pcp, a decrease of 4%. This was due principally to competitive and declining structural fee pricing in Australian markets, partially offset by revenue growth in New Zealand.

Growth opportunities remain in New Zealand and in the buoyant Western Sydney market where the development pipeline to meet forecast future housing needs is substantial.

G&S Engineering

G&S Engineering revenue for the half-year was $57.2m compared to $164.3m for the pcp, a decrease of 65%. This was due principally to the completion of major works at Roy Hill and Hay Point and the impact on new work available of the significant reduction in capital investment within the resources sector.

G&S Engineering (Cont.)

G&S Engineering has been awarded preferred contractor status for the EPC contract for Mach Energy Mt Pleasant Coal Mine CHPP, in joint venture with DRA. This award, together with an improving pipeline of construction opportunities in Queensland and WA, is expected to provide meaningful revenue growth for G&S Engineering in the medium term.

Diona

Diona revenue for the half-year was $73.6m compared with $16.3m for the pcp (representing two months from Diona's acquisition date to 31 December 2015).

In NSW Sydney Water volumes have continued to grow strongly and new working relationships have been cemented with Stockland (Sewer work) and Acciona (Electrical and Water work). Revenue growth has also been strong in SA and Victoria in both the electrical and water segments however the Queensland utilities market has been subdued.

Diona is well positioned for growth in all geographies in which it operates and strong project pipelines exist in its key water and waste water markets.

Significant changes in the state of affairs

There was no significant change in the state of affairs during the half-year.

Auditor's independence declaration

The auditor's independence declaration is included on page 6 of the half-year financial report.

Dividends

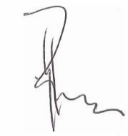
No dividend has been declared in respect of the half-year.

Rounding off of amounts

Calibre is a company of the kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order amounts in this Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' Report is signed in accordance with a resolution of Directors made pursuant to section 306(3) of the *Corporations Act 2001*.

On behalf of the Directors



Geoff Tomlinson
Chairman

23 February 2017

DIRECTORS' DECLARATION

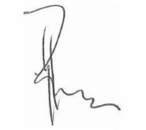
The Directors declare that:

(a) 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; and

(b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001,* including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to section 303 (5) of the *Corporations Act 2001*.

On behalf of the Directors



Geoff Tomlinson
Chairman

23 February 2017

Deloitte.

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The Board of Directors
Calibre Group Limited
Level 7, 601 Pacific Highway
St. Leonards, NSW 2065

23 February 2017

Dear Board Members

Calibre Group Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Calibre Group Limited.

As lead audit partner for the review of the financial statements of Calibre Group Limited for the half-year ended 31 December 2016, 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 review; and

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Vlahovic

Suzana Vlahovic
Partner
Chartered Accountants

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 $000	31 Dec 2015 $000
Continuing operations			
Revenue		215,735	295,194
Cost of providing services		(170,979)	(240,032)
Gross profit		**44,756**	**55,162**
Marketing expenses		(347)	(423)
Occupancy expenses		(6,837)	(5,321)
Other expenses	3	(34,866)	(45,598)
Restructuring and impairment expenses		(1,708)	(266)
Finance costs		(2,752)	(2,248)
(Loss)/profit before tax		**(1,754)**	**1,306**
Income tax (expense)/benefit	4	(153)	407
(Loss)/profit for the period		**(1,907)**	**1,713**
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss			
Movement in fair value of available for sale investments		-	(613)
Exchange differences on translation of foreign operations		(43)	232
Total other comprehensive loss		**(43)**	**(381)**
Total comprehensive (loss)/income for the period		**(1,950)**	**1,332**
(Loss)/profit for the period attributable to:			
Owners of the parent		(1,907)	1,623
Non-controlling interests		-	90
		(1,907)	**1,713**
Total comprehensive (loss)/income attributable to:			
Owners of the parent		(1,950)	1,242
Non-controlling interests		-	90
		(1,950)	**1,332**
Earnings per share from continuing operations		**Cents**	**Cents**
Basic (loss)/earnings per share (cents per share)		(0.58)	0.47
Diluted (loss)/earnings per share (cents per share)		(0.58)	0.47

The above condensed consolidated statement of profit and loss and other comprehensive loss should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	31 Dec 2016 $000	30 June 2016 $000
ASSETS			
Current assets			
Cash and cash equivalents		19,821	22,086
Trade and other receivables		63,858	73,985
Work in progress		19,828	13,132
Total current assets		**103,507**	**109,203**
Non-current assets			
Other receivables		12	28
Property, plant and equipment	6	34,264	37,085
Goodwill	7	126,441	126,441
Other intangible assets	7	13,618	15,198
Investments		300	300
Deferred tax assets		18,841	19,014
Total non-current assets		**193,476**	**198,066**
TOTAL ASSETS		**296,983**	**307,269**
LIABILITIES			
Current liabilities			
Trade and other payables		64,209	61,859
Bank borrowings	8	74,030	10,909
Deferred acquisition consideration	8	19,782	17,070
Derivative financial instruments		-	85
Provisions		16,930	18,844
Current tax liabilities		224	41
Total current liabilities		**175,175**	**108,808**
Non-current liabilities			
Bank borrowings	8	3,213	50,496
Deferred acquisition consideration	8	-	25,275
Deferred tax liabilities		7,612	7,583
Provisions		35,319	37,493
Total non-current liabilities		**46,144**	**120,847**
TOTAL LIABILITIES		**221,319**	**229,655**
NET ASSETS		**75,664**	**77,614**
EQUITY			
Issued capital	9	148,138	148,138
Reserves		2,452	2,495
Accumulated losses		(74,926)	(72,955)
Equity attributable to owners of the parent		75,664	77,678
Non-controlling interests		-	(64)
TOTAL EQUITY		**75,664**	**77,614**

The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Attributable to owners of the parent							
	Ordinary shares $000	**Accumulated losses $000**	**Foreign currency translation reserve $000**	**Contribution by equity participants reserve $000**	**Share based payments reserve $000**	**Available for sale reserve $000**	**Non-controlling interests $000**	**Total $000**
Balance at 1 July 2015	**149,738**	**(83,246)**	**379**	**948**	**2,199**	**(555)**	**298**	**69,761**
Profit for the period	-	1,623	-	-	-	-	90	1,713
Other comprehensive income/(loss)	-	-	232	-	-	(613)	-	(381)
Total comprehensive income for the period	-	1,623	232	-	-	(613)	90	1,332
Issue of share capital	82	-	-	-	-	-	-	82
Share buy-back	(1,675)		-	-	-	-	-	(1,675)
Share based payment transactions	-	-	-	-	365	-	-	365
Subtotal	(1,593)	-	-	-	365	-	-	(1,228)
Balance at 31 December 2015	**148,145**	**(81,623)**	**611**	**948**	**2,564**	**(1,168)**	**388**	**69,865**
Balance at 1 July 2016	**148,138**	**(72,955)**	**711**	**948**	**2,004**	**(1,168)**	**(64)**	**77,614**
Loss for the period	-	(1,907)	-	-	-	-	-	(1,907)
Other comprehensive loss		-	(43)	-	-	-	-	(43)
Total comprehensive loss for the period	-	(1,907)	(43)	-	-			(1,950)
Acquisition of non-controlling interest	-	(64)	-	-	-	-	64	-
Subtotal	-	(64)	-	-	-	-	64	-
Balance at 31 December 2016	**148,138**	**(74,926)**	**668**	**948**	**2,004**	**(1,168)**	**-**	**75,664**

The above condensed consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	31 Dec 2016 $000	31 Dec 2015 $000
Cash flows from operating activities			
Receipts from customers		240,346	359,222
Payments to suppliers and employees		(227,991)	(333,125)
GST paid		(9,102)	(17,937)
Income tax (paid)/refund		230	(458)
Net cash provided by operating activities		3,483	7,702
Cash flows from investing activities			
Payment for business combinations, net of cash received		-	(45,309)
Payment of deferred acquisition consideration		(16,544)	(430)
Repayment of loans/other assets from related parties		-	8,337
Interest received		93	284
Purchase of property, plant, equipment and software		(2,944)	(3,707)
Proceeds from sale of property, plant and equipment		1,575	1,395
Net cash used in investing activities		(17,820)	(39,430)
Cash flows from financing activities			
Proceeds from issue of shares		-	82
Proceeds from borrowings		20,000	35,000
Repayment of borrowings		(6,348)	(684)
Interest paid		(1,580)	(1,898)
Net cash provided by financing activities		12,072	32,500
Net (decrease)/increase in cash and cash equivalents		(2,265)	772
Cash and cash equivalents at the beginning of the period		22,086	32,510
Cash and cash equivalents at the end of the period		**19,821**	**33,282**

The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

1 Summary of Significant Accounting Policies

Statement of compliance

The half-year financial report of Calibre Group Limited and the entities it controlled at the end of the half-year (the Company or the consolidated entity) is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year report does not include all of the notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Calibre Group Limited is a company of the kind referred to in ASIC Class Order 98/100, and in accordance with that Class Order amounts in the Directors' Report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the consolidated entity's 2016 annual financial report for the financial year ended 30 June 2016, except for the impact of the Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Going concern

The half-year financial report has been prepared on the going concern basis, which assumes the consolidated entity will be able to realise its assets and discharge its liabilities in the normal course of business.

At 31 December 2016 the consolidated entity's current liabilities exceed its current assets by $71.7m (30 June 2016: net current asset position of $0.4m). The net current liability position is a result of the consolidated entity's three year syndicated term debt facility reaching its maturity date in November 2017. The amount outstanding under this facility at 31 December 2016 of $71.3m has accordingly been reclassified from non-current liabilities at 30 June 2016 to current liabilities. Further, the final deferred acquisition consideration payment of $19.5m in relation to Diona Pty Ltd, based on estimated FY17 financial performance, is due in October 2017 and is included in current liabilities at 31 December 2016. At 30 June 2016 this amount was included in non-current liabilities.

The consolidated entity's ability to repay the syndicated term debt facility and pay the final deferred acquisition consideration payment in relation to Diona Pty Ltd, on their due dates, is dependent upon the successful refinancing of the consolidated entity's syndicated term debt facilities. The Company has commenced the process of refinancing its syndicated term debt facilities and is in discussions with existing and a range of alternative providers of debt and equity capital. Based on the progress of these discussions to date the Directors are confident that a successful refinancing will be concluded before the consolidated entity's three year syndicated term debt facility reaches its maturity date.

On this basis, the Directors have prepared the half-year financial report on the going concern basis.

Amendments to AASBs and the new Interpretations that are mandatorily effective for the current reporting period

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the consolidated entity include:

Amendments to AASBs and the new Interpretations that are mandatorily effective for the current reporting period (continued)

- AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation
- AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements
- AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle
- AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
- AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

Impact of the application of AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation

The consolidated entity has applied these amendments for the first time in the current year. The amendments to AASB 116 'Property, Plant and Equipment' prohibit entities from using a revenue based depreciation method for items of property, plant and equipment.
The amendments to AASB 138 'Intangible Assets' introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:
(a) When the intangible asset is expressed as a measure of revenue, or
(b) When it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

As the consolidated entity already uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively, the application of these amendments has had no impact on the consolidated entity's financial statements.

Impact of the application of AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements

The amendments to AASB 127 'Separate Financial Statements', allow an entity to account for investments in subsidiaries, joint ventures and associates in its separate financial statements:

- At cost
- In accordance with AASB 9 'Financial Instruments' (or, where AASB 9 is not applied, AASB 139 'Financial Instruments: Recognition and Measurement'), or
- Using the equity method as described in AASB 128 'Investments in Associates and Joint Ventures'.

The consolidated entity has continued to account for its investments in subsidiaries, joint ventures and associates at cost in its separate financial statements.

Impact of the application of AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle

The consolidated entity has applied these amendments for the first time in the current year. The Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012- 2014 Cycle include a number of amendments to various Accounting Standards, which are summarised below:

- The amendments to AASB 7 'Financial Instruments: Disclosures' remove the requirement to provide disclosures relating to offsetting financial assets and financial liabilities in interim financial reports and provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets
- The amendments to AASB 134 'Interim Financial Reporting' make provision for disclosures required by the Standard to be given either in the interim financial statements or incorporated by cross-reference from the interim financial statements to some other statement that is available to users of the financial statements on the same terms as the interim financial statements and at the same time.

The application of these amendments has had no effect on the consolidated entity's financial statements.

Amendments to AASBs and the new Interpretations that are mandatorily effective for the current reporting period (continued)

Impact of the application of AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101

The consolidated entity has applied these amendments for the first time in the current year. The amendments clarify that an entity need not provide a specific disclosure required by an AASB if the information resulting from that disclosure is not material, and give guidance on the bases of aggregating and disaggregating information for disclosure purposes. However, the amendments reiterate that an entity should consider providing additional disclosures when compliance with the specific requirements in AASB is insufficient to enable users of financial statements to understand the impact of particular transactions, events and conditions on the entity's financial position and financial performance.

In addition, the amendments clarify that an entity's share of the other comprehensive income of associates and joint ventures accounted for using the equity method should be presented separately from those arising from the consolidated entity, and should be separated into the share of items that, in accordance with other Accounting Standards:
a) Will not be reclassified subsequently to profit or loss
b) Will be reclassified subsequently to profit or loss when specific conditions are met.

With regards to the structure of the financial statements, the amendments provide examples of systematic ordering or grouping of the notes. The application of these amendments has not had a material presentation impact on the financial performance or financial position of the consolidated entity.

Impact of the application of AASB 2015-5 Amendments to Australian Accounting Standards – Investment Entities: Applying the Consolidation Exception

The consolidated entity has applied these amendments for the first time in the current year. The amendments clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with AASB 10 'Consolidated Financial Statements'. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary providing services related to the former's investment activities applies only to subsidiaries that are not investment entities themselves.

The application of these amendments has had no impact on the consolidated entity's financial statements as the consolidated entity is not an investment entity and does not have any holding company, subsidiary, associate or joint venture that qualifies as an investment entity.

2 Segment Information

The consolidated entity's operating segments are based on the information that is available to the chief operating decision maker and the Directors. Segment results are reviewed regularly by the chief operating decision maker and the Directors.

The segment results and segment assets include all items directly attributable to each of the segments and any transaction, asset or liability that can be allocated on a reasonable basis. Unallocated items comprise predominantly of expenses that are not specific to the performance of an individual operating segment.

All intercompany and related transactions are made at arm's length at what is considered by the Directors to be commercial rates.

The following are the reportable segments:

Projects & Technology

This segment is responsible for the delivery of major projects involving the construction of mine, rail, road, bridge, marine and tunnel infrastructure. This segment also provides technology solutions to improve business performance.

Consulting

This segment consists of services to specialist urban development, civil, structural and environmental engineering consultancy to the public and private infrastructure sectors.

G&S Engineering

This segment provides construction, operations maintenance, and asset management services to the resources, energy and infrastructure sectors.

Diona

This segment provides engineering services across the three core utilities markets of water/waste water, gas and electricity.

The following items and associated assets and liabilities are not allocated to the operating segments as they are not considered part of the core operations:

- Restructuring and impairment expenses;
- Interest income and expenses;
- Amortisation of intangible assets.

Following is an analysis of the consolidated entity's revenue and results from continuing operations for the half-year and assets by reportable segment:

Reportable Segment Revenues and Results	**Segment Revenue**		**Segment Profit /(Loss)**	
	31 Dec 2016 $000	**31 Dec 2015 $000**	**31 Dec 2016 $000**	**31 Dec 2015 $000**
Projects & Technology	38,853	66,916	576	4,372
Consulting	46,572	48,710	2,232	2,582
G&S Engineering	57,162	164,285	(4,459)	1,171
Diona	73,555	16,256	1,624	172
Other	(407)	(973)	4,756	(1,981)
Segment revenue and results for the period	**215,735**	**295,194**	**4,729**	**6,316**
Restructuring and impairment expenses			(1,708)	(266)
Amortisation of intangible assets			(2,135)	(2,746)
Interest income			112	250
Interest expense			(2,752)	(2,248)
(Loss)/profit before tax for the year			**(1,754)**	**1,306**

2 Segment Information (continued)

Segment Assets	31 Dec 2016 $000	30 June 2016 $000
Projects & Technology	91,740	88,331
Consulting	44,908	47,829
G&S Engineering	52,620	57,740
Diona	66,834	62,594
Other	40,881	50,775
Consolidated total assets	**296,983**	**307,269**

3 Other Expenses

	31 Dec 2016 $000	31 Dec 2015 $000
Other expenses/(income)		
Depreciation and software amortisation	6,498	5,285
Amortisation of customer relationship intangible assets	2,135	2,746
Employee benefit expenses	19,003	23,712
Other expenses	14,315	13,973
Other income	(7,085)	(118)
	34,866	**45,598**

4 Income Tax

The income tax (expense)/benefit for the half-year can be reconciled to the accounting (loss)/profit as follows:

	31 Dec 2016 $000	31 Dec 2015 $000
(Loss)/profit before income tax for the period	(1,754)	1,306
Income tax benefit/(expense) calculated at rate of 30% (2015 30%)	526	(392)
Tax refund received in respect of prior years	71	495
Change in fair value of deferred acquisition consideration	2,100	-
Movement in unrecognised deferred tax balance	(2,151)	483
Other	(699)	(179)
Income tax (expense)/benefit recognised in profit or loss	**(153)**	**407**

5 Dividends

No dividend has been declared in respect of half-year ended 31 December 2016.

6 Property, Plant & Equipment

	Plant & Equipment	Computer Hardware	Motor Vehicles	Leasehold Improvements	Assets under Construction	Total
	$000	**$000**	**$000**	**$000**	**$000**	**$000**
Balance at 1 July 2015	**10,857**	**3,151**	**4,735**	**3,601**	**960**	**23,304**
Additions	2,211	1,990	5,259	58	667	10,185
Disposals	(241)	(21)	(1,364)	(21)	-	(1,647)
Business acquisitions	10,569	109	1,008	1,678	1,111	14,475
Depreciation expense	(3,339)	(2,024)	(3,130)	(824)	-	(9,317)
Effect of foreign exchange differences	81	26	11	(33)	-	85
Balance at 30 June 2016	**20,138**	**3,231**	**6,519**	**4,459**	**2,738**	**37,085**
Cost	51,014	16,980	14,966	10,165	2,738	95,863
Accumulated depreciation	(30,876)	(13,749)	(8,447)	(5,706)	-	(58,778)
Net carrying amount	**20,138**	**3,231**	**6,519**	**4,459**	**2,738**	**37,085**
Balance at 1 July 2016	**20,138**	**3,231**	**6,519**	**4,459**	**2,738**	**37,085**
Additions	2,181	733	126	53	494	3,587
Disposals	(20)	-	(204)	(1,223)	-	(1,447)
Depreciation expense	(2,468)	(1,092)	(957)	(449)	-	(4,966)
Effect of foreign exchange differences	2	1	1	1	-	5
Balance at 31 December 2016	**19,833**	**2,873**	**5,485**	**2,841**	**3,232**	**34,264**
Cost	53,067	17,120	14,349	7,681	3,232	95,449
Accumulated depreciation	(33,234)	(14,247)	(8,864)	(4,840)	-	(61,185)
Net carrying amount	**19,833**	**2,873**	**5,485**	**2,841**	**3,232**	**34,264**

7 Intangible Assets and Goodwill

	Software	Licenses	Customer Relationships	Goodwill	Total
	$000	$000	$000	$000	$000
Balance at 1 July 2015	**6,357**	**175**	**3,953**	**78,010**	**88,495**
Additions	1,231	57	-	-	1,288
Disposals	(493)	-	-	-	(493)
Business acquisitions	-	-	12,024	58,409	70,433
Impairment expense	-	-	-	(9,978)	(9,978)
Amortisation expense	(3,225)	-	(4,881)	-	(8,106)
Balance at 30 June 2016	**3,870**	**232**	**11,096**	**126,441**	**141,639**
Cost	15,678	232	97,245	126,441	239,596
Accumulated amortisation	(11,808)	-	(86,149)	-	(97,957)
Net carrying amount	**3,870**	**232**	**11,096**	**126,441**	**141,639**
Balance at 1 July 2016	**3,870**	**232**	**11,096**	**126,441**	**141,639**
Additions	2,087	-	-	-	2,087
Disposals	-	-	-	-	-
Business acquisitions	-	-	-	-	-
Amortisation expense	(1,532)	-	(2,135)	-	(3,667)
Balance at 31 December 2016	**4,425**	**232**	**8,961**	**126,441**	**140,059**
Cost	17,517	232	97,245	126,441	241,435
Accumulated amortisation	(13,092)	-	(88,284)	-	(101,376)
Net carrying amount	**4,425**	**232**	**8,961**	**126,441**	**140,059**

8 Borrowings

	31 Dec 2016 $000	30 June 2016 $000
Unsecured - at amortised cost		
Deferred acquisition consideration (i)	19,782	42,345
Secured - at amortised cost		
Bank loans	71,250	55,625
Finance leases and hire purchase liabilities	5,993	5,780
	77,243	61,405
Total borrowings	**97,025**	**103,750**
Current		
Deferred acquisition consideration	**19,782**	**17,070**
Bank borrowings	71,250	8,750
Finance leases and hire purchase liabilities	2,780	2,159
Total bank borrowings	**74,030**	**10,909**
Non-current		
Deferred acquisition consideration	**-**	**25,275**
Bank borrowings	-	46,875
Finance leases and hire purchase liabilities	3,213	3,621
Total bank borrowings	**3,213**	**50,496**

(i) Deferred acquisition consideration movements:	**31 Dec 2016 $000**	**30 June 2016 $000**
Balance at 1 July	42,345	912
Additional deferred consideration from acquisitions	-	43,523
Finance costs	530	1,091
Payments	(16,093)	(130)
Change in fair value of deferred consideration	(7,000)	(3,051)
Balance at 31 December 2016	**19,782**	**42,345**

Financing facilities available

At 31 December 2016 the following financing facilities had been negotiated and were available:

	31 Dec 2016 $000	30 June 2016 $000
Acquisition facility	100,000	125,000
Working capital /Bank guarantee facility	37,600	75,000
Assets finance facility	6,455	6,639
Total facilities available	**144,055**	**206,639**
Acquisition facility	(66,250)	(55,600)
Working capital facility	(5,000)	-
Bank guarantee facility	(17,410)	(28,700)
Assets finance facility	(5,993)	(5,781)
Total facilities used	**(94,653)**	**(90,081)**
Facilities unused at 31 December 2016	**49,402**	**116,558**

9 Issued capital

	31 Dec 2016 $000	30 June 2016 $000
331,074,701 fully paid ordinary shares (30 June 2016: 330,872,500)	148,138	148,138

	Number of Shares	Share capital $000
Fully paid ordinary shares		
Balance at 1 January 2016	**330,929,278**	**148,145**
Issue of shares	-	-
Share buybacks	(56,778)	(7)
Balance at 30 June 2016	**330,872,500**	**148,138**
Treasury shares	202,201	-
Share buybacks	-	-
Balance at 31 December 2016	**331,074,701**	**148,138**

10 Financial Instruments

The fair value of the consolidated entity's financial assets and liabilities are determined on the following basis:

Financial assets and financial liabilities that are measured at fair value on a recurring basis

Subsequent to initial recognition, at fair value financial instruments are grouped into levels 1 to 3 based on the degree to which the fair value is observable. Levels are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included with level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2016 and 30 June 2016 the consolidated entity had no material financial assets and liabilities that are measured on a recurring basis.

Financial assets and financial liabilities that are not measured at fair value on a recurring basis (but where fair value disclosures are required)

At 31 December 2016 and 30 June 2016 the carrying amount of financial assets and financial liabilities for the consolidated entity is considered to approximate their fair values.

11 Events after balance sheet date

No matters or events have arisen since the end of the financial period which have 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 subsequent financial periods.

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Independent Auditor's Review Report to the members of Calibre Group Limited

We have reviewed the accompanying half-year financial report of Calibre Group Limited, which comprises the condensed statement of financial position as at 31 December 2016, and the condensed statement of comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, 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 end of the half-year or from time to time during the half-year as set out on pages 5 to 19.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Calibre Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

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

Conclusion

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Suzana Vlahovic
Partner
Chartered Accountants
Sydney, 23 February 2017