SGH | Industrial Services, Media, Energy and Investments

26 August 2020

Company Announcements Office
Australian Securities Exchange Limited
20 Bridge Street
SYDNEY NSW 2000

2020 ANNUAL REPORT

Seven Group Holdings Limited (ASX: SVW) attaches the Annual Report for the year ended 30 June 2020.

Ends.

This release has been authorised to be given to ASX by the Board of Seven Group Holdings Limited.

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SGH | Industrial Services, Media, Energy and Investments

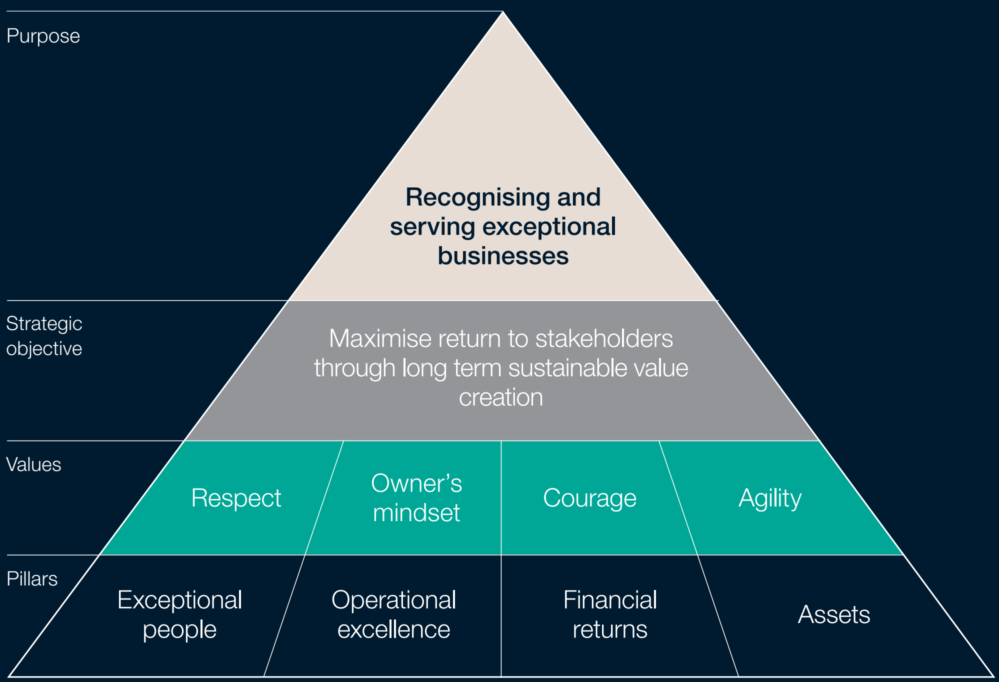
2020 ANNUAL REPORT

STRENGTH. COMMUNITY. RESILIENCE.

SGH | Industrial Services, Media, Energy and Investments

Seven Group Holdings Limited (SGH) is a leading Australian diversified operating and investment group with market leading businesses and investments in industrial services, oil and gas, and media.

SGH Strategic Framework



Contents

Cover image
First Next Generation CAT Dozer delivered in country by WesTrac Tomago Team.

Photographer
Brock McFayden, Boilermaker – Newcastle General Workshop
@boily_2381

This year has been one of unique challenges, with extraordinary events such as the Black Summer bushfires and the COVID-19 pandemic testing us as individuals, as an organisation and as a society.

In responding to these events, our priority has been the safety and welfare of our people who are critical to supporting our customers and protecting our businesses.

In all, FY20 represents another successful year for the Group. We are proud of the result that delivered growth in our revenue and underlying profit as we supported our customers to achieve their objectives in a difficult environment.

The results also reflect the benefits of our diversified portfolio, our financial discipline and our commitment to the strategic objective of maximising return to you, our shareholders, through long-term sustainable value creation.

Ryan Stokes AO, Managing Director & CEO

STRENGTH.
COMMUNITY.
RESILIENCE.

STRENGTH.
COMMUNITY.
RESILIENCE.

Our purpose:
Recognising and serving exceptional businesses.

The Group's strength from our exceptional people, market leading businesses and balance sheet have ensured we support our customers and continue to serve our community.

Strength in diversity

Through innovation and our diverse workforce, we look to create long-term sustainable value and serve the community in which we operate.

↑11.7%

Increase in the proportion of female managers

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NSW RFS Commissioner Mr Rob Rogers presenting Mr Ryan Stokes with a Certificate of Appreciation for SGH's support.

Investing in our future

Investing in our new Autonomous Training Facility in Collie, the first of its kind outside CAT's proving ground in Arizona.

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Supporting our community

$5 million pledged and incredible work undertaken by 35 of our brave and committed employees, as well as our businesses, to help restore communities devastated by the bushfires.

$2.6m

SGH contribution FY20

→ Page 12

Navigating COVID-19

Managing the impact of the pandemic on the safety and productivity of our people while continuing to provide essential services and equipment for our customers.

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Chairman's Letter

This year I wanted to reflect on three areas the Board has focused on in the last 12 months, being refining the strategy for the Group, our commitment to community and consideration of director tenure.

Firstly, in relation to the Group's strategy, the Board and Management undertook to update our purpose as a conglomerate holding company to better articulate what we work to achieve. By recognising and serving exceptional businesses, our objective is to maximise return to our stakeholders through long-term sustainable value creation.

Our values of respect, owner's mindset, courage, and agility define us, help determine our priorities, guide our actions, and drive our decisions. This supports the SGH team to determine the direction and right path in fulfilling our goals by creating a clear sense of purpose.

Whilst respect, courage and agility are self-evident, owner's mindset requires greater consideration. This embodies the entrepreneurial spirit inspiring us to embrace risk and then manage it effectively. It also reflects the obligation of stewardship in spending shareholders money but more importantly reflects the pride and ownership of the outcomes of our decisions.

Through the objective of maximising returns to stakeholders we are focused on how our activities support the interests of our shareholders, employees, customers, business partners, the environment and the communities in which our diverse set of businesses operate.

To allow us to achieve this purpose, we rely on outstanding people, operational excellence, and a commitment to delivering financial returns whilst optimising the Group's assets. These pillars have been seminal in supporting the team to deliver a strong result despite the extraordinary disruption all business experienced during FY20.

As part of serving our businesses we know our businesses are intimately involved in the communities in which we operate. We committed to making a positive contribution to these communities. The Board wants to acknowledge the devastating impacts of the bushfires which occurred across the country. The loss of life, property, wildlife and the destruction of whole communities was heartbreaking for us all. I want to acknowledge the incredible work undertaken by 35 of our brave and committed employees within both WesTrac and Coates, who utilised their own personal leave to serve in the RFS and other volunteer services to fight the fires and provide community support.

Their bravery and commitment inspired the Board to reflect on what more we could do as an organisation. Merely refunding their personal leave utilised was not enough, but their community mindedness galvanised and inspired the Group to consider a greater contribution.

On behalf of all our people at SGH, WesTrac, Coates Hire, Allight, SGH Energy and you as shareholders, the Board pledged $5 million to directly support firefighting efforts, disaster recovery and the long-term task of rebuilding communities and infrastructure whilst supporting the mental health of those impacted.

The Group was uniquely positioned to provide not only financial support, but also the equipment and services required by the RFS and communities to support the recovery and rebuilding effort.

In addition, Australian Capital Equity, my private investment vehicle, matched SGH's contribution with an additional $5 million commitment. Between both SGH and ACE, I was honoured to make such a substantial $10 million donation to support the affected communities. We strongly believe that the combination of our financial resources, our industry-leading equipment and our team's motivation and skills reflect our commitment to our community.

To date our program has already committed and spent half this as part of our commitment to responding to the immediate requirements of the bushfires. Over the next 12 months we are committing the rest of the funds to support the rebuild of key communities. Our team have been directly involved in working with a number of volunteer agencies to ensure we can have maximum impact.

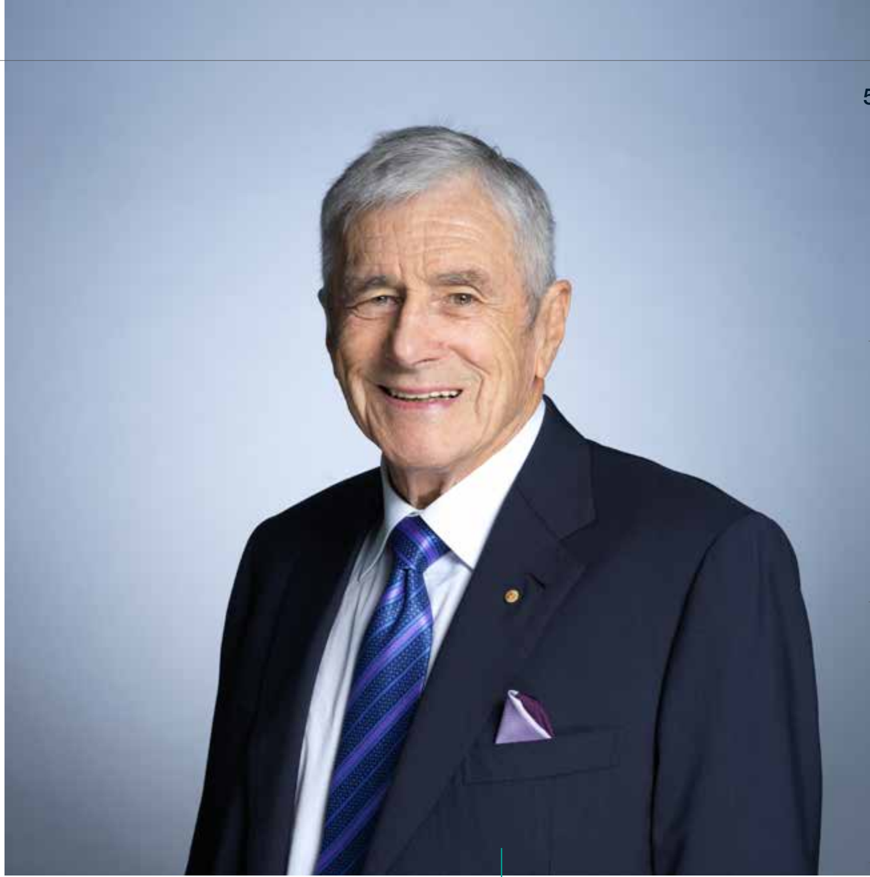
It was pleasing to see the Company deliver a strong financial result for the year and growth in revenue, underlying EBIT, and cash flow. I am buoyed by the strength and resilience of our conglomerate operating model. This was further exemplified through COVID-19 where our diversity was a core strength. Through these challenges our leadership responded with a nerve centre at Group and very dynamic management to ensure we could protect our people and support our customers. The successful response highlighted the effectiveness of our operating model.

Overall the Group benefited from continued growth in mining production, including planned expansions in iron ore, and on-going State and Federal government investment in infrastructure. These resilient themes supported the Group's delivery on initially mid-single figures growth guidance provided in August 2019, with underlying EBIT up 6.5 per cent on pre AASB16 FY19 EBIT despite COVID-19 and bushfires.

The results reflect the diversification of our portfolio, our financial discipline and our commitment to our stated objective of maximising return to shareholders through long-term sustainable value creation. We have done this with 21 per cent per annum TSR over three years to June 2020.

Reflecting on the complex and unexpected challenges of 2020, I am so proud of what our people have accomplished for our customers and our communities and acknowledge their flexibility and agility to respond to these crises.

Your Board takes a structured and rigorous approach to succession. We consider Board size and tenure as well as the skills, experience and attributes required to effectively govern and manage risk within the Group. This ensures we have the right balance of industry understanding and experience.



Kerry Stokes AC
Executive Chairman

Board assessments coupled with Director competencies highlight that SGH has a high functioning Board and given the complexities of our operations the Group is better supported by retaining long serving directors whilst continuing to introduce the next wave of talented Directors.

There are also two key milestones to celebrate this year. The first is the listing of your company a decade ago which has grown substantially over this time. The second is WesTrac having just celebrated 30 years of operations in WA and over 17 years in NSW/ACT. Through Caterpillar, WesTrac is recognised as a strong dealer across nearly every major industry sector and we pride ourselves on our ability to work with Caterpillar and our customers to develop unique and innovative solutions. An example has been our ability to deploy a broad range of technology across our dealerships including the world's largest and most diverse fleet of autonomous haulage trucks.

In closing, I would like to thank all employees, whose commitment and dedication in these challenging times have helped to achieve our vision and continue to improve returns for shareholders. I would also like to take the opportunity to thank my fellow Board members for their continued dedication to SGH and its objectives. On behalf of the Board, I thank our customers and shareholders for their ongoing loyalty and support to our Company.

Kerry Stokes AC
Executive Chairman

Managing Director & Chief Executive Officer's Letter

Ryan Stokes AO
Managing Director
& CEO

Dear Shareholders

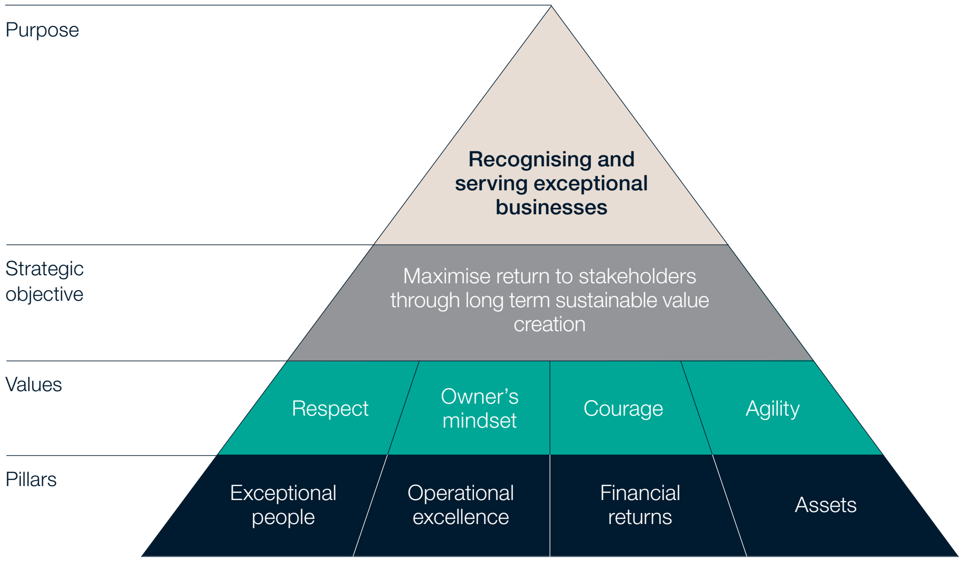
This year has been one of unique challenges, with extraordinary events such as the Black Summer bushfires and the COVID-19 pandemic testing us as individuals, as an organisation and as a society. In responding to these events, our priority has been the safety and welfare of our people who are critical to supporting our customers and protecting our businesses.

We were all touched by the devastating impact of the bushfires, and I would like to recognise the commitment many of our people made to their communities. Our response to commit $5 million to the recovery was spurred into action by seeing so many of our people making personal sacrifices to support volunteer services.

During the COVID-19 pandemic, our management teams have been agile in adapting to the changing environment and providing support to essential services across mining, construction and media. We established pandemic-level protocols and processes to lead our people through state-based lock downs, border closures and fundamental changes to the way we work.

The ongoing success of SGH is dependent on the contribution of every employee to support our businesses and our customers. I am very proud of the way our people have responded during this challenging time and I would like to thank them on behalf of all shareholders for their commitment to our businesses and most importantly, to our customers. As a gesture of appreciation and recognition in particularly difficult times, we provided each employee and their family with a $300 gift voucher.

SGH Strategic Framework



During the year we articulated SGH's purpose, which is "*recognising and serving exceptional businesses*". This purpose is an important operating principle for the team at SGH and has been a guide for how we support our people and lead our businesses. This purpose is aligned with and supported by our values of Respect, Owner's Mindset, Courage and Agility.

People are our most important asset, and employing and retaining exceptional people is a key pillar of the Group strategic framework. We directly employ over 5,800 people across our operated businesses and the Group places extraordinary focus on the safety, engagement and capability of our people.

With safety as a key focus for the Group we were very pleased to see improvement in both lost time injury frequency and total recordable injury frequency over the last 12 months. Our innovative WesTrac safety culture program 'Built By Us' was formally recognised, receiving the Enterprise Safety Program Initiative Award at the 2020 Australian Workplace Health & Safety Awards.

Creating an open and inclusive culture where our people feel valued continues to be an important strategic imperative for the Group. Strong engagement results and year on year improvements in engagement scores reaffirm that we are making good progress and our people are proud of the businesses they work in.

Our workforce should reflect the diversity in our community and while improvements have been made on gender diversity, it is an area that we are conscious that we need to continue to work on. We are committed to initiatives to support increased Indigenous employment and to continue to provide apprenticeships and skill upgrade opportunities for youth, while retaining our focus on the Group's environmental footprint and our longstanding, substantial investment in local community organisations.

People are our most important asset, and employing and retaining exceptional people is a key pillar of the Group strategic framework.

Across the core operating businesses, our management teams remain resolutely focused on supporting our customers. While the pandemic has had an impact on the businesses within our portfolio, the resilience of our industrial services business, coupled with the dedication of our exceptional staff who have continued to support our customers, delivered revenue growth to $4.6 billion, a key factor in allowing the Group to achieve our FY20 financial objectives.

WesTrac's FY20 revenue was up 15 per cent, with strength across both product sales and product support. We were encouraged by WesTrac's strong product sales results supported by the delivery of equipment to major mining projects. In addition, WesTrac's product support revenue improved 10 per cent driven by a record 6.6 million parts lines shipped in WA and NSW.

We have invested in our new Autonomous Training Facility in Collie, south of Perth. It is the first of its kind training facility outside the CAT proving grounds in Arizona. This is in addition to the investment we are making to expand our facilities in Perth to support the increased demand we are currently experiencing and the expected further growth.

Coates Hire's FY20 result was impacted by the disruption that the COVID-19 pandemic has caused to many of our customers. While we did not meet our internal targets, we are encouraged that the FY20 result from a revenue and underlying EBIT perspective was up on the prior year and the best result for Coates Hire since FY14. The result reflects the agility of the team to respond to a dynamically changing environment.

The impacts of the COVID-19 pandemic have been more dramatic on Seven West Media, with a large decline seen in advertising activity. The team have responded aggressively with acceleration of the transformation agenda on costs and renegotiation of bank facilities. There is a very clear plan for the Seven West team to deliver.

In energy, the disruption to travel has sent a shockwave through the sector to oil prices. This has impacted Beach Energy, although the diversity in Beach's mix of energy and its low cost oil production has helped deliver a result close to their guidance. The recent stability in prices is encouraging.

Across the core operating businesses, our management teams remain resolutely focused on supporting our customers.

Management took many actions to rationalise costs and the Beach development program, and we are confident in the outlook for the company.

We know that through periods of challenge, opportunities often emerge and Boral has presented one such opportunity for the Group. We believe that the company has a strong Australian industrials position with opportunity for underlying performance improvement. Our investment in Boral with its strong position in building and construction materials with defendable competitive advantage and strategic assets provides an opportunity to further build the Group's exposure to Australia's infrastructure sector.

With our consistent focus on free cash, the Group's operating cash flow improved 15 per cent to $540 million in FY20. This was supported by both WesTrac and Coates Hire focusing intently on all aspects of working capital. The strength of the operating cash result gave us confidence to invest net

WesTrac's Port Hedland workshop created this eye-catching purple finish as part of a machine rebuild by WesTrac to promote recognition of the Women in Mining in the Pilbara (WiMitP) group.

Coates Hire were there to keep communities up to date during the bushfires

$225 million in increment fleet in Coates to meet expected customer demand and $435 million to support the acquisition of Boral shares.

At a time when the challenging economic environment has caused a number of companies to reconsider their dividend, I am pleased that SGH paid it first half dividend and has declared an unchanged full year dividend of 21 cents per share. This reflects our confidence in our financial position and our commitment to maintain dividends per share through the cycle with a view to increasing the dividend over the long-term.

The Group remains well positioned to take advantage of further opportunities. At the time of this Report we have access to cash and undrawn borrowing facilities of ~$452 million. Subsequent to year end, the Group's available liquidity was enhanced with the successful completion of a $461 million US Private Placement facility with effect from July 2020 and an undrawn US$200 million USPP stand-by facility and a $100 million script loan.

The effect of these new facilities improves funding diversity, and demonstrates the support SGH has earned across capital markets. This provides us with confidence and capacity to pursue further growth options. As always, we remain focused on the disciplined deployment of capital to drive continued growth and returns.

In all, FY20 represents another successful year for the Group. We are proud of the result that delivered growth in our revenue and underlying profit as we supported our customers to achieve their objectives in a difficult environment. The results also reflect the benefits of our diversified portfolio, our financial discipline and our commitment to the strategic objective of maximising return to you, our shareholders, through long-term sustainable value creation.

We recognise that the COVID-19 pandemic continues to challenge us. By building on a foundation of resilient industrial businesses exposed to favourable long term themes, and coupling that with a strong balance sheet and capital discipline, SGH is uniquely placed to identify, access and harness opportunities for future value creation for our shareholders.

In conclusion, I extend my appreciation to our dedicated and hard-working team members across the Group for their continued support and without whom we could not have achieved what we did in the past year. SGH's future is exciting and I look forward to creating it with you.

Ryan Stokes AO
Managing Director & CEO

Group Highlights

Revenue

$4.6bn ↑12%

Fully franked dividend

42c maintained

Underlying earnings per share

$1.39 ↑1%

Underlying EBIT

$739.9m ↑2%

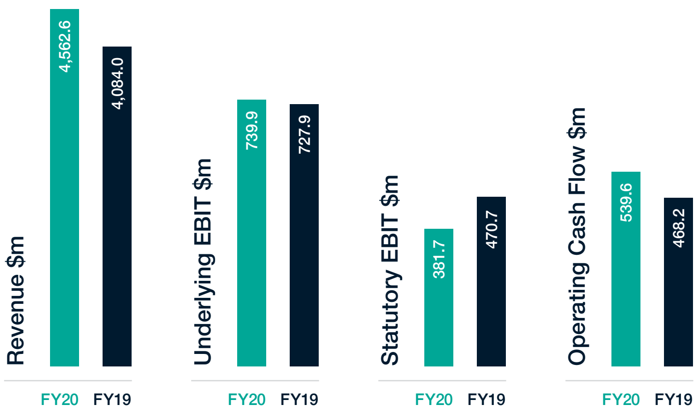
Underlying EBITDA

$1,004.6m ↑1%

Operating cash flow

$539.6m ↑15%

The Group has continued to grow revenue and Underlying EBIT in FY20, despite impacts from COVID-19 and low oil prices in the second half.



Five year results

Five Year Key Financial Results ($m)	2020	2019[a]	2018[b]	2017[b]	2016
Revenue	**4,562.6**	4,084.0	3,397.8	2,884.7	2,837.7
Underlying results[c]					
EBITDA	**1,004.6**	999.8	660.7	366.9	340.8
EBIT	**739.9**	727.9	514.1	333.3	302.8
Profit before tax	**589.8**	567.2	410.3	249.8	213.6
Profit after tax	**473.8**	460.8	332.3	215.4	184.2
Underlying EPS ($)	**1.39**	1.37	1.00	0.67	0.56
Statutory results					
Profit before tax	**231.6**	309.0	483.8	79.3	217.0
Profit after tax	**118.0**	202.9	415.6	46.2	197.8
Reported EPS ($)	**0.34**	0.60	1.27	0.07	0.60
Operating cash flow per share ($)[d]	**1.59**	1.40	0.82	1.05	1.10
Free cash flow per share ($)[e]	**0.83**	0.61	0.34	0.96	0.93
Full year fully franked ordinary dividend per share ($)	**0.42**	0.42	0.42	0.41	0.40

(a) 2019 figures have been restated. Refer to Note 1 of the Financial Report for further detail.
(b) 2018 and 2017 figures include continued and discontinued operations.
(c) Underlying results comprise statutory results adjusted for significant items and are separately disclosed in Note 3: Significant items of the Financial Report to assist users in understanding the financial performance of the Group. Underlying results are reconciled to statutory performance on page 28. They are a non-IFRS measure and have not been audited or reviewed.
(d) Operating cash flow per share is calculated by dividing the operating cash flow of the Group by the weighted average number of ordinary shares outstanding during the year.
(e) Free cash flow is operating cash flow less net capital expenditure of the Group divided by the weighted average number of ordinary shares outstanding during the year.

Supporting our Community

The bravery and commitment of our people during the bushfire crisis caused us to reflect on who we are as a team, what more we could do for our communities and what we want to be known for.

The devastating impact of the bushfires across the country, particularly in New South Wales, Victoria and South Australia and the unprecedented level of destruction and loss across the communities in which we operate and live had a profound impact on all of us. The bravery and commitment of SGH employees to their local communities during this time inspired us as an organisation to reflect on what more we could do as a team.

The diversity of the SGH group put us in a unique position to assist the Rural Fire Service (RFS) and various Local, State and Federal Government Agencies with the equipment and services to support the recovery and rebuilding effort at large. In conjunction with Australian Capital Equity (the largest shareholder in SGH) a combined $10 million contribution of services and financial support was pledged to directly assist Government, Business, Non-Profit Organisations and local communities impacted by the crisis. Support provided by SGH businesses to date has included:

- Infrastructure for NSW RFS fire camps to accommodate between 200 and 600 personnel including temporary accommodation, mess tents, ablution blocks, power and lighting;
- Heavy earth moving and clearing equipment to assist various councils with clean-up operations, removal of fire damaged trees and waste handling;
- Substantial power generation equipment to assist with the re-establishment of mobile communication towers and power restoration activities;
- Community infrastructure including showers, toilets, laundry and kitchen facilities in local communities including Cobargo and Bredbo;
- Earth moving equipment, 4WD vehicles and fencing materials to assist in the recovery process;
- Emergency accommodation and other associated infrastructure including power generation, as well as equipment to re-establish road access in fire impacted areas on Kangaroo Island and in the Adelaide Hills;
- Bushfire recovery containers to various communities to allow residents access to equipment needed for the rebuilding process where their own equipment was lost due to the fires; and
- Commitment of $100,000 to the Wollondilly Shire Council for a memorial playground to honour the sacrifice of two RFS volunteers who lost their lives while on active duty.

Our team is focused on ensuring the support is directed to those communities where it is most effective in assisting the recovery process, with direct interaction and contact with many of the impacted individuals and groups. The total contribution for FY20 was $2.6 million of the $5 million committed by SGH for this initiative.

Supporting our communities extends beyond our response to the bushfires with businesses across the Group and their employees providing ongoing support to their local charities and community groups, including the Red Cross and various children's charities, through donations, fundraising and volunteer activities.

$5.0m

Total SGH commitment

$2.6m

SGH contribution FY20

WesTrac rebuilt a Rio Tinto CAT 777F water cart, painting it bright blue in support of Beyond Blue.

WesTrac working with McGrath Foundation at the New Hope mine, painting a CAT D11 pink in support of breast cancer awareness.

Fire Fight Australia concert, February 2020.

Jarvas Croome and the Welshpool truck rebuild team support Red Nose day.

WesTrac bushfire appeal community cricket match, Kalgoorlie, WA.

Coates Hire on the ground supporting fire fighting efforts.

Group Structure

Our purpose is to recognise and serve exceptional businesses.

Industrial services

WesTrac CAT

WesTrac (100% owned) is one of the largest CAT dealers globally (by sales) and supports customers in Australia's rich iron ore and thermal coal regions

28 branches

Focus on parts supply, component rebuilds, parts exchange and autonomous mining

Key customers

BHP, CIMIC, FMG, Glencore, Macmahon, Mineral Resources, Rio Tinto, Roy Hill

$3.5b

Revenue

Media investments

Seven West Media (40.2% owned) is a leading diversified media company in Australia

Monthly Australia-wide audience reach of:

- 17.3m in Seven Network
- 9m in 7Digital
- 3.7m in WAN + digital

Other media investments include interests in China P/E funds

Energy

beach

SGH | Energy

Beach Energy (28.5% owned) is a leading mid-cap E&P business and a key supplier to a growing East Coast gas market

SGH Energy (100% owned) holds operated and non-operated oil and gas interests including 15% of the Crux LNG Project

Key customers

Alinta, AGL, Adelaide Brighton, Origin Energy

Industrial services

coateshire

ALLIGHTSYKES

Coates Hire (100% owned) is the largest nationwide industrial and general equipment hire company. AllightSykes is a manufacturer and distributor of lighting, dewatering and power solutions globally

Over 160 branches

Focus on large tier one customers, mid-tier and trade, engineering solutions

Key customers

BMD, CIMIC, Downer, FMG, John Holland, Lend Lease

$1.1b

Revenue

Investing in Health, Safety and Wellbeing

Keeping our people safe and well continues to be our top priority, ensuring our employees go home in the same, if not better state than when they arrived at work, including their emotional wellbeing.

The health, safety and wellbeing of our people continues to be our top priority, ensuring our employees go home in the same, if not better state than when they arrived at work, including their emotional wellbeing. Our approach to workplace health and wellness focuses on providing a wide range of preventative health and wellbeing support for our people. Mental health is a key pillar and we support Mates in Construction and R U OK, whilst providing Employee Assistance Programs across all our businesses.

Over the last two years, considerable investment has been made in safety cultural transformation programs and training resulting in significant improvement in safety performance across the Group. While there was an 11.5 per cent increase in the number of hours worked across SGH in FY20, we have been pleased to see the positive results in the reduction in safety incidents with the majority of our businesses showing substantial improvements in LTIFR and TRIFR.

In FY19 WesTrac embarked on the 'Built By Us' cultural transformation program to improve safety leadership and accountability. The program was aimed at fostering a mindset that all injuries and incidents are preventable and that team members and leaders at all levels are collectively responsible for the management of health and safety risks. We are proud of our people and the journey we have been on and the 'Built By Us' Program was formally recognised at the 2020 Australian Workplace Health & Safety Awards, winning the Enterprise Safety Program Initiative Award.

In addition, WesTrac's industry leading Elimination of Live Work program was also recognised by customers and the Western Australian Government.

In FY20, Coates Hire recorded significant improvements in key lead and lag safety metrics. These improvements are a result of a strong leadership commitment to safety cultural improvement with a renewed focus on life saving commitments, implementation of key learnings from high potential investigations, risk awareness training and robust workplace injury management and rehabilitation. Coates Hire will embark on its own cultural transformation program in FY21 to further build on the safety improvements made over the course of the last two years.

↓38.5%

Reduction in LTIFR

↓36.8%

Reduction in TRIFR

	LTIFR		TRIFR	
	2020	2019	2020	2019
WesTrac WA	1.1	**1.2**	6.8	8.3
WesTrac NSW	0.0	**1.0**	6.2	10.2
Coates Hire	0.7	**1.4**	6.7	13.3
AllightSykes	2.4	**2.5**	11.9	7.4
SGH Total	**0.8**	**1.3**	**6.7**	**10.6**

- Lost time injury frequency rate (LTIFR)
  number of lost time injuries per million hours worked.
- Total recordable injury frequency rate (TRIFR)
  number of recordable injuries per million hours worked.
- Statistics are calculated on a rolling 12 months basis.

Australian Workplace Health & Safety Awards Winner: Culture at our Core – presented by the Australian Institute of Health & Safety, the award commended our 'Built by Us' Cultural and Safety Transformation Program. The success of the initiative is a reflection of the dedication of our team in ensuring WesTrac is a safe, customer-focused, productive and engaging workplace.

Industrial Services
WesTrac

"We are dedicated to supporting our customers with the market-leading next generation technology to support the resource and construction sectors."

Jarvas Croome, WesTrac CEO

$3.5b

↑15%

Revenue

$371.0m

↑22%

Underlying EBIT

Celebrating 30 years of operations in Australia in FY20, WesTrac is one of the largest authorised Caterpillar equipment dealers in the world. Through our extensive footprint across Western Australia and New South Wales, we offer a wide range of mining and construction equipment, with increasing emphasis on whole-of-life management solutions for our customers that make owning and operating equipment as safe, easy and profitable as possible.

Our people are dedicated to creating and delivering value to our customers, our shareholders, and the community. We pride ourselves in creating safe, productive, and customer-focused workplaces for our more than 3,500 staff including over 200 apprentices who are enrolled in our nationally accredited training institute.

FY20 Highlights

FY20 has been a dynamic year for WesTrac as we have successfully worked with our customers and workforce in response to a range of external events, including the COVID-19 pandemic. Through prudent risk management and adopting a flexible working environment, WesTrac continued to safely deliver the essential services needed by our customers.

We were proud to be announced in FY20 as the winner of the Best Workplace Health & Safety Initiative by the Australian Institute of Health & Safety. This award recognised WesTrac's 'Built By Us' cultural and safety transformation program, which has driven continued improvement in organisational outcomes since its inception in 2018.

WesTrac is very well placed to meet our customers' demands for the next generation of autonomous technology solutions including Autonomous Haulage, Terrain and Site Aware Technology. Building on the mining fleet win for Rio Tinto's Koodaideri, we were pleased to be selected as a partner in FY20 for the Fortescue Eliwana and Iron Bridge Projects. WesTrac was also selected by Newmont for deployment of an autonomous mine solution for its Boddington Gold mine, which will see the delivery of a new fleet of 793F trucks along with autonomous conversion of some of their existing fleet.

In FY20 we became the first dealer in Australia to introduce the Electric Drive XE range of large wheel loaders. We also made further investment in our machining capacity, including the expanded use of robotic material technology, and worked extensively with our customers on the Elimination of Live Work. Using cutting-edge technology and innovation, we have successfully found over 70 practices that can now be conducted safely outside of the footprint of live machines.

During FY20 we continued to invest in our distribution footprint to ensure customer demand for parts and service could be met when and where required.

After the successful launch of our Casula branch in NSW in FY19, we further extended our Sydney branch network to meet the needs of our many construction customers in the Sydney Basin, continuing to grow our share of this important market during FY20.

In Western Australia we commenced a range of facility expansion projects to provide additional capacity in all metropolitan facilities and a number of our regional branches. These enhancements will further improve product support and parts capacity to meet growing customer requirements. We also launched 'Click & Collect' in Western Australia following the success of the New South Wales launch in FY19.

Looking ahead to FY21, WesTrac remains in a strong position to meet the growing needs of our customers across many sectors and remains committed to being our customers' first choice in equipment solutions.

Case study

Deploying industry-leading technology and capability.

The WesTrac Technology Training Centre in Collie was completed in late June 2020 and is a major step for the future of the WA resources sector. The facility is the first of its kind, the only site outside of CAT's proving grounds in Tucson, Arizona.

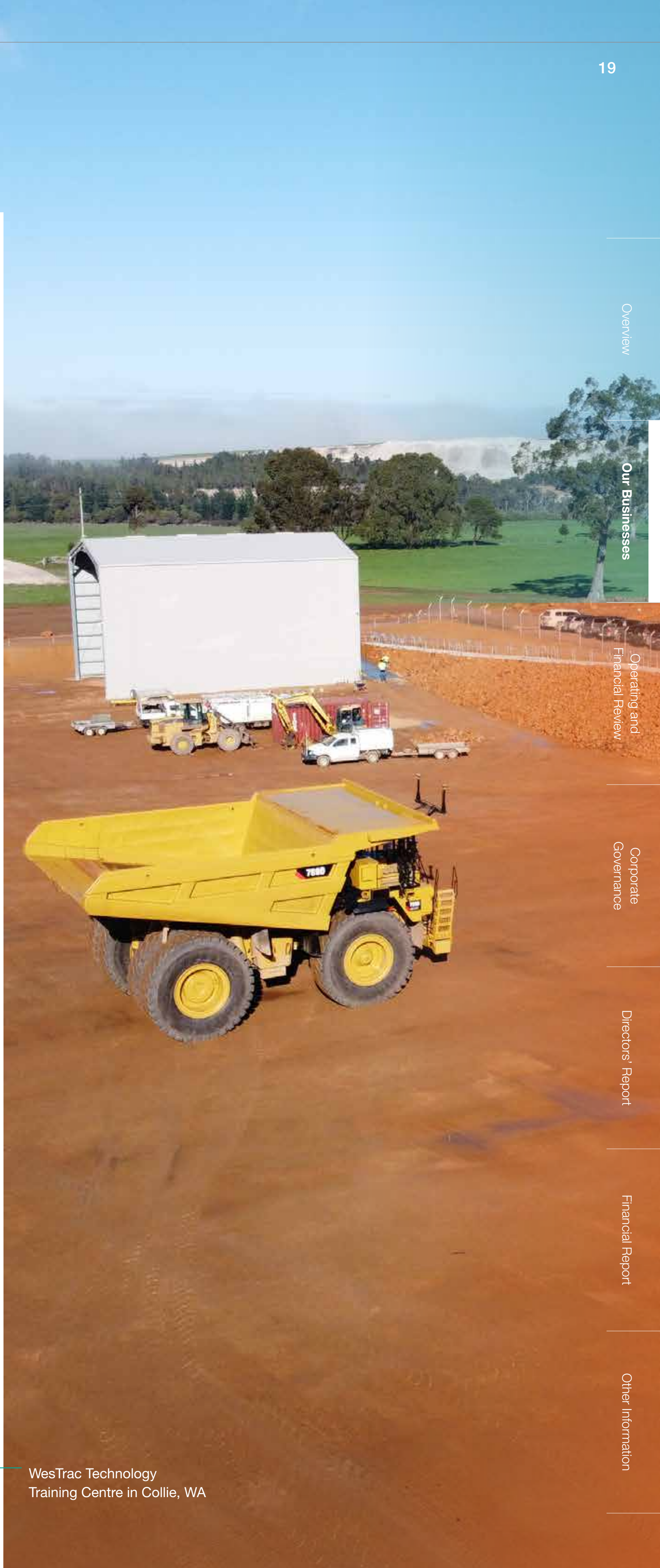
Working with the State Government and the local community, the facility spans 13 hectares with an initial two classrooms and a specially designed calibration and test pad to allow the full operation of an autonomous Caterpillar 789 truck.

More than 200 people a year are expected to graduate from the facility, where they will participate in an eight-day course blending classroom theory with practical experience installing, repairing and operating autonomous machines.

The facility will be critical to training the technicians of the future and the local workforces required to keep autonomous fleets operating. The visitors that the facility will bring to Collie and the region will be an added boost to the local economy.

"We are proud of the way our people have engaged right across the business to improve our safety performance."

Greg Graham, Chief Executive
WesTrac NSW/ACT



WesTrac Technology
Training Centre in Collie, WA

Industrial Services
Coates Hire

"We are driven to support our customers with an ethos of 'we don't know how good we can be'."

Murray Vitlich, Coates Hire CEO

$974.7m

↑2%

Revenue

$203.7m

↑1%

Underlying EBIT

Coates Hire is Australia's market leader in equipment hire, operating across a range of markets including engineering, mining and resources, infrastructure, manufacturing, construction, agriculture and major events. In FY20, we celebrated 135 years of commitment to supporting our customers who help build Australia.

With a national footprint of over 160 branches, more than one million pieces of equipment and over 1,900 employees, we provide a compelling suite of service offerings to our 18,700 customers. This increasingly includes custom-designed solutions for specialist product areas such as shoring, propping, traffic, events, water and wastewater management.

FY20 has been a year like no other for Coates Hire. The Australian bushfire crisis directly impacted our operations across NSW and Victoria, and our teams worked tirelessly in many communities to provide equipment, facilities and volunteer support during their greatest time of need. The COVID-19 pandemic presented further challenges, requiring operational adjustments while working harder than ever under restricted conditions to service our customers and assist them to operate safely.

This year we also embarked on a cultural change program to help unlock the potential within Coates Hire. 'We don't know how good we can be' is intended to be a rallying call to inspire our people to be better, to be more productive, and to better support customer opportunities.

FY20 Highlights

While the unprecedented challenges of FY20 were extraordinary, it was our team's strength, resilience and commitment, operating through our business continuity plan, that enabled Coates Hire to continue to service major infrastructure and mining customer projects across Australia. These included Western Sydney Airport, Snowy Hydro 2.0 and the Sydney Metro in NSW; the Westgate Tunnel, Outer Suburban Arterial Road program and Melbourne Metro Rail Tunnel in Victoria; the Cross River Rail and Carmichael Rail projects in Queensland; and major iron ore projects including Eliwana, South Flank and Koodaideri in WA.

In FY20 we invested $225 million of additional capital to refresh and grow our fleet, which at over $1.8 billion remains three times larger than our nearest competitor. Our world-leading technologies, such as our digital workplace tool myFleet and our Price Guidance Tool, have helped us efficiently manage our fleet and the customer offering. The evolution of our IoT platform will continue to drive a competitive advantage and enhance our customers' experiences.

Coates Hire's world-leading engineering capabilities, combined with hiring fit-for-purpose equipment, has created a point of competitive differentiation. Our Engineering Solutions team delivered outcomes in FY20 for our customers in many areas including structural propping support, basement construction support and sheet piling with hydraulic shoring, dewatering, water treatment, pump diversion and by-pass for civil and infrastructure projects.

In FY21, the Coates Hire brand will evolve with the launch of Coates Solutions, which will further showcase and highlight our ability to offer complete end-to-end solutions across engineering and industrial services.

The launch of a new company strategy to be the market leader in *safe, smart and sustainable equipment solutions* builds on Coates Hire's proud 135 year foundation and will guide the growth and transformation of the organisation for the next five years and beyond. The company values relaunch reinvigorated our culture to ensure Coates Hire continues to thrive for the employees, customers, partners, shareholders and communities who rely on us.

Case study

There when the community needed us.

Coates Hire was at the heart of the Australian bushfire crisis effort, supporting emergency services and essential services with equipment and supplies to help regional communities in need.

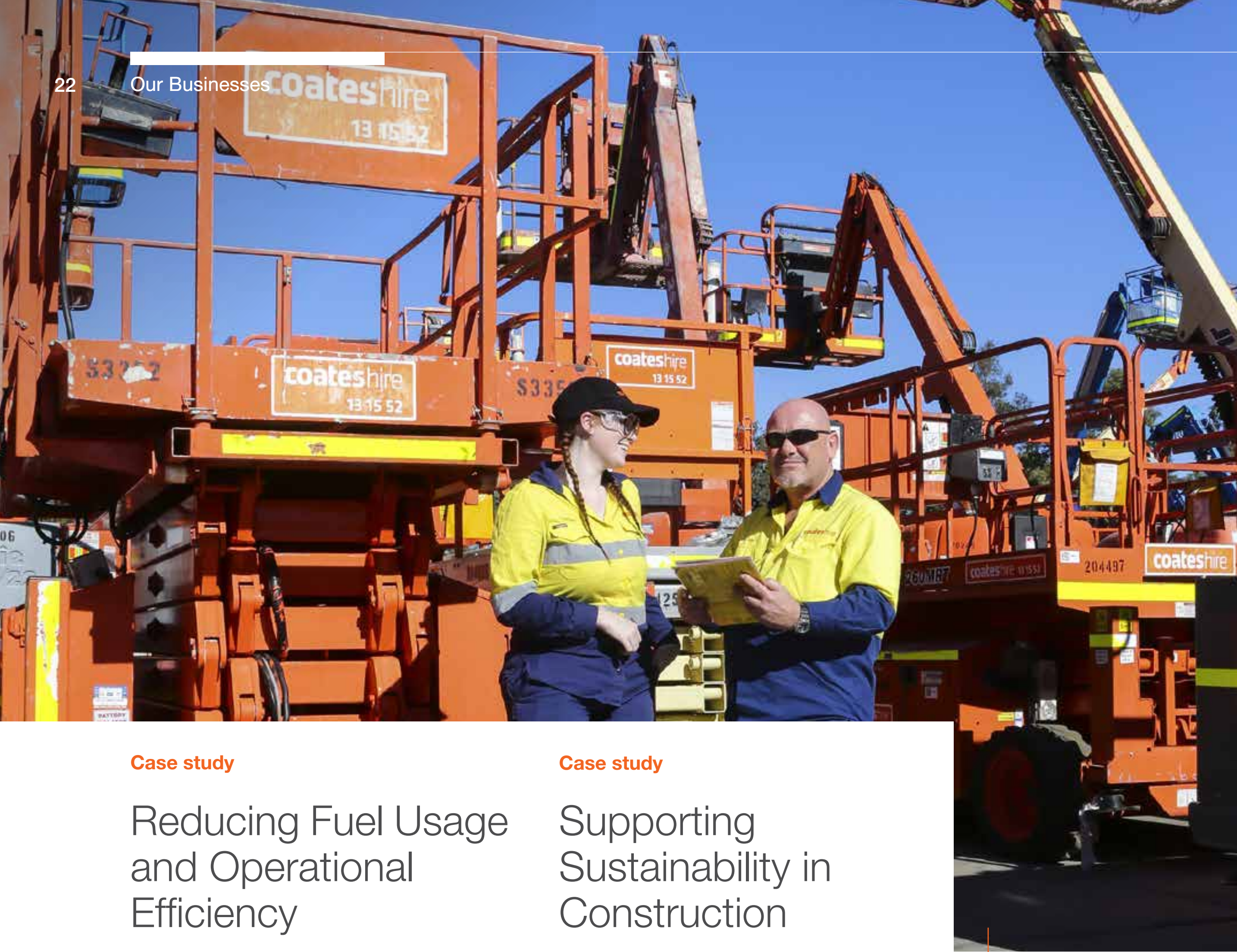
The main hub of Coates Hire's operation was established in Cooma's Emergency Management Centre. Here the team partnered with the Rural Fire Service to provide solutions to fire affected areas and emergency ground support and equipment to BlazeAid and the Minderoo Foundation for impacted communities, and worked with customers such as Essential Energy, local land agencies, waste treatment facilities, local councils, NSW Fire and Rescue and Snowy Hydro to provide essential services across the entire region.

"I grew up in this area and shared this extreme experience with my colleagues. It was life changing for us all. Towns such as Tumbarumba and Tumut lost complete industries on the evening of the fourth of January. While working to return essential services to these remote communities, we also provided emotional support to devastated families when no one else was around – they just needed to talk."

"Our team worked tirelessly, and the company's support was outstanding. The Australian spirit was strong. To see people who had lost absolutely everything helping their neighbour in life threatening conditions was inspiring and will stay with me forever."

Andrew Cheney, Coates Regional Manager – South Inland/South Coast.

Monique Hague-Smith (Apprentice) and Christopher Slack (Electrician) at the Belmont Workshop



Tahleaa Polley Senior Sales Co-ordinator and Peter Vatrano Fitter Mechanic from Coates Hire Moorebank branch.

Case study

Reducing Fuel Usage and Operational Efficiency

As a company operating in the heavy industry space, managing energy use and reducing greenhouse gas emissions are key components of the Coates Hire energy strategy. Coates Hire subscribes to the National Greenhouse and Energy Reporting (NGER) Act and is required to report carbon emissions annually as our energy usage is above the reporting threshold of 200 terajoules of energy.

The use of renewable energy continues to play an important role in Coates Hire's energy mix with selected sites having solar panels installed. Additional renewable energy solutions continue to be explored and will be a focus in FY21.

Examples include installation of automated gate systems for Coates Hire sites which are 100 per cent solar powered, providing a green solution to access control and asset security. This not only reduces expenses, but also allows the gate to continue operating during a power outage.

Case study

Supporting Sustainability in Construction

As the leading supplier of hire equipment to many industries, including mining and construction, Coates Hire strives to be a market leader in environmentally sustainable practices. Coates Hire supports our customers and guides our suppliers towards excellence in this area.

This has included:

- reducing emissions and improving the efficiency of transport activities. Coates Hire has implemented and has embedded its Transport Management System. This technology allows Coates Hire to better plan and utilise fleet, working more efficiently and sustainably.
- the Silver Service Maintenance Program which has helped Coates Hire to regularly and effectively service its fleet of over one million hire assets, enhancing the performance of equipment and reducing emissions.
- supporting the delivery of sustainable site accommodation solutions. Many of Coates Hire's major clients have now built this requirement into their tenders. Coates Hire is part of an industry working group in NSW exploring industry-wide sustainability standards to improve temporary site accommodation.

Industrial Services
AllightSykes

"We partner with customers to deliver leading lighting and dewatering products engineered in Australia."

Gus Elliot, AllightSykes CEO

$89.0m

↑15%

Revenue

$(3.5)m

↓>100%

Underlying EBIT

A proud Australian company designing and manufacturing locally and distributing globally, AllightSykes is a market leader in mobile lighting, dewatering and power solutions.

The Allight and Sykes brands have large installed bases across Australia, Africa, South America, United States of America, Canada, South East Asia, and the Middle East. Our Australian engineered and manufactured products are built to operate in some of the harshest conditions around the world, providing major mining, rental and construction companies with high reliability and lowest cost over their lifecycle. We specialise in customised solutions for challenging and changing working environments, providing flexibility and agility to meet all expectations.

Del Batey, Assembler, working in AllightSykes' Landsdale workshop.

In Australia, we are the driving force behind Perkins engines, and in Australia and New Zealand we are the driving force behind FG Wilson generators.

FY20 Highlights

In FY20, AllightSykes continued to drive success in supplying lighting towers, pumps, gensets and engines to the local and global mining and construction sectors, with our capital equipment sales growing by more than 15 per cent. The resilient demand for our products from mining communities in Australia, Africa, Indonesia and South America is a testament to the strong reputation AllightSykes products have in tough working environments.

We continued to work with our customers to develop products to meet their specific needs. In the mining sector, we worked closely with a major customer to support their aspiration to achieve zero diesel by 2030 by developing electric-driven, highly efficient Sykes pumps. In the equipment rental sector, we worked with our customers to develop a more fuel-efficient lighting tower that will be available to the market in FY21.

In FY20 the management team impaired aged inventory and work in progress which resulted in the business incurring an underlying EBIT loss for the year. In FY21 we look forward to continue growing our global presence and delivering unique customer value.

Energy

“The Australian East Coast gas market continues to provide attractive opportunities for SGH.”

Margaret Hall, SGH Energy CEO

$3.2m

↓51%

Revenue

$126.6m

↓19%

Underlying EBIT

Beach Energy and SGH Energy provide attractive exposure to strong long-term gas fundamentals.

FY20 saw a number of challenges in global energy markets, with oil prices reaching record lows and LNG oversupply coinciding with a broader slowdown in economic growth. In the local Australian market, impacts on commercial gas usage due to the COVID-19 pandemic related shutdowns were partially offset by increased residential gas demand.

Beach Energy, led by Matt Kay, has a strong leadership team that met the challenges in global energy markets during FY20 with rapid and decisive action. Beach’s position as a low-cost operator with a flexible growth strategy and a strong balance sheet supported the continued strong financial performance of the business.

Beach’s diversified asset portfolio across five basins provides a robust and stable revenue base with production sold into three distinct markets in East Coast, West Coast and New Zealand. Beach’s growth over the past three years has transformed the business into a primarily gas-focused operator with an estimated FY20 production mix of 55 per cent gas and 45 per cent gas liquids, of which 33 per cent is oil and 12 per cent is condensate and LPG.

Approximately 53 per cent of Beach’s revenue is supported by contracts with fixed price or downside protection mechanisms, therefore providing a level of revenue certainty. The revenue generated by the gas business covers all of Beach’s stay-in-business costs, with limited exposure to movements in spot gas prices.

The Group’s 28.5 per cent investment in Beach delivered a contribution of $130.6 million towards FY20 Group EBIT, down 18 per cent on the prior year. The value of the Group’s investment in Beach as at 30 June 2020 was $988.8 million, however it is noted that the book value of $880.6 million on the Group’s balance sheet reflects our historical equity accounted value.

The Group’s wholly owned SGH Energy business continued the process of bringing its own gas assets to production. The Crux Project, operated by Shell Australia, made significant advances during FY20 as the project moved through the Front-End Engineering and Development phase and into preparation for the construction phase of the project. Amid current market uncertainty resulting from the COVID-19 pandemic, the timing of the Final Investment Decision originally targeted for mid-2020 was reviewed and has been deferred by at least 12 months. Crux remains the primary backfill project for the Prelude Floating LNG facility and the Group’s 15 per cent interest is a significant value opportunity for SGH Energy.

SGH Energy’s wholly owned Longtom project continues to face attractive Australian East Coast gas market fundamentals for the re-start of production and the development of further resources from its permit area in the Gippsland Basin. Access to infrastructure for transport and processing of Longtom’s gas and condensate is the primary focus to achieve re-start, with various alternatives and arrangements being pursued. Significant regulatory activity and engagement has been undertaken on updating the Environment Plan, Safety Case and securing the Production Licence terms for the next phase of the project through FY21.

Looking forward, the global longer-term LNG outlook remains positive, with coal-to-gas switching driving growth in Asian demand and the effect of LNG investment delays that were caused by recent disruptions potentially exacerbating the forecast longer term supply-demand gap.

The local gas supply-demand outlook for 2021 – 2031 published by the Australian Energy Market Operator reinforces the supply-constrained nature of the market going forward and the need for ongoing investment and development in local gas resources for the reliable supply of energy.

Spudding the first well at Beharra Springs, Perth Basin

Case study

Beharra Springs recycling supports local community

Beach Energy's Beharra Springs Gas Facility took an innovative approach to supporting the local Dongara community, where its operations are based.

Over the course of the year, the Beach team at Beharra Springs was able to raise around $0.1 million through the recycling and sale of scrap steel that emerged from the facility's maintenance program.

In line with Beach's focus on making a positive contribution to the communities in which it operates, the money raised from the scrap metal was donated to Dongara Men in Sheds, and a subsequent partnership has been formed with the community organisation.

This partnership will see funds go towards supporting the work of Dongara Men in Sheds, including a new forklift for the organisation and additional support for a number of other local initiatives including:

- purchasing of much needed equipment for the local volunteer fire service;
- enabling the Dongara medical centre to purchase new equipment; and
- supporting the Irwin historical society to help with repairs to historical buildings in the township.

Media

“The transformation of our business continues to gain momentum, despite market challenges. Our resolute focus on execution of our strategy is delivering results and I am confident we are strongly positioned for the future.”

James Warburton, Seven West Media MD & CEO

$48.1m

↓25%

Underlying EBIT

Seven West Media (SWM) is one of Australia’s leading media companies with Broadcast Television, Digital and Publishing assets. In FY20, SWM has defined a strategy focused on content-led growth, transformation, and working down debt.

The COVID-19 pandemic has been highly disruptive to the media sector, with productions delayed, and postponement or cancellation of sporting events including the Olympics and a significant decline in advertising revenue during the year. Despite these challenges, we accelerated the implementation of transformation initiatives and executed temporary measures to partially offset the effect on their business.

Seven’s content remained competitive through the year with Seven winning 52 per cent of weekly hours through 2020 driven by our consistency in market-leading News and Current Affairs programming with 7NEWS, Sunrise and The Morning Show. Seven’s primetime entertainment slate has been refreshed from June 2020, with six external commissions to be launched in FY21 aiming to broaden the appeal to audiences and advertisers with a richer demographic profile.

Sport, led by the AFL, is a key pillar in Seven’s content strategy. Strengthening this position, we secured an extension on the AFL rights to 2024 during the financial year and re-negotiated a lower fee for the existing rights, delivering a saving of $87 million over the contract from 2020 to 2022. Discussions on other existing rights remain ongoing.

7Plus secured the leading position in the broadcast video-on-demand market in the fourth quarter, driven by the breadth and depth of its content as well as the strong performance of Big Brother.

The West is accelerating its digital and diversified revenue strategy with paywall subscriber tracking well, and will continue to transform the business through FY21.

In total, $170 million of gross cost actions were implemented through every area of the business in FY20, including a 20 per cent reduction in headcount. Seven now has its lowest cost base in 13 years and lowest headcount in 17 years. During the year we also completed asset sales delivering $150 million in proceeds to work down debt, with processes on other assets underway. SWM’s debt facilities have been restructured to ensure access to liquidity while transformation is undertaken.

Transformation remains an ongoing priority for SWM in FY21, as well as the launch of the new entertainment schedule. The actions implemented this year strongly position SWM to improve ratings and revenue share as well as capitalise on any market recovery.

Other investments

SGH also invests opportunistically in businesses that have medium- to long-term tailwinds in sectors we have a strong understanding of, and where we believe the business can generate attractive returns on investment with the support of the Group.

Our recent investment in Boral is illustrative of this – Boral's exposure to infrastructure spending and construction, particularly across the non-residential sector, is one that the Group is familiar with through our ownership of Coates Hire and of WesTrac. We believe that Boral's management and Board can benefit from SGH's support as Boral looks to return the business to a more optimal state of performance.

The Group's total listed portfolio at 30 June 2020 had a book value of $705.8 million. We continually assess the underlying businesses that form our investment portfolio and regularly review new opportunities that may be priced below our assessment of intrinsic value, with the aim of positioning the Group to act and drive shareholder returns over time.

The Group also holds legacy property assets which we will look to develop or realise over time. These include the Kings Square 6 and Kings Square 7 developments on the site of the former Perth Entertainment Centre as well as the Dianella residential development on the site of the former Seven television studios in Perth.

$3.9m

↑86%

Revenue

$18.4m

↓14%

Underlying EBIT

The Sunrise team continues their ratings dominance of breakfast television.

Other media investments

The Group also has an investment in funds managed by China Media Capital (CMC) Group. CMC is a leading equity investment group in Greater China with a focus on investing in the media, entertainment, internet, mobile, lifestyle or related industries and primarily targets the Chinese consumer markets.

Fund 1 is in the exit phase of the fund lifecycle and Fund 2 is near fully invested and beginning to exit some of its investments, with the terms of the partnership expected to end during 2024 and 2026 respectively (but subject to extension or early termination of the fund).

The Group has committed capital of US$100 million across the two funds as a limited partner. During FY20, the Group has received distributions from the portfolio of $29.9 million and has a book value attributed to its investment of $147.8 million.

To date, Fund 1 has returned back more than the Group's capital commitment with four of 15 investments in the fund fully exited. As with the nature of such investments, current realised distributions booked in FY20 are not necessarily predictive of future realised gains.

Strength in Diversity

The diversity of our people enables us to innovate and create better experiences for our customers and the communities in which we operate.

To continue to evolve and be successful in a rapidly changing environment requires a diverse workforce, providing different perspectives critical to innovation and continuous improvement. The diversity of our employees is an essential element in achieving our objective of maximising returns to stakeholders through sustainable long-term value creation.

Gender Diversity

Gender diversity continues to be a key focus across the Group and progress on improving female representation at all levels remains a priority. Over the past year, the proportion of females in management roles has increased 11.7 per cent. There has also been an increase in trades-based roles, with females representing more than 20 per cent of all new apprentices and higher female representation in semi-skilled roles through the 'train to task' program at WesTrac. In addition, recognising the need for more women in trades, Coates Hire's internal training centre provided training and certification for 48 women in high risk work courses including forklift and elevated work platforms.

From a policy perspective, improved flexible working arrangements and updated parental leave policies are providing enhanced benefits for our employees. There is wider acceptance of flexible work arrangements as a result of the COVID-19 pandemic and we will continue to evolve our practices in support of an open and inclusive culture that values diversity.

SGH is committed to ensuring gender pay equity across its businesses. Progress on pay equity continues through ongoing reviews of the gender pay gap and additional budgets to address pay equity issues during annual salary reviews.

Indigenous Workforce

The diverse nature and locations of our businesses provide an opportunity to make a meaningful contribution to improving indigenous workforce participation. In addition to partnering with indigenous employment agencies such as Six Season Resources and improving cultural awareness, we have also established the foundations of a traineeship program with the Nudge Foundation to focus on partnering with the indigenous community to place young people into roles and traineeships.

WesTrac continues to support the Carey Bindjareb Program in Western Australia, providing Aboriginal and Torres Strait Islanders engaged in the criminal justice system industry training that leads to careers in mining and civil industries.

In FY20 Reconciliation Australia endorsed the Coates Hire Reflect Reconciliation Plan which provides a framework for Coates Hire to support the national reconciliation movement for Aboriginal and Torres Strait Islander peoples and communities.

Former Defence Personnel

Through a partnership with a specialised recruitment agency, WesTrac has employed former Defence Force personnel, supporting their trade upskill program with bespoke training dependent on their prior learning and experience. This work will continue beyond the current year to provide further opportunities for veterans following their service.

Case study

Gary, Torque Tooling Manager & Alan, Storeperson

"When Alan first started with us in 2005 through an employment company for people with disabilities, he was only here for a couple of hours a week. Every time he got an extra day he'd say to me 'I can't wait until I'm doing five days a week' and when he got five days a week he said to me 'I can't wait until the weekend!' I wish I had about 20 of Alan's calibre because he works non-stop, never complains and is a great team member. In the 13 years he's been here he's never had a sick day!"

"Yes, I'm very happy with where I'm at. I'd like to continue working here for a very long time – until I retire."

Case study

Emma, Fitter Mechanic Relief

"When I was three, a rock struck my face resulting in permanent loss of vision in my right eye. Throughout school I was teased for being different, being unique, but everything changed when I started studying to become a mechanic.

Coates Hire was my first interview for a job in the real world, and they took me on as an apprentice diesel mechanic in 2012. It was pretty overwhelming to begin with, but my work mates were quick to fix that with their support and reassurance. After three years they offered me a position, I was quick to accept as I knew I belonged here, the team have always appreciated me for who I am and the friendships I've made will be for life.

No one should stop chasing their dream simply because of what makes them unique."

Operating and Financial Review

Financial performance

	Underlying trading performance[(a)]		add: Significant items[(b)]		Statutory results	
	2020 $m	Restated^ 2019 $m	2020 $m	Restated^ 2019 $m	2020 $m	Restated^ 2019 $m
Revenue	4,562.6	4,084.0	–	–	4,562.6	4,084.0
Other income	62.7	53.5	–	–	62.7	53.5
Share of results from equity accounted investees	151.7	208.4	(71.1)	(179.3)	80.6	29.1
Gain on conversion of convertible note	–	–	–	28.9	–	28.9
Impairment of equity accounted investee	–	–	(162.3)	(106.8)	(162.3)	(106.8)
Impairment of producing and development asset	–	–	(116.7)	–	(116.7)	–
Expenses excluding depreciation and amortisation	(3,772.4)	(3,346.1)	(8.1)	–	(3,780.5)	(3,346.1)
Profit before depreciation, amortisation, net finance expense and tax	**1,004.6**	**999.8**	**(358.2)**	**(257.2)**	**646.4**	**742.6**
Depreciation and amortisation	(264.7)	(271.9)	–	–	(264.7)	(271.9)
Profit before net finance expense and income tax	**739.9**	**727.9**	**(358.2)**	**(257.2)**	**381.7**	**470.7**
Net finance expense	(150.1)	(160.7)	–	(1.0)	(150.1)	(161.7)
Profit before income tax	**589.8**	**567.2**	**(358.2)**	**(258.2)**	**231.6**	**309.0**
Income tax expense	(116.0)	(106.4)	2.4	0.3	(113.6)	(106.1)
Profit for the year	**473.8**	**460.8**	**(355.8)**	**(257.9)**	**118.0**	**202.9**

^ Amounts have been restated. Refer to Note 1 of the Financial Report.

(a) Underlying trading performance is comprised of reported results adjusted for significant items. This is separately disclosed and reconciled to statutory performance to assist users in understanding the financial performance of the Group. Underlying trading performance measures are non-International Financial Reporting Standards (IFRS) measures and have not been subject to audit or review.

(b) Detailed information regarding the composition of significant items is provided in Note 3: Significant Items of the Financial Report.

$4.6b

↑12%

Revenue

$739.9m

↑2%

Underlying EBIT

The Group has delivered Underlying earnings before interest and taxation (Underlying EBIT) of $739.9 million for the year ended 30 June 2020, up 1.6 per cent on the prior year on a restated basis. Revenue also grew to $4,562.6 million, up 11.7 per cent.

Underlying EBIT and revenue growth were impacted by disruption from COVID-19 and reduced oil prices in the second half of the year. In April 2020, the Group withdrew FY20 Guidance due to the uncertainty around trading conditions relating to the impact of COVID-19.

COVID-19 has had limited impact on WesTrac, where mining and construction activities in WA and NSW were largely unaffected. WesTrac Underlying EBIT increased by 22.4 per cent to $371.0 million.

Coates Hire's general hire operations were impacted, with cancellation of events and delays in commencement of new residential and non-residential building projects however, this was offset by strength in the majority of market segments, with Coates Hire Underlying EBIT increasing by 1.4 per cent to $203.7 million.

The Group's investment in Seven West Media (SWM) was significantly impacted by COVID-19 due to decline in the advertising market and impact on sports content and has been reflected in a decline in share price. The fall in oil price has reduced the Group's earnings from Beach Energy and US oil interests.

Statutory net profit after tax for the year of $118.0 million was down 41.8 per cent, impacted by the $162.3 million mark-to-market impairment in the Group's investment in SWM and $116.7 million impairment of the Group's oil interests in the United States. On an underlying basis, NPAT increased by $13.0 million, or 2.8 per cent, to $473.8 million. Refer to page 30 for a reconciliation of statutory to underlying results.

AASB 16 was adopted on a full retrospective basis, and accordingly all comparatives have been restated. It is also noted that the equity accounted result for SWM was restated in the comparative year for their retrospective application of AASB 112: Income Taxes. Refer to page 111 for further detail.

Ryan Boslem, FlexiParts, Reid Road branch, Perth

Revenue and other income

Revenue of $4,562.6 million was up $478.6 million or 11.7 per cent on the prior year with growth achieved across the industrial services operating businesses.

Product sales improved $236.6 million or 25.5 per cent to $1,164.7 million, primarily due to continued growth in demand for mining equipment on the back of wins on new mining projects, strong commodity prices and Government backed infrastructure projects. The Group saw an increase in parts growth of technology and autonomous parts as well as an increase in maintenance activities by major mining customers, including some increased purchases for critical spares stockpiling by mining customers in response to COVID-19. This resulted in a 10.4 per cent increase in product support revenue to $2,412.0 million.

Hire revenue increased by 1.7 per cent to $978.8 million, despite Coates Hire being impacted in the second half by COVID-19 cancellation of events and reduction in mid-tier and trade contractor activity.

Oil and gas revenue was $3.2 million, down 50.8 per cent on the prior year, due to Bivins Ranch being impacted by record low oil prices and a reduction in volume from shutting in of wells by the operator.

Other income of $62.7 million was up 17.2 per cent on the prior year, primarily from an increase in distributions received from the Group's investment in a China Media fund of $15.8 million. This was offset by a $10.8 million fall in dividend income from the investment portfolio following the divestment of a portion of the portfolio in the second half of FY19.

The Group's share of results from equity accounted investments of $80.6 million was up $51.5 million on the prior year as the prior year was impacted by the Group's share of SWM's significant item losses. COVID-19 and reduced oil prices have had a significant impact on the Group's equity accounted investees, with SWM's underlying result down $31.2 million, or 63.9 per cent, reflecting a significant decline in the advertising market due to COVID-19, and Beach Energy's underlying contribution down 17.6 per cent on the prior year to $130.6 million, reflecting the reduction in oil price, partially mitigated by Beach Energy having the majority of revenue from long-term domestic gas contracts.

Other expenses and significant items

Total expenses excluding depreciation and amortisation increased 13 per cent to $3,780.5 million. Materials cost of inventory sold and used in production increased 16.1 per cent to $2,418.1 million, reflecting the higher cost of product inventory to supply product sales revenue. Employee benefits expenditure has increased 9.2 per cent and includes significant restructuring and redundancy costs of $7.8 million and $1.6 million relating to a $300 appreciation incentive provided to all employees for their response to COVID-19.

Other expenses were favourably impacted by the COVID-19 related rent relief concessions for branches within Coates Hire and AllightSykes of $0.4 million. The Group applied the practical expedient of reflecting the adjustment in profit or loss rather than as a lease modification.

The Group's trading results were impacted by several significant items. The Group's equity accounted investment in SWM was impaired by $162.3 million, reflecting the reduction in SWM's share price, and an impairment of $116.7 million the Group's producing and development Bivins Ranch asset in the United States of America. The Group was also impacted by share of its equity accounted investments own significant items of net loss of $71.1 million. The Group undertook restructuring programs in Coates Hire and AllightSykes during the year, resulting in $8.1 million being recorded as a significant item. These restructuring programs were part of a strategic review to right size operations and whilst not directly arising from COVID-19 these changes will assist if COVID-19 continues.

$1.39

↑1%

Underlying EPS

$473.8m

↑3%

Underlying NPAT

The Group saw a 10.4% increase in product support revenue

Statement of financial position

At 30 June 2020, the Group's cash holding was $119.8 million. Trade and other receivables have increased at June 2020, reflecting the increase in revenue. The provision for expected credit loss on trade receivables was increased slightly, reflecting the higher risk from COVID-19, however this has a limited and immaterial impact to date.

Inventory across the Group has increased $33.2 million to $836.8 million to support the increased volumes of product sales and product support. Supply chains to date have not been significantly impacted by COVID-19. The Group has increased inventory levels to help mitigate further impacts and has increased orders for critical long-lead time parts.

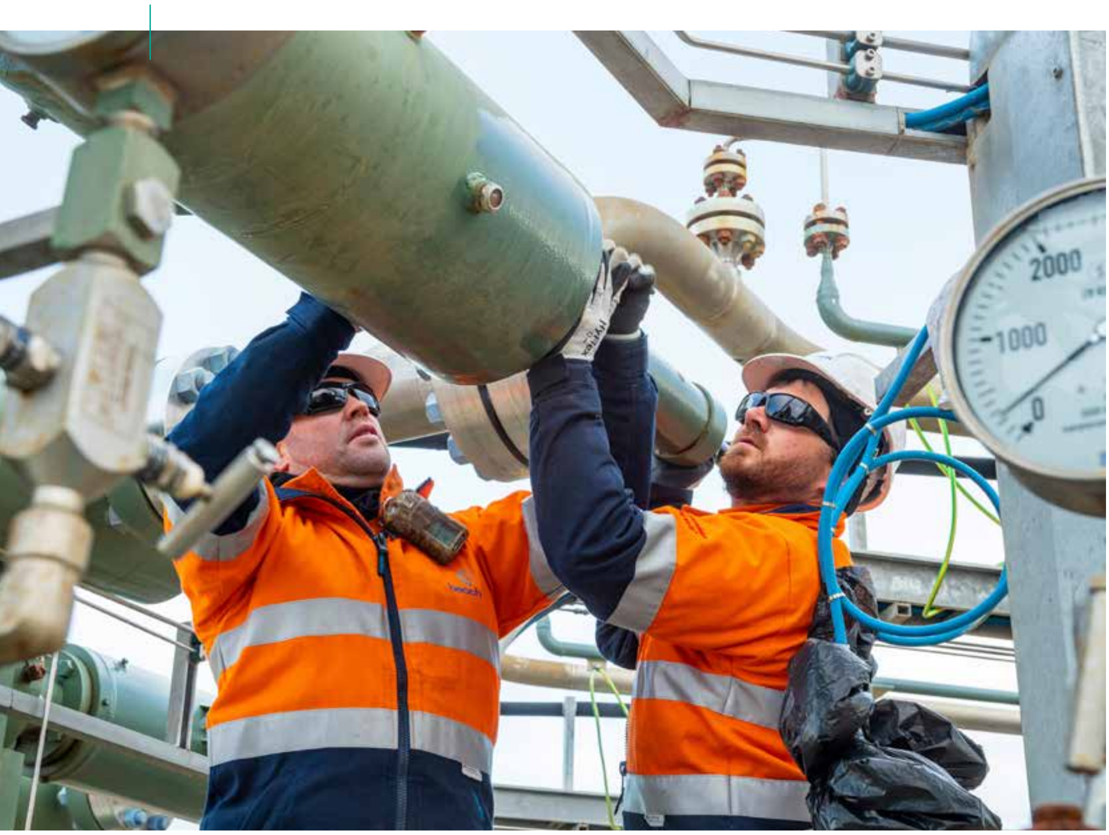
The carrying value of investments accounted for using the equity method at 30 June 2020 was $1,000.0 million, down $86.6 million from the prior year, with increase in value from the recognition of the Group's share of investees NPAT of $80.6 million and share of reserve movements, more than offset by reduction in value for dividends received and the impairment recognised of the Group's investment in SWM of $162.3 million.

Other financial assets have increased to $853.6 million. From March through to June 2020, the Group acquired 12.2 per cent of Boral Limited (Boral) for $464.4 million and subsequent to year end increased its stake to 16.3 per cent. Boral is seen as a strong brand and provides an opportunity to further build the Group's exposure to Australia's infrastructure sector. Net mark-to-market movement in the listed investment portfolio was $48.2 million and has been recognised in fair value reserve consistent with the requirements of AASB 9: Financial Instruments. The value of the Group's unlisted investment portfolio has declined following the divestment of some investments by China Media, with non-capital distributions of $29.9 million being included in other income.

Property, plant and equipment increased by $71.6 million to $981.9 million, primarily due to the further investment in new hire fleet during the year for Coates Hire.

In accordance with AASB 16: Leases, right of use assets of $636.6 million have been recorded representing the carrying value of leased assets. Lease liabilities, totalling $863.6 million at June 2020, are also separately disclosed for the Group's lease obligations.

Ash Tregea and Cameron Lumsden, Maintenance Technicians at Otway Gas Plant, Victoria



$119.8m

Group's cash holding

Producing and development assets, representing the Group's investment in Bivins Ranch and Longtom, decreased by $115.1 million to $112.2 million. As a result of a change in operators at Bivins Ranch, unsuccessful exploration drilling and partial field shut in due to low oil prices, the Group's investment in Bivins Ranch was fully impaired at 30 June 2020, resulting in $116.7 million being recorded through profit or loss and $0.3 million in exchange differences.

Exploration and evaluation assets increased by $8.8 million to $235.7 million following further capital investment in Front End Engineering and Design (FEED) for the Group's 15 per cent interest in the Crux LNG development project in the Browse Basin which is operated by Shell Australia Pty Limited (Shell). Crux now has a clear pathway to market given the Shell-operated Prelude FLNG vessel successfully commissioned and shipped its multiple cargos of LNG with key commercial terms having been agreed for processing and tolling between Prelude and Crux. Following the reduction in oil prices as a result of supply issues and demand constraints in relation to COVID-19, Final Investment Decision has been delayed by Shell for at least 12 months.

Intangible assets increased by $0.5 million to $1,624.9 million due to expenditure on other intangible software.

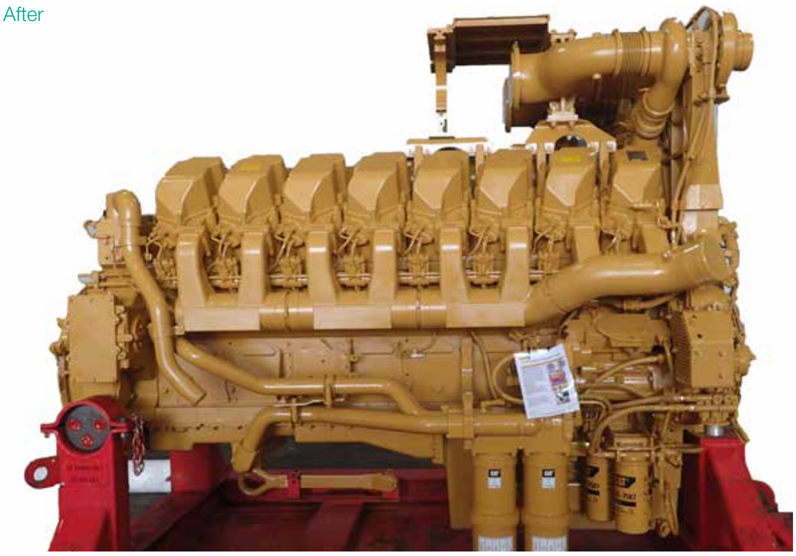
Trade payables increased on the prior year with an increase in CAT payables and payroll due to timing of year end and amounts payable for Boral shares purchased at year end. Deferred income also increased on the prior year, with growth in machine deposits and Parts Exchange (PEX) as deferred income in WesTrac.

Total current and non-current interest-bearing loans and borrowings increased $409.9 million, with higher drawdowns on the syndicated facility used to fund the Group's investment in Boral. The Group has a US$30.0 million tranche of the USPP due for repayment in August 2020.

Contributed equity decreased by $5.0 million following the purchase of treasury shares which will be used to satisfy future executive share plan obligations, offset by shares vested to employees.

Before

After



WesTrac maintains a pool of reconditioned components ready to support customers.

Net debt and capital management

Net debt increased by $368.2 million at June 2020 to $2,364.3 million. Major cash outflows during the year included the $435.2 million acquisition of Boral and Estia shares and net capex (excluding intangibles) within WesTrac and Coates Hire representing $241.9 million. These major cash outflows were offset by the Group's net operating cash flow totalling $539.6 million, compared to $468.2 million in the prior year.

The Group maintains a crisis liquidity buffer to help mitigate any potential COVID-19 impacts or to take advantage of opportunities as they arise, with access to cash and undrawn borrowing facilities of $452.0 million. The Group's listed portfolio continues to be considered a source of liquidity, with the value of the listed portfolio increasing from $196.4 million to $705.8 million.

Subsequent to year end, the Group's financing structure was further enhanced with the successful completion of a new USPP facility that closed in July 2020.

Approximately 44 per cent (2019: 52 per cent) of the Group's drawn debt is fixed or effectively hedged with the overall effective borrowing cost for the Group being 3.4 per cent (2019: 4.6 per cent), while weighted average facility maturity is 2.8 years (2019: 3.6 years), noting this will be extended to 3.7 years by the USPP that closed in July 2020.

Whilst the Group does not disclose a formal dividend policy, decisions regarding future dividend payout ratios and franking levels are made with reference to the Group's medium-term underlying profitability, Australian tax payable position, total number of ordinary shares on issue and alternative investment opportunities available. Within these constraints, the Group aims to maintain dividends per share through the cycle with a view to increasing the dividend over the long-term.

The Industrial Services businesses are well positioned for further growth.

Outlook and future prospects

The Group's future prospects are subject to the material business risks disclosed in the Risk Factors Associated with SGH on pages 36 to 41.

Whilst the Group remains resilient in the face of the global COVID-19 pandemic, there continues to be a high level of uncertainty in relation to COVID-19 and market conditions. It is therefore not considered appropriate to provide FY21 guidance at this time.

The Industrial Services businesses are well positioned for further growth. They continue to work with customers to deliver market-leading, next generation technology to support the resource and construction sectors to support any infrastructure stimulus measures needed to respond to COVID-19 and provide support to rebuild communities which have been adversely affected by the bushfires.

The Australian East Coast gas market continues to provide an attractive opportunity for the Group, with strong long-term gas fundamentals for the domestic market despite the challenges in FY20 from low oil prices.

Through continued investment in our future, providing support to our employees and communities, and being our customer's first choice, we look to further enhance our value proposition and grow our share in the industrial service and energy markets.

Risk Factors Associated with SGH

The business activities of SGH are subject to various risk factors that may impact on the future performance and position of the Group.

These risks are both specific to the Group's activities as well as general commercial and economic risks. Such risks may, either individually or in combination, affect the future operating and financial performance of the Group and the value of SGH shares.

Risk Management Framework

The Board has established a risk management framework to actively identify, monitor and manage risks across the Group. The framework is administered by the Audit & Risk Committee, which is responsible for assisting the Board to identify and manage financial and non-financial risks.

The Committee's responsibilities are set out under "Principle 7 – Recognise and Manage Risk" in the Corporate Governance Statement.

The Committee maintains a Strategic Risk Assessment register, established in collaboration with subject matter experts throughout the Group's businesses who identify and assess the risk factors. The Committee evaluates the potential impact and likelihood of each risk occurring and ranks these accordingly. Risk controls including policies and procedures are established for each risk factor, and the responsibility to manage, monitor and report these risks is delegated to the CEOs of each business and appropriately skilled senior management. External advisors are used to assist in this process where required.

The composition of the Board has been specifically considered to ensure that relevant expertise is represented at the Board having regard to the Group's material risks. Page 71 sets out the relevant skills matrix.

Risks that are identified as material to the Group are summarised below. This information should not be regarded as an exhaustive list of all risks that affect the Group, furthermore, the items have not been prioritised.

Ricky Holmes – Lead Technician on Beach Energy's Otway Gas Plant.

Material Business Risk

Global Pandemic

The Group's operating businesses are exposed both directly and indirectly to the risks associated with pandemics such as COVID-19 which has impacted certain underlying markets, customers, supply chain, and negatively impacted macroeconomic conditions and commodity prices. There is significant uncertainty regarding the extent and duration of the COVID-19 pandemic and the extent of Australian Commonwealth or State Government action to limit the spread of infection and support for businesses during the pandemic.

Due to the uncertainty relating to the impact of current and potential COVID-19 measures, the Group withdrew its FY20 market guidance on 8 April 2020.

Key operational risks to the Group include the potential closure of locations such as branches and workshops, disruption to field services, disruption to the supply chain, closure of customer locations, and government mandated lockdown. These risks may impact customer demand and the ability of WesTrac, Coates Hire and AllightSykes to schedule and complete the work required to provide equipment and services to customers on a timely basis. The ability of customers to pay for equipment and services within agreed terms may also be impacted.

The Group and its operating businesses have Business Continuity Plans and maintain a level of crisis liquidity for events such as COVID-19. A centrally coordinated SGH Nerve Centre has been established to ensure all businesses are prepared for any eventuality. Actions taken within the businesses in response to the current pandemic have included regular Crisis Management Team meetings, working from home for sections of the workforce, including splitting of some teams into two or more groups to limit those in office locations, social distancing, reduced overlap and interaction on shift changes in workshops, centralised planning and scheduling teams to complete service work across various locations as required. To date supply chains have not been significantly impacted, the Group maintains significant inventory levels and WesTrac has increased orders of critical long lead time parts.

Essential services such as mining, oil and gas, construction and related services have to date not been subject to lockdown restrictions. As a result, the Group has experienced limited impact in WesTrac and some impact in Coates Hire to date, with events segment revenue being curtailed and recently a slowing of growth in demand in residential and non-residential building and trade hires. A future increase in COVID-19 cases could result in additional restrictions on business activities for an extended period of time.

Management has performed crisis scenario planning considering the impact of closure of business or customer locations in event of more severe lock downs and responses have been developed that may include reduction in casual and contract labour, reduction in overtime and staff hours, planned use of employee leave entitlements, accessing Commonwealth and State Government assistance where available, reduction in discretionary expenditure and capital expenditure, and consideration of short-term payment deferrals and site closures in the event of sustained lock down.

The Group has been indirectly impacted by the COVID-19 pandemic through the impact on equity accounted and other investments. Seven West Media has experienced a significant decline in revenue due to the impact on the advertising market. The advertising market has improved following an easing in restrictions but may again be adversely impacted by a reintroduction of, or higher levels of, restrictions.

Beach Energy has been impacted by the fall in the price of crude oil due in part to a reduction in global demand, especially from transport and global aviation following implementation of international and domestic travel restrictions. The recovery in oil prices will be partially dependant on the extent of the COVID-19 pandemic's impact on global demand.

Commodity Price Risk

The prices of oil and natural gas can be volatile as a result of many factors outside of the Group's control, including global supply and demand, the level of economic activity in the markets that its energy investments supply, regional political developments and military conflicts in oil and gas producing regions, the price and availability of new technology and the cost of alternative sources of energy. A material and/or prolonged decline in the realised prices of oil and gas may have a material adverse impact on the financial results and future prospects of the Group and/or the ability to fund future exploration, appraisal and development activities.

Beach Energy may be exposed to movements in gas prices as its existing gas sales agreements expire or undergo price review events and are recontracted at prevailing market prices.

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Other Information

Government legislation and policy in the energy sector, including gas reservation, hydraulic fracturing restrictions and environmental requirements, may impact the supply of oil and gas in Australian domestic markets and therefore prices in those markets.

The Group is indirectly exposed to adverse movements in the prices of iron ore, gold, copper, thermal coal and other commodities through customers that operate in these sectors. The profitability of these customers is a driver of the level of demand for the equipment, parts and service that is supplied by WesTrac, Coates Hire and AllightSykes.

Competition

The markets in which the Group's industrial services businesses operate are highly competitive. Customers have alternative sources of supply, therefore requiring competitive pricing and high customer service levels to retain market share. An increase in competition could result in a loss of market share or decrease in prices that could impact the Group's profitability.

Seven West Media competes for audience share and advertising revenues with all forms of media such as free-to-air television, newspapers, magazines, radio, outdoor advertising, pay television, direct mail, cinema and the internet, including social media and search. The Australian media industry is highly concentrated and competitive, with a number of operators competing for market share and advertising revenue through the same or alternative products. The actions of an existing competitor, the entry of new competitors into the market, and the introduction of new forms of media, may result in audience fragmentation in television and/or a reduction in newspaper readership, resulting in advertising revenue declines and lower profitability for Seven West Media. Media reform may provide an opportunity to mitigate these factors.

The demand for oil, gas and other products of SGH's energy assets may be adversely affected by competition from alternative sources of oil or gas, competition from other sources of energy supply, technological developments in energy efficiency, changes in consumer behaviour, policy shifts towards lower carbon emissions, changes to competition policy and a large number of other factors outside of the Group's control.

Customer Default

WesTrac, Coates Hire and AllightSykes have large and diversified customer bases and are not reliant on any single customer. However, there is the risk that customers may default due to bankruptcy or other reasons, including general economic downturn.

A customer's termination of, or default under, a contract with WesTrac or Coates Hire, could result in a loss of expected revenues from the sale or rental of equipment and the provision of parts and maintenance, or create legal expenses, thereby impacting the Group's financial and operational results.

Customer Demand in Mining and Construction Industries

WesTrac, Coates Hire and AllightSykes customers mainly operate in mining and construction. Demand for products and services in these industries is driven by the volume of earth and material moved. This is in turn driven by demand for commodities, stripping ratios in mining, demand for construction materials and the number and scale of infrastructure projects. Any material adverse change in these conditions may negatively impact the financial position and operational results of WesTrac, Coates Hire and AllightSykes.

Contract Risk

Work delivery in performance of contracts with customers by Business Units is subject to various inherent uncertainties. WesTrac term maintenance contracts and Coates Hire Specialist Engineering project work delivery challenges may manifest in actual costs increasing from our earlier estimates. Coates Hire Specialist Engineering may have normal contractor's liability in relation to projects and may have normal design liability for projects where design is contracted. These liabilities may include litigation against Coates Hire. Coates Hire may also provide performance guarantees and indemnities for projects and the value of these guarantees and indemnities is indeterminable in amount.

Government Policy

Changes in government, policies, taxation and other laws can have a significant influence on the outlook for the Group. In this regard, the Group has a strong exposure to both infrastructure and natural resources policy. In Australia, natural resources are regulated by State and Federal Governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine safety, toxic and radioactive substances, native title and a range of other matters. The Group faces the potential changes to permitted activity under pandemic related industry or geographic restrictions on activity.

In regards to the infrastructure industry, the Group is exposed to a variety of factors that may adversely affect its businesses or operations, regulation by various governmental authorities, service interruption due to environmental, operational or other mishaps; the imposition of special tariffs and changes in tax laws, regulatory policies and accounting standards; and general changes in market sentiment towards infrastructure assets.

Equity Market Risk

The Group's listed and unlisted investments are subject to price, liquidity and other risks associated with any investment in such assets, including the risk that distributions paid to shareholders will be reduced.

The Group's financial performance may be impacted by fluctuations in the value of its listed and unlisted investments due to numerous factors. These include changes in Australian and international stock markets and investor sentiment, domestic and world economic conditions and outlook, consumer and business sentiments, occupancy rates, inflation rates, interest rates, employment and taxation legislation and other changes to government policy, legislation or regulation.

Exploration and Production Risk

Oil and gas reserves and resources are finite and are depleted on an ongoing basis through production, with replacement only possible through the discovery of new resources through successful exploration or the acquisition of resources. Exploration for hydrocarbons is inherently risky and subject to geological interpretations and technological uncertainties. Inadequate exploration success could result in declining reserves and resources.

SGH Energy holds production rights to a number of offshore oil and gas fields. Any oil or gas project may be exposed to production decline or stoppage, which may be the result of facility shut-downs, mechanical or technical failure, climate-related events and other unforeseeable events. A significant failure to maintain production could result in lower production forecasts, loss of revenue and additional operational costs to restore production.

Free Float

The Group is controlled by a majority shareholder and, as a result, has a limited free float which typically results in lower average daily trading volumes. This can lead to greater volatility in the price of SGH shares. It is noted that the free float is within the limits required for inclusion in the S&P/ASX market indices.

Foreign Exchange Risk

WesTrac, and to a lesser extent Coates Hire and AllightSykes, is exposed to foreign exchange risk through the purchase of equipment and inventory denominated in US Dollars. As part of its pricing of equipment globally, CAT generally resets pricing annually for mining equipment and parts which is denominated in US Dollars. Movements in the pricing of equipment impacts WesTrac's cost of machines and may also affect the overall profit earned on the sale of equipment to customers which may be denominated in either Australian Dollars, US Dollars or both.

Fluctuations in the AUD/USD exchange rate could have an adverse impact on WesTrac's business, financial condition and results of operations which are reported in Australian Dollars.

The revenue generated from the Group's energy assets is partly denominated in US Dollars. The Group does not currently hedge the expected revenues from these activities, resulting in the risk of lower earnings for the Group upon conversion to Australian Dollars if there has been an adverse movement in the exchange rate.

The Group may from time to time hold cash and investments, including investments in overseas equity funds, denominated in US Dollars, exposing the Group to foreign exchange risk.

Funding and Liquidity Risk

SGH and its subsidiaries will need to refinance debt facilities as they mature over time. The ability to refinance can be impacted by many factors outside of the Group's control, including global supply of credit, level of economic activity and credit defaults, that are being impacted by the global COVID-19 pandemic discussed on page 37, and credit providers assessment of aggregated credit risk to Group and its investments. The inability to negotiate new debt facilities at similar quantum and pricing to existing debt facilities may adversely impact the performance of the Group.

Liquidity risk arises from the possibility that the Group may not be able to settle or meet its obligations as they fall due. The Group manages this risk by maintaining sufficient cash balances, liquid securities and undrawn bank facilities from a variety of lenders to ensure these obligations can be met.

The Group also has policies in place to ensure that exposure to counterparty credit risk is mitigated.

Monique Hague-Smith, Apprentice Fitter Mechanic from the Coates Hire Belmont Workshop.

Interest Rate Risk

The Group is exposed to the risk of an increase in net interest costs through the impact of adverse changes in market interest rates on the cost of debt. The Group's policy is to hedge a portion of this risk by utilising a mixture of fixed and floating rate debt facilities and through the use of derivatives including interest rate swaps and options.

Investment Risk

The financial performance of the Group will be affected by the identification, availability and execution of investment opportunities in the future. These opportunities are subject to market conditions and other factors largely outside of the control of the Group. The Group's ability to divest its investments will also be subject to these factors.

SGH holds minority interests in a number of listed companies, including Seven West Media, Beach Energy, Boral Limited, Telstra Corporation and Estia Health, as well as investments in unlisted offshore media funds and direct and indirect property assets. Where the ability to exert influence or control over an investee is limited, the return on investment to the Group may be subject to the operational control of other parties and their ability to manage the risk factors relevant to the investee.

The investment in listed company Seven West Media is equity accounted. The investment has been impaired due to a significant and prolonged decline in observable market value. The observable market value of Seven West Media is greater than the book value of net assets of Seven West Media. The impact of the global COVID-19 pandemic discussed on page 37 on Seven West Media advertising revenue and the current level of Seven West Media debt indicates a risk of potential further reductions in observable market value and potential future impairment of Seven West Media.

The Group may be exposed to the risk that a minority shareholding cannot be easily or profitably divested as a result of fluctuations in the investment's value or the liquidity in the market for such investments.

The future development of SGH's energy assets is subject to the decision making of controlling and operating partners in relation to factors such as access to processing infrastructure, approval of drilling programs and finalisation of development concepts. Development timetables could be deferred, impacting the recoverable value of the Group's energy assets.

Labour Force Risk

A growing global shortage of suitably qualified and experienced technicians and operational staff could impact the ability of WesTrac or Coates Hire to achieve their operational objectives and also result in an increase in operational costs through higher salaries required to attract and retain staff.

Employees of WesTrac, Coates Hire and AllightSykes, including permanent and casual employees, are covered by awards, enterprise bargaining agreements and other workplace agreements. These arrangements are complex and require interpretation, including in determining payments and accrual of employee benefits, are subject to change in interpretation, government regulation and periodically require renegotiation and renewal. These arrangements could result in issues which may lead to disruptions to operations and an increase in direct and in-direct labour costs.

6.6m

Record parts lines shipped by WesTrac

Supply Chain Risk

WesTrac is dependent on CAT for the timely supply of equipment and parts from their global manufacturing facilities and distribution warehouses. During periods of high demand or in the event of disruption to CAT's business there may be delays in the supply of equipment and parts to WesTrac. This has not in the past proven to be an impediment to WesTrac. Supply chain risk has been elevated due to the COVID-19 pandemic discussed on page 37.

WesTrac is also dependent on CAT to maintain product development and innovation to ensure that it has a quality product offering for its customers.

WesTrac's position as the authorised dealer of CAT equipment and parts in its WA and NSW/ACT territories is subject to the terms of dealer agreements with CAT. The dealer agreements are not exclusive and can be terminated by either party upon 90 days' notice at any time and contain provisions for automatic or accelerated termination in circumstances including material breach, insolvency and changes in control without CAT consent.

The Group's energy assets and investments rely on access to infrastructure on commercially acceptable terms in order to supply oil and gas production to customers. Failure to secure and maintain access to infrastructure on such terms, or events that result in a significant disruption to access. could result in the loss of revenue, loss of investment income or require additional costs to restore or find alternative access.

Taxation

The Group may be subject to reviews by taxation authorities from time to time in the ordinary course of business. These reviews may result in the taxation authorities taking a different view on the tax treatment of particular transactions from that of the Group, which could lead to additional tax liabilities.

Workplace Safety and Security

Employee safety is a fundamental principle in all the Group's activities. However, the nature of the Group's operations involves a variety of risks which could result in accidents or environmental incidents, causing injuries or loss of life for its workforce and the public, and could result in regulatory action, legal liability and damage to the Group's reputation.

The Group has sought to mitigate these risks by assessing, understanding and mitigating the risk factors in each of its operating businesses by implementing safety rules and safety commitments which provide direction and guidance on these critical risks.

The Group is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are overseen by health and safety specialists within the human resources departments and dedicated risk, safety and security teams within each business. Procedures relating to security at the Group's business sites are prioritised and are subject to review and continuous improvement.

Chain of responsibility legislation also extends the Group's obligations beyond existing operations to contractors and potentially their sub-contractors over whom the Group has less control.

Crime and Cyber Security

The Group is subject to risk of misappropriation of assets and information by both individuals and organisations.

The Group's rental activities necessitate the loss of physical control of assets increasing the risk of misappropriation, mitigated where possible by identity checks and obtaining security deposits before hire and on certain high value serialised equipment GPS tracking devices. The Group secures assets within its control at locations using a variety of physical measures including locks, alarms, fencing, closed circuit television and security guards.

The Group secures business and customer information using information technology security measures, including encryption, multi-factor authentication and independent security penetration testing.

Climate Change

The Group is subject to climate change risks which may be either physical with financial implications resulting from potential damage to assets, indirect impacts from supply chain disruption or transitional through changes to regulations and consumer behaviour.

SGH Sustainability Report

Strength, community and resilience.

The challenges that the Group and the wider Australian community have faced this year in relation to bushfires and the impact of COVID-19 have underlined that the Group's strong relationships with the communities in which it operates and its investment in sustainable work practices are critical to the Group maintaining strong returns to its stakeholders.

This section outlines the Group's practices in relation to the human capital management, environment, and social responsibility, principally in relation to SGH's predominant operating businesses, WesTrac, Coates Hire and AllightSykes, as well as safety and environmental practices relating to SGH Energy.

The Group's sustainability focus for FY20 has been marked by the embedding of enhanced safety and culture transformation programs within WesTrac and Coates Hire, significant activation of business continuity plans across the Group, supporting the wellbeing of the Group's people and positive community engagement.

Under its risk framework, the Group has identified investment, financial, operational, environmental and social risks which it manages and mitigates. More details concerning these risks are located on pages 36 to 40. The Group's sustainable business practices are set out on pages 42 to 55. For more information on the Group's risk management framework refer to Principle 7 – Recognise and Manage Risk of the Corporate Governance Statement.

WesTrac
Safety and human capital

WesTrac remains committed to the highest standards of employee safety, environmental stewardship and quality control. WesTrac places a premium on employee support and development and is continuing to take steps to ensure its people have the right skills, tools and operating environment to achieve success.

Cultural Transformation

The safety culture of WesTrac continues to grow in strength with the 'Built By Us' program, which aims to build a culture which is safe, productive, enjoyable and customer-focused with all team members digging deep to make a difference. Whilst any cultural transformation is generative in nature, the green shoots of positive change are apparent with significant improvement in WesTrac's employee engagement.

At WesTrac, 'Built By Us' fundamentally means the safety and the wellbeing of our people will always come first. WesTrac promotes a mindset that all injuries and incidents are preventable and continues to drive an expectation that team members and leaders at all levels take responsibility for the management of health and safety risks that are present in the work WesTrac does.

In the broader business community WesTrac is proud to have been recognised by the Australian Institute of Health and Safety (AIHS) in winning the National Enterprise Health and Safety Initiative 2020 for the 'Built By Us' program. This accolade strengthens WesTrac's reputation as an industry leader in safety excellence. WesTrac is actively sharing its learnings across the industry and with its customers.

A Values Based WesTrac

The success of 'Built By Us' has shown positive trends across a balanced scorecard of metrics, marked by a shift in mindset and behaviour that is attributed to WesTrac's people living - and holding each other accountable - to WesTrac's 'SPARC' Values (Safety, Pride, Accountability, Respect and Customer). WesTrac team member, Luke Chilvers, came up with a great idea to have our values literally carved into reclaimed stone and located across our branch network, to serve as a constant reminder of WesTrac's commitment to SPARC Values.

Safety Performance

WesTrac has improved its safety performance with a 23 per cent reduction in TRIFR in comparison to FY19 and achieving LTIFR <1. Sustained improvements in this area have been achieved by increasing the capability of frontline leaders, improving the quality of risk assessments and incident investigations and by partnering with employees to design and drive safety focused initiatives. As a result, safety audit scores are improving across all work sites as leaders embrace the opportunities presented by the 'Built By Us' program.

	Jun 20	Jun 19	Jun 18
WesTrac TRIFR	6.6	9.0	10.4
WesTrac LTIFR	0.7	1.1	1.7

Business Continuity in a Crisis – Response to COVID-19

WesTrac recognises the strategic importance of robust Business Continuity Planning as an essential component of enterprise risk management. WesTrac has established and tested a robust framework and support system for the preparation, response and recovery from a critical incident or crisis. In the last year, WesTrac has raised Incident Management Teams and Crisis Management Teams in NSW and WA to ensure the businesses were able to swiftly embed key risk mitigation strategies. This has involved critical incident and crisis management training for team members and executives to ensure that they can pivot and invoke a timely response that ensures business continuity and minimise risk.

From a major industrial fire at a neighbouring facility requiring the total evacuation of the South Guildford facility to our carefully curated response to the COVID-19 pandemic, WesTrac has continued to adapt and communicate with transparency to our people and customers along with running scenarios for "most dangerous" and "most likely" case scenarios.

WesTrac adopted three core principles to manage its response to the COVID-19 crisis:

- informing and protecting WesTrac's staff from infection;
- protecting WesTrac's ability to operate its core business; and
- assisting WesTrac's customers to operate their core business.

WesTrac, like other businesses and communities, has been unavoidably impacted by COVID-19, however the impact has been limited and mitigated by prior planning and coordinated and timely action.

Eliminating Live Work

For the past two years, WesTrac has been leading the industry in a structured program to eliminate the need for technicians to enter the footprint of an operating machine in order to conduct work on it by using Bluetooth sensors, remote cameras and other technology. This program has been enthusiastically embraced by the workforce and by WesTrac's customers, with whom WesTrac is sharing its lessons. This program has been recognised with a Letter of Commendation in the 2019 Work Health and Safety Excellence Awards presented by the Western Australian Government.

Wellbeing at work – Mental Health

Inclusive and diverse work environments support employee wellbeing through positive effects on self-esteem, enhanced career achievements, greater work-life balance, social connectedness and belonging. WesTrac is committed to supporting and promoting social wellbeing by continuing to support the WesTrac Wellness Committees to deliver a comprehensive wellbeing program.

Mental Health has formed a key pillar of the Wellness program over the last two years. WesTrac has provided a holistic approach through the provision of mental health assistance, promoting mental health awareness and supporting preventative skills. WesTrac offers all employees and their families access to a free employee assistance program (EAP) which provides proactive and preventative counselling to improve personal wellbeing. WesTrac has also developed a well-established network of mental health advocates through a partnership and training schedule with 'Mates in Construction' and was proud to deliver a bespoke digital program partnered with "Healthy Minds".

WesTrac
Environment

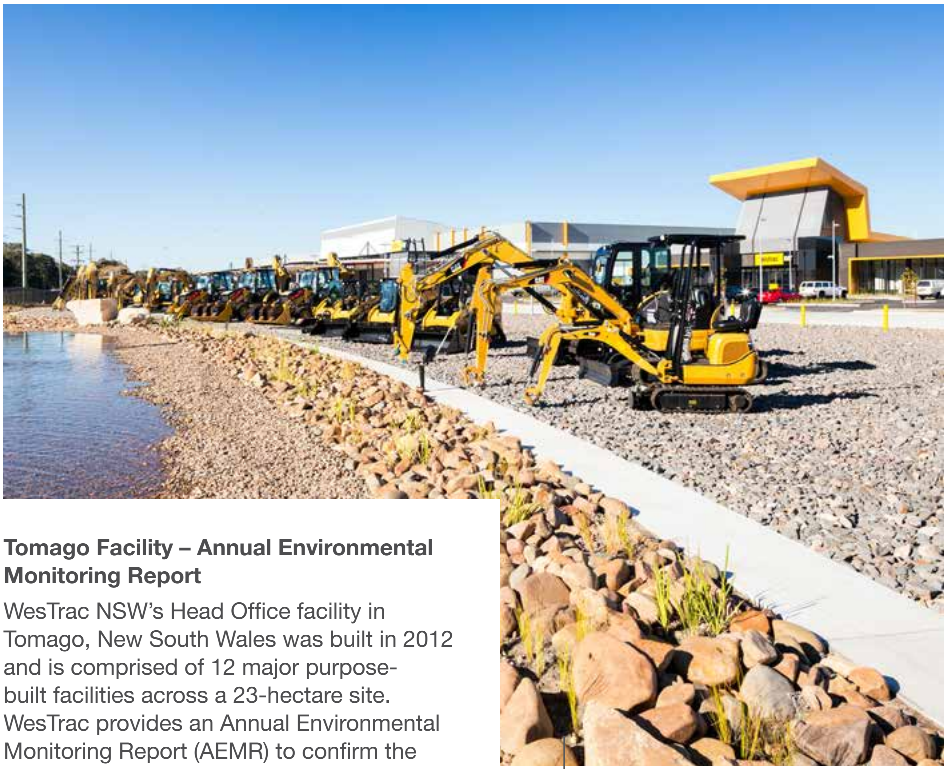
WesTrac recognises that we all have a significant responsibility to protect the natural environment for the benefit of this and future generations. WesTrac's goal is to minimise the impact business activities have on the environment around us, while balancing the economic and social needs of sustainable development and works closely with Caterpillar to achieve this aim. Caterpillar's sustainable impact can be felt at the dealership level with WesTrac, through Caterpillar's remanufacturing and rebuilding businesses, which increase the lifespan of equipment, reusing instead of discarding components, reducing waste and keeping non-renewable resources in circulation for multiple lifetimes. Caterpillar was recognised in 2019 for its continued global innovation focus, human rights policy, collaboration with suppliers to assess sustainability performance and public reporting and third-party verification of social and environmental progress.

WesTrac is committed to continuous improvement of its systems to promote environmental management. WesTrac has enhanced its environmental governance through the introduction of an Environmental Management System to support the Environmental Management Policy which aligns to ISO 14001: Environmental Management Systems. By expanding WesTrac's centralised safety and risk system called 'OnTrac', WesTrac's HSE teams continue to actively identify, assess and control environmental impacts in a consistent and systematic approach by collecting and storing key environmental metrics. OnTrac enables WesTrac to effectively track and audit environmental risks to provide a better view of environment management and to mitigate any unacceptable levels of risk.

WesTrac's facility at Tomago has a two mega litre water tank under the employee carpark which is fed by 33,000 square meters of roof space. During the 2019 calendar year, 3.1 million litres of recycled water was used at Tomago in areas such as wash bays.

WesTrac has several sustainability initiatives in action, including a program of work that aims to reduce the amount of waste sent to landfill from all parts of the business. WesTrac removes the equivalent of 11,198.5 T of CO_2 each year saving 7.3 million kilowatt hours (kWh) per year and 107,368L of water per day.

WesTrac also participates in an ongoing project to replace older fluorescent tubes with LED lights between their WA and NSW facilities, leading to an annual reduction in power consumption of four million kWh, or a continuous average energy savings of 715 kilowatts.



The WesTrac Tomago facility, located 25 kilometres from Newcastle, NSW

Tomago Facility – Annual Environmental Monitoring Report

WesTrac NSW's Head Office facility in Tomago, New South Wales was built in 2012 and is comprised of 12 major purpose-built facilities across a 23-hectare site. WesTrac provides an Annual Environmental Monitoring Report (AEMR) to confirm the ongoing compliance of WesTrac's operations at this site. The detailed document is lodged with the NSW Department of Planning with the most recent AEMR submitted in June 2020.

The major requirements of the AEMR include monitoring of water quality, downstream vegetation and water quantities for potential impacts and comparison to those levels predicted in the environmental assessment. Minor requirements include ongoing environmental incident reporting. WesTrac has several control layers in place and is committed to maintaining a high level of compliance throughout its operations via good maintenance and management practices. As a testament to WesTrac's ongoing commitment and focus on environmental sustainability, every AEMR has been accepted by the Department of Planning as satisfactory since inception of operations in July 2012.

Health and Environment Monitoring

During the past year, airborne particulate testing has been undertaken to measure airborne diesel and welding process particulates to ensure they remain within acceptable limits. The results have validated the effectiveness of current controls and WesTrac continues to investigate additional controls to further reduce further risk of harm. WesTrac conducts regular noise level monitoring, which is important not only to the long-term health of staff but also the comfort and amenity of the communities that we live and work in.

WesTrac
Social

WesTrac participates in a number of charity fundraisers each year by sponsoring teams joining events such as The Bloody Long Walk, Euroz Big Walk for Perth Children's Hospital Foundation, Oxfam Trailwalker as well as supporting events such as R U OK? Day, Movember and the Red Cross Bush Fire Appeal and Lifeblood Blood Drive.

Going PINK for a worthy cause!

Breast cancer continues to impact Australians and many of us have personal stories on the impact of cancer to our loved ones and the communities in which we live. Hayley Bidner, a valued member of the WesTrac apprentice team, has led WesTrac's GO PINK initiative in support of Breast Cancer treatment and research. WesTrac is now a proud supporter of the National Breast Cancer Foundation and to show WesTrac's support pink high visibility shirts and hard hats have been added to WesTrac's safety clothing catalogue.

Red Cross Bush Fire Appeal

WesTrac were grateful to all of its team members that were involved in responding to the fires and supporting those who have been affected. The response to the bushfire appeal was overwhelming with $47,000 raised, which was an amazing effort and one that truly demonstrates the care and compassion of WesTrac team members. The donation helped the Red Cross to support 2,000 volunteers in five states and territories, providing hundreds of emergency grants for those who have lost their homes in the bushfires. The charity will also provide ongoing psychological care for those in need and assist communities recover over the next three years. WesTrac committed to 'dollar-match' the donations made throughout early 2020 to achieve a final donation total of $100,000. This donation is additional to Seven Group Holding's and Australian Capital Equity's combined group contribution of $10 million announced earlier in the year.

WORK180 Endorsed

WesTrac is proud to recently be endorsed as a WORK180 employer for diversity and inclusion. WORK180 is an advocate for working women, providing job applicants with a transparent directory of endorsed employers who support diversity, inclusion, and equality. Before an employer is endorsed, it is subject to a pre-screening process and on average, only about 80 per cent of companies who apply to work with WORK180 pass WORK180's criteria. WORK180 provides WesTrac with a platform to focus on attracting female job seekers, demonstrating its genuine commitment to supporting women at work.

Diversity and Inclusion

WesTrac celebrates equal roles with equal opportunities. WesTrac is committed to supporting, promoting and respecting diversity and inclusion through the business. The WesTrac International Women's Day 2020 Event doubled as the official launch of the WesTrac Diversity & Inclusion Committee as WesTrac celebrated International Women's Day with a live streamed event where guest speakers talked about diversity, inclusion and equality in the workplace.

Beehive aviary at WesTrac's Head Office facility in Tomago, NSW.

Case study

Environmental regeneration project on vacant land

In 2019, WesTrac announced plans to build an apiary with a number of beehives on open land to the south of the Tomago Head Office facility. The goal of this project is to assist with environmental regeneration of the land surrounding its NSW head office. Since installing the apiary the bees and the hives have been growing. Now most hives have a second storey added and this is where the bees will start laying down honey.

WesTrac has kept engaged with this project through an education program with staff around the important role bees play in sustainability and social responsibility. WesTrac has also hosted a number of informative talks and sampling of the sustainably produced honey.

Coates Hire

Safety and human capital

Coates Hire continues to focus on transformation, capability shift, employee engagement, diversity and inclusion, each of which are key foundations of the Coates Hire culture. The capability and strength of Coates Hire's team continues to differentiate it from its competitors. Coates Hire's long-term success relies on ensuring it has the right structure in place to support its future growth and its ability to attract and retain top talent.

During the year, Coates Hire continued to build on the work of the DuPont Culture and Safety Program, renewing its commitment to maintain a workplace that safeguards the health, safety and wellbeing of our employees, customers, visitors and members of the communities in which it operates. Supporting this is our Group Health, Safety, Environment & Quality (HSEQ) Strategy which guides our priorities based on the pillars of Safety, Environment & Sustainability, Leadership, Culture & Capability, Health & Wellbeing and Risk Management which will lead Coates Hire through the next phase of its cultural transformation.

Safety Performance

Coates Hire recorded improvements in FY20 in its key safety metrics down on the prior year and below FY20 targets.

	Jun 20	Jun 19	Jun 18
Coates Hire TRIFR	6.7	13.3	19.6
Coates Hire LTIFR	0.7	1.4	2.3

These lag indicators demonstrate a continued focus on reduction in harm through several initiatives including a renewed focus on risk awareness training, workplace inspections, risk reviews, high potential incident investigations and introduction of an early intervention program for musculoskeletal injuries.

Business Continuity in a Crisis – Response to COVID-19

The impact and challenges of COVID-19 were unprecedented. Coates Hire's ability to adapt quickly enabled it to respond with minimal impact on our people, operations and customers. Keeping the operations running and people engaged, productive and safe was the ultimate priority.

Coates Hire's business continuity and crisis management plan ensured it continued operating as an essential service and transitioned quickly to the 'new' way of working where office employees worked from home and operational employees continued to service customers, with social distancing and hygiene measures in place.

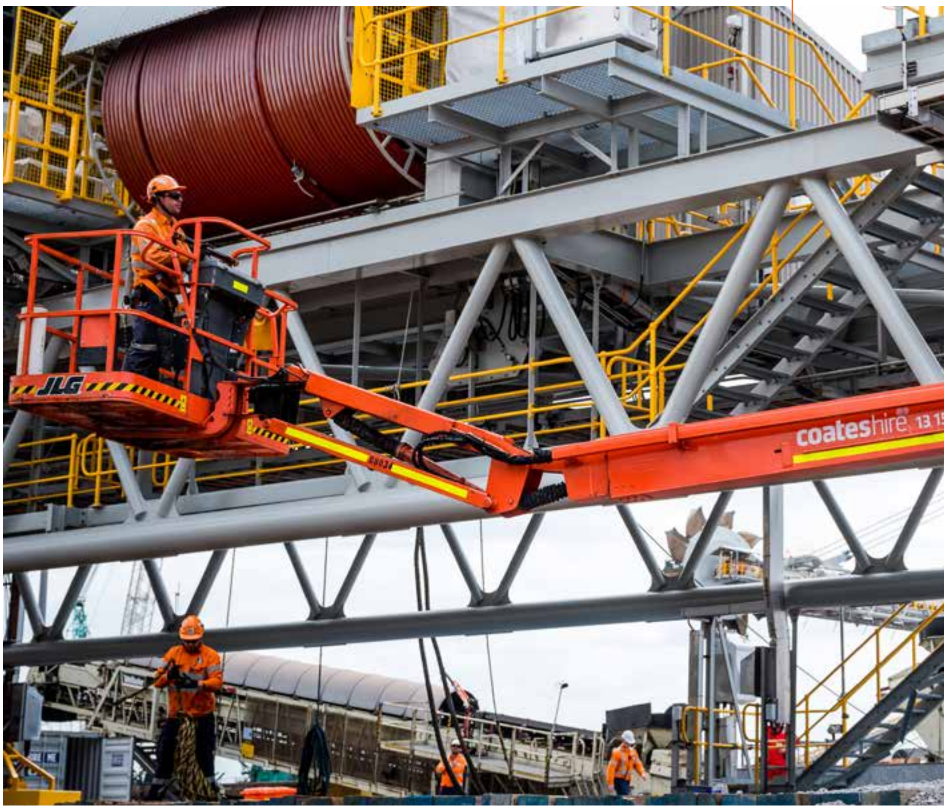
Coates Hire took immediate action to support the health, safety (physical & psychological) and wellbeing of its employees and their families by providing equipment to support them working from home and engaging Direct Health Solutions (DHS) to provide a COVID-19 assistance hotline and case management services for anyone requiring testing or further medical intervention. Resources, toolkits and advice were also provided to all employees on a daily or weekly basis to enable them to work safely and stay well.

To keep all employees actively informed, Coates Hire CEO Murray Vitlich and the Executive Leadership Team provided weekly COVID-19 updates as the company navigated the pandemic and economic climate.

Key messages were aligned to Government guidelines and health advice, reinforcing Coates Hire's priority to keep employees safe during the crisis and recognising opportunities to do things differently and efficiently, by being agile in the 'new normal'.

'We will get through this together' was and continues to be our sentiment as Coates Hire's employees return to the workplace/site in line with the Coates Hire Safe Return to the Workplace plan, and State Government guidelines and health advice.

80 foot articulated boom at Port Kembla Coal Terminal.



Repositioning Coates Hire for the future

During the pandemic and challenging economic conditions, Coates Hire repositioned the organisation with a new company vision to deliver safe, smart and sustainable equipment solutions.

To underpin the strategy, Coates Hire reset the Company Values to invigorate its culture to become a high performing, customer focused, accountable and inclusive organisation.

The new Values are:

- Care Deeply;
- Be Our Best;
- Customer Focused; and
- One Team.

These values guide the way the Coates Hire team works with each other, its customers, partners and shareholder.

Coates Hire

Environment and sustainability

Environmental management

Coates Hire is committed to the continuous improvement of its systems to promote environmental management and aims to be an industry leader by supporting Coates Hire's customers and suppliers to achieve excellence in environmental management.

Key to this commitment is Coates Hire's maintenance of ISO 14001:2015 Environmental Management System certification.

Waste

Coates Hire continues to work with a third-party waste management provider, Remondis, to minimise waste in Coates Hire's operations. Remondis provide monthly reports displaying key waste metrics such as recycling rates, waste type breakdown, monthly and annual comparisons enabling Coates Hire to set and monitor targets and implement sustainable waste management initiatives.

Energy and Carbon Reporting

Coates Hire has implemented changes to reduce emissions and improve the efficiency of its transport activities. Coates Hire's new Transport Management System enables it to better plan and utilise its fleet. Coates Hire's Silver Service Maintenance Program helps manage regular and effective servicing of its fleet of over one million hire assets, enhancing the performance of its equipment and reducing emissions.

Managing energy use and reducing greenhouse gas emissions are key components of Coates Hire's energy strategy. Coates Hire subscribes to the National Greenhouse and Energy Reporting (NGER) Act reporting its carbon emissions annually.

The use of renewable energy continues to play an important role in Coates Hire's energy mix with selected sites having solar panels installed. Additional renewable energy solutions continue to be explored and will be a focus in FY21.

Quality management

Coates Hire maintains ISO 9001 Quality Management Systems certification for its Mascot NSW Head Office and premises at Moorebank NSW, Dandenong VIC, Meadowbrook QLD and Belmont WA. A recertification audit in October 2019 highlighted Coates Hire's high level of commitment to continual improvement processes, with updates to the Health, Safety, Environment and Quality (HSEQ) systems supporting increased levels of engagement.

HSEQ Systems and risk management

FY20 has seen the ongoing streamlining and continuous improvement of the Coates Hire HSEQ system. This incorporated the alignment of the system to the SGH Standards and integration of the SGH High Potential Incident (HPI) description and process.

In FY21, Coates Hire will transition its system certification from ISO 18001 to ISO 45001, the new Australian and International Standard for Health and Safety. This will drive an increased focus on safety leadership and commitment, and will support the next phase of Coates Hire's culture transformation.

Digital Innovation supporting HSEQ risk management

Coates Hire commenced a major transformation project in FY20 to simplify safety reporting systems and improve user experience by replacing its current hazard and incident reporting system, contractor and chemical management system, and other electronic systems and manual processes through the introduction of one standardised online platform.

In FY21, Donesafe will be launched to enable Coates Hire to streamline safety systems, manage contractors, evaluate risk, track actions, gain efficiencies through automation and insights through the analysis of real time data to deliver continuous improvements in safety. Developed with the end-user in mind, Donesafe will allow employees to report hazards and incidents (including near misses), complete pre-starts, risk assessments, site inspections, take-5s, audits, permits to work whilst on the job via the Donesafe mobile application.

Health and Wellbeing

Coates Hire is committed to building and maintaining an engaged, resilient and productive workforce that is physically and mentally safe and well. As part of this commitment, Coates Hire has a dedicated health and wellbeing team that sits within the HSEQ team and broader People and Safety function.

Coates Hire offers a free employee assistance program (EAP) which provides confidential counselling services to all employees and their immediate family members to support their wellbeing. People leaders also receive access to support via a telephone hotline to help them identify and manage issues that may occur in the workplace. A COVID-19 Hotline was also implemented to support employees with information and advice during the pandemic.

Coates Hire
Social

Bushfire Response

In FY20, Coates Hire joined the efforts of SGH to directly support fire-fighting efforts, disaster recovery and the long-term task of rebuilding communities and infrastructure. Coates Hire set up coastal and inland teams at nine emergency evacuation centres across the NSW south coast region, including two pop-up hospitals in Batemans Bay and Nowra. The main hub of Coates Hire's operation was established in Cooma's Emergency Management Centre where emergency ground support and equipment were provided to BlazeAid and the Minderoo Foundation for impacted communities.

Equipment for delivery to ADF in Bega, NSW, South Coast

Genset deployed to Talbingo, NSW Snowy Mountains

Coates Hire also worked with customers such as Essential Energy, Local Land Agency, Waste Treatment Facilities, Local Councils, NSW Fire and Rescue and Snowy Hydro to provide essential services across the entire region.

Coates Hire gives particular recognition to those Coates Hire employees who volunteered their time to help battle the fires and support emergency services during the crisis. These employees were provided with fully-paid leave while volunteering. The bravery and courage of the people of Coates Hire and their genuine desire to assist others at their greatest time of need, makes us proud to know who we are as a team and what we do for our communities in extreme challenges. Many employees worked tirelessly to support the work being done on the ground, either directly through their voluntary efforts or through the supply of equipment and facilities to regional communities impacted by the fires. Coates Hire remains committed to providing equipment to help families and communities throughout the recovery and rebuild process.

One of 14 water carts deployed to fire fronts in January

Embracing diversity and inclusion

Coates Hire is committed to building an inclusive culture that celebrates diversity in all of its forms.

In continuing recognition of the need to support women in the construction industry, Coates Hire's internal training centre provided training and certification for 48 women in High Risk Work courses including Forklift and Elevated Work Platforms.

The Executive Leadership team hosted presentations to celebrate International Women's Day in 2020 and to mark the significance of this day and recognise current gender challenges and achievements. Three female senior leaders shared their career experiences and success stories and were profiled on Coates Hire's LinkedIn page. In addition, Coates Hire is a member of the 'Women in Construction' and 'Women in Hire' Associations and continues to contribute to industry objectives to increase female representation.

Reconciliation Action Plan (RAP)

In FY20, Reconciliation Australia endorsed the Coates Hire Reflect Reconciliation Action Plan which provides a framework for Coates Hire to support the national reconciliation movement for Aboriginal and Torres Strait Islander peoples and communities, which has included Coates Hire engaging Aboriginal and Torres Strait Islander owned companies and on-boarding four Indigenous companies as partners, including Spartan Health who administered flu vaccinations across the Western Australian Business Unit. Coates Hire partnered with a labour provider and their Indigenous Workforce Manager to focus heavily on sourcing applicants for Coates Hire's apprenticeship program. Coates Hire also hosted the Aboriginal Resources Group 'supplier chain training' cohort, with a focus on long term meaningful employment opportunities with Coates Hire, OEMs and in the construction industry.

During FY21, the Coates Hire RAP Working Group will continue to drive the key deliverables and outcomes such as cultural awareness training, exploring further joint venture partnerships with Indigenous owned companies, and increasing employee participation across all roles, including apprentices.

Coates Hire Donations

In FY20, Coates Hire donated more than $100,000 to the NSW Royal Fire Service, Australian Red Cross and Ronald McDonald House in Northern Australia. In addition, the Coates Hire team in WA volunteered to operate the phones at the October 2019 Channel Seven Perth Telethon, and will do so again in 2020.

Training and Development

Coates Hire's Registered Training Organisation (RTO – National provider 1402) is an industry leader in bespoke and contextualised 'hard skills' plant, equipment and situational course offerings.

The RTO's operations cover the training spectrum from safety and competency, to inductions and apprentices. In FY20, it issued 3,940 nationally recognised Units of Competency to 3,168 people including 163 Coates Hire workers. Since its establishment in 1997, the RTO has successfully trained and certified more than 53,000 participants.

Coates Hire Apprenticeship Program

The success of the Coates Hire apprentice program continued in FY20 with the commencement of another eight apprenticeships. These apprentices joined Coates Hire's existing first and second year apprentices and were placed across larger regional areas as well as in metropolitan areas. The program includes a diverse mix of young women and men, and mature aged mechanical fitters and electricians. In FY20, Coates Hire increased its pool of mentors, drawing on the experience of its highly skilled mechanics and electricians in the company's branch network to support 'on the job' learning for apprentices.

Brand Ambassadors – Eddie Betts, Australian Rules Football Player and Courtney Hancock, Champion Ironwoman.

Gen 2 LED MineSpec lighting towers going through their final customer acceptance inspections with Rio Tinto before heading to site.

AllightSykes
Human capital and safety

AllightSykes continues to lead a proactive approach to safety, promoting a positive culture through the development of its people. In FY20 AllightSykes expanded the use of its updated safety management system including a business-wide review to ensure alignment to the Group's HSE Standards. AllightSykes has also focused on Chain of Responsibility to ensure that its products are transported with the utmost care to its customers and for all personnel in the supply chain.

With facilities in Australia, New Zealand, USA and the UAE, the health of AllightSykes' employees and maintaining continuity of operations was a priority throughout the COVID-19 pandemic.

The strength of AllightSykes' people continues to be improved through business-wide initiatives, including Business Unit realignment to streamline accountabilities to support the strategic growth plan and training at all levels of the business from shop floor Incident Reporting, Chain of Responsibility and Risk Management to certificates in leadership for management team members.

AllightSykes
Environment

AllightSykes has listened to its customers by aligning its product offerings to meet not only their current requirements but also their future aspirations.

AllightSykes' pump range was initially designed to meet its customers' mine site total water management plans and to operate in the harshest of conditions but with limited constraints on its carbon footprint. However, over time AllightSykes' customers have sought more environmentally-conscious products and AllightSykes has adapted. Through continuous dialogue with its customers, AllightSykes has developed a zero carbon emissions electric driven machine product line that aligns with customers' future plans.

In AllightSykes' lighting towers, smart technologies such as integrated telemetry software and low energy LED lights are addressing customer needs and setting industry standards for product efficiency while reducing carbon emissions.

AllightSykes is looking forward to the future with innovation in mind and diversification through dialogue with its customers.

SGH Energy

Safety and Environmental Sustainability

The protection of people and the environment is a high priority for SGH Energy and the framework of Health, Safety and Environmental policy, standards and processes are subject to ongoing review for continuous improvement.

The Longtom Environment Plan (EP) describes in detail the environmental management plans that are in place and undertaken towards responsible and compliant operation of SGH Energy's subsea gas facilities in Bass Strait off the coast of Victoria. The Longtom EP was revised during the year to reflect updated expectations on environmental assessment, stakeholder engagement and emergency preparedness. The EP has undergone an extensive review process including the general public, local fishing groups and the relevant State and Federal industry and environmental authorities.

Additionally, the Longtom Pipeline Operations Safety Case was revised in accordance with regulatory requirements. This Safety Case describes the procedures and activities established for the safe operation and management of the pipeline. The Safety Case was reviewed and accepted by the National Offshore Petroleum Safety Environmental Management Authority (NOPSEMA).

Business Continuity – Response to COVID-19

Protecting the health of the wholly office-based SGH Energy team, while maintaining business continuity, has been a priority throughout the COVID-19 pandemic. The agile transition to working from home was implemented with negligible disruption to business activities using our established remote IT access capability. Regular co-ordination across the SGH Energy team and with the Group has maintained employee engagement and support and allowed continued progress on SGH Energy's business activities. SGH Energy is continuing to review its arrangements during the pandemic.

Beharra Springs
Perth WA at Sunset

Climate Change

SGH's commitment to Sustainability and Climate Change.

SGH remains committed to ensuring that it operates in a sustainable manner across all its businesses. SGH's framework for its business activities includes operating in light of the Government's current climate change plan and targets which are outlined below. These follow the Government's review of its climate policies to achieve Australia's 2030 target and Paris Agreement commitments.

The Government's climate change plan includes:

reducing emissions by five per cent below 2000 levels by 2020;

- reducing emissions by 26 to 28 per cent below 2005 levels by 2030;
- doubling Australia's renewable energy capacity to be achieved in 2020 which is driving innovation, creating jobs and providing a cleaner future;
- encouraging the uptake of renewables through the Renewable Energy Target to deliver over 23 per cent of Australia's electricity supply in 2020;
- helping improve energy productivity by 40 per cent by 2030;
- ensuring big business and Australia's largest emitters do their part and continue to reduce emissions;
- helping expand and protect our green spaces and iconic places such as the Great Barrier Reef;
- spurring businesses, communities, households and individuals into ongoing action to reduce emissions;
- investing in innovation and clean technology to help capture the opportunities of a cleaner future; and
- managing climate risks by building resilience in the community, economy and environment.

Emissions targets relating to Kyoto-era targets for 2020 and Paris Agreement targets by 2030 are outlined below. Whilst the final emission figures are being finalised for the 2020 financial year, the Government has announced Australia is estimated to have beaten its Kyoto-era target by up to 430 million tonnes (including Australia's overachievement from the first commitment period of the Kyoto Protocol). This represents ~80 per cent of a full year's emissions.

Further, the Government suggests Australia is progressing on its 2030 target. When overachievement of 411 Mt CO_2 -e from previous targets is included, Australia is forecast to overachieve by 16 Mt CO_2 -e (26 per cent reduction) and will require 51 Mt CO_2 -e of cumulative emissions reduction between 2021 and 2030 to meet the 28 per cent reduction target.

Emission reductions are expected to be driven mainly by declines in the electricity sector because of strong uptake of rooftop solar and the inclusion of the Victoria, Queensland and Northern Territory 50 per cent renewable energy targets. Agriculture emissions are expected to increase as average seasonal conditions are assumed to return.

Data	Units	Number
Australia's Emissions in 2005	$MtCO_2$-e	612
Australia's Emissions Target in 2020	$MtCO_2$-e	533
Australia's Emissions Target in 2030	$MtCO_2$-e	441–453
Australia's Emissions Target 2020	%	-5% on 2000 levels by 2020
Australia's Emissions Target 2030	%	-26% to 28% on 2005 levels by 2030
Reduction in emissions per capita 2005–2030	%	50–52
Reduction in Emissions per unit of GDP 2005–2030	%	64–65
Annual rate of reduction in emissions 2010–2020	%	0.9
Annual rate of reduction in emissions 2020–2030	%	1.6–1.9

Source: Department of Environment and Energy: Australia's 2030 Emissions Reduction Target

Projected emissions for 2030 have declined from the 2018 projections based on the 2019 Emissions Projects report released by the Department of Environment and Energy. The decrease in the emissions reduction task for the 2030 target is primarily driven by the inclusion of the Government's Climate Solutions Package. The Climate Solutions Package includes the following measures:

- Climate Solutions Fund – $2 billion in funding to purchase low-cost abatement;
- energy efficiency measures – energy rating labels for space heating, improving energy efficiency standards for commercial and residential buildings, and the Energy Efficient Communities program; and
- Battery of the Nation and Marinus Link.

Additionally, the Department of the Environment and Energy is currently preparing a National Strategy for Electric Vehicles. Emissions reductions resulting from this strategy have not been included in the 2019 projections as the strategy has not been finalised. They will be included in future emissions projections.

SGH's approach to Sustainability

SGH has been consistent in its approach to reviewing and adopting practices that work alongside the Government's stated plan whilst ensuring that it can still sustainably grow and aim to benefit all stakeholders across the communities it operates in, its customers, suppliers, employees and shareholders.

SGH works to deliver value to our stakeholders through the supply chain, looking after the health and safety of the workforce, having a diverse and inclusive work environment and being environmentally sustainable and enhancing the communities in which SGH operates.

To enable sustainable growth, SGH always has a firm focus on zero harm as its core principle. This remains a critical element of any improvement initiative and strategic objective the Group undertakes. SGH's strategic objectives, prospects and the risks that could adversely affect the achievement of these objectives are further set out in the 2020 Annual Report.

SGH continues to explore ways to mitigate the impact of climate change by developing processes and investigating technologies to reduce its direct emissions and overall energy consumption.

Examples of SGH's investment and work over the course of the year to grow a more sustainable business are outlined on pages 42 to 51 and in the case studies in this Annual Report.

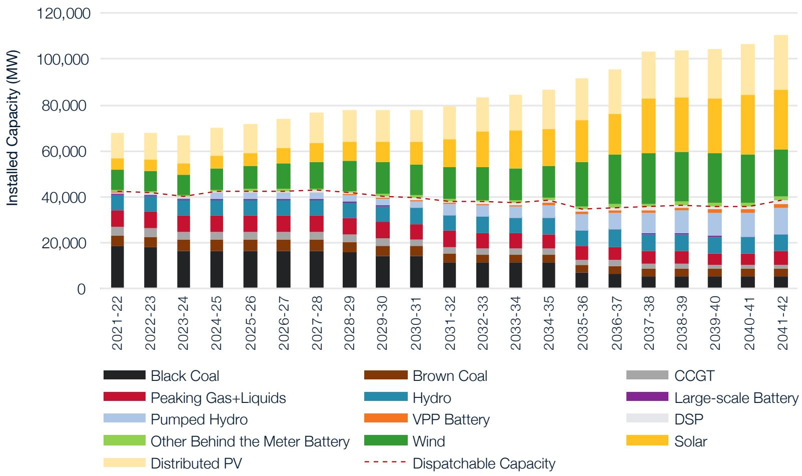
Energy Supply in Australia

The Australian Energy Market Operator (AEMO) have made projections under a Central scenario in its Draft Integrated System Plan 2020 which demonstrates a moderate pace of change with new developments required to replace aging assets in the next 20 years across the NEM and to support existing national and state policies.

Their forecast projects that by 2030 renewable energy policies in Victoria, Queensland and New South Wales will drive development of Variable Renewable Energy (VRE) and the commissioning of the Snowy 2.0 project and grid projects will reduce the need for new dispatchable investments beyond existing commitments to meet the current reliability standard.

Further by 2040, the expected closure of coal capacity across the NEM will require significant replacement capacity. AEMO estimate this will require a combination of 22GW of Distributed Renewable Energy (DRE) and 34 GW of VRE to replace coal plant exits over and above existing and committed VRE. This will be complemented by approximately 10GW of grid scale energy storage. Accordingly, renewable energy is forecast to expand from approximately 35 per cent of energy generated to approximately 74 per cent by 2040.

SGH views that this forecasted shift in generation capacity over the next two decades is supported through the diversified nature of SGH's operating businesses.



Source: AEMO Draft Integrated Systems Plan 2020

Through SGH's investment in Beach Energy, SGH has exposure to supply of gas into East Coast markets in Australia. The supply for gas and liquids is not expected to fall as much as black and brown coal for the period out to 2040 as gas will continue to act as a key transition fuel as part of dispatchable capacity.

Northparkes Mines R2900G LD105 after nine years or 23,244 hours of use.

SGH views that WesTrac remains well positioned given its exposure to customers operating across Western Australian and New South Wales. The indirect iron ore exposure SGH has through servicing its key customers has medium to long-term tailwinds given anticipated growth in urbanisation and infrastructure spending from its end markets predominantly in China. In comparison, SGH's indirect exposure to thermal coal by servicing its customers through supply of parts and equipment in New South Wales remains significantly smaller.

The demand from WesTrac's customers on the East Coast is being driven by exports and also strategic objectives by some countries to diversify energy sources. Thermal coal exported by Australia generally contains relatively higher calorific content, low ash and moisture which differentiates it from other export countries. SGH believes this relative demand will help its customers continue to operate as overall demand moves lower across the medium to long-term.

Importantly, WesTrac across its dealerships on the West and East Coast of Australia also continue to service businesses that have exposure to underlying infrastructure spending. SGH's ownership of Coates Hire, and recent investment in Boral, continue to reflect this trend and provide further diversification across the Group given the need for sustainable development across Australia and investment into nation building projects.

Conclusion

SGH's operations enable the business to sustain its growth and adapt to change as its core businesses sit across key drivers of the economy – energy generation and industrial services. Its energy investments in Beach Energy and ownership of SGH Energy continue to meet the demands of the country particularly in growing East Coast markets.

Coates Hire and SGH's investment in Boral continue to support end customer demand as infrastructure spending is forecast to grow to meet future population growth and facilitate urbanisation. WesTrac remains a supportive and customer focused supplier of equipment parts and services with indirect exposure to commodities that also remain in demand.

All of our businesses operate to serve communities and customers and sustainability remains at the heart of that. This principle continues to drive SGH's efforts to grow and move the business forward in the longer-term.

Northparkes Mines R2900G LD105 after a Certified Powertrain Rebuild by WesTrac Dubbo team.

Navigating COVID-19

Strong leadership and decisive actions have mitigated the impact of COVID-19 on the Group's operations in FY20 while maintaining the safety and welfare of our people.

The SGH businesses provide essential services and equipment to government agencies and emergency services across Australia while providing vital support to essential sectors of the economy. It is important to recognise the dedication and commitment of our people who had to make changes in their work and personal lives to respond to this crisis to ensure the ongoing support of our customers.

In formulating a response to the COVID-19 pandemic SGH is relying on fundamental principles of duty of care, risk management and business continuity planning.

SGH Nerve Centre for COVID-19

A centrally coordinated SGH "Nerve Centre" has been established to ensure an effective, agile and timely response to ensure all businesses are prepared for any eventuality. The SGH Nerve Centre is led by the Chief People Officer and includes the SGH leadership team and the Business Unit CEOs. Having a centrally co-ordinated response has been extremely effective in leveraging resources, cross collaboration with respect to workforce management strategies, employee policies, supply chain response and business continuity plans across all businesses.

In addition, each business unit has set up a crisis management and incident management team to actively respond at a tactical and operational level to the COVID-19 pandemic and associated Government policy and measures.

Three key principles were developed to ensure SGH businesses could continue to deliver essential and critical support services to the media, construction, infrastructure and energy sectors:

- protect the health and wellbeing of our employees and their families,
- support our customers to maintain their businesses, and
- protect our businesses.

For the Nerve Centre, the key areas of focus in responding to the issues raised by COVID-19 have been across six main workstreams:

- **Workforce Assessment and Management** – to ensure the health and wellbeing of our employees, protection from potential impacts through preventative measures such as pandemic levels of cleaning; flexible rostering and remote working arrangements; active site management to minimise interaction and individual work plans for "high risk individuals";

Culture at our Core, Greg Graham and his team at WesTrac Tomago.

- **Financial and liquidity stress testing** – to manage the financial impact across potential scenarios including cashflow management and pre-emptive access to crisis liquidity of $300 million to manage COVID-19 downside scenarios;
- **Customer Engagement** – to ensure our customers are fully informed of any impact on operations, parts supply and potential supply chain constraints;
- **Supply Chain Impact** – to understand, minimise and stabilise any potential impact on supply chain including active inventory management, alternative supplier arrangements to manage potential shortages, demand management and logistics;
- **Communications Strategy** – consistent approach across the Group to ensure transparent communication, business responses and safety considerations in line with Government advice and guidelines to alleviate concerns and develop consistent actions; and
- **Potential opportunities for value creation** – strategies for portfolio optimisation and strategic moves for value creation over the short and medium term.

Employee Support Initiatives for COVID-19

Through the SGH Nerve Centre, the operating businesses rallied together to respond to the crisis with the implementation of comprehensive business continuity plans with the health and wellbeing of our employees being at the forefront of the SGH response. In addition to the robust precautionary measures and pandemic levels of cleaning, additional support to employees has included:

- **Adjustment of Rosters** – to mitigate the impact on employees, which has included accommodating requirements due to school closures and the impact of travel restrictions on site-based employees in the resources sector;
- **Active management of high-risk employees** – to reduce their risk of infection by adjusting their work location and/or working hours (includes mature aged workers, employees with compromised immune systems or family members at risk);
- **Redeployment of employees** – including options for redeployment between Business Units rather than redundancies (where possible);
- **Increased flexible working arrangements** – for employees to work remotely including provision of IT equipment i.e. laptops and monitors;
- **Access to leave entitlements** – to offset any reduction in hours including up to two weeks leave in advance to minimise cashflow impact to employees;
- **Carers leave** – up to five days to manage the impact of school closures on the workforce;
- **Employee loans and cash out of leave** – Loans to employees to address financial hardship;
- **Direct Health helpline** – to assist employees with COVID-19 information; and
- **Employee Assistance Program** – for assistance with mental health and wellbeing and access to limited financial advice.

Employee Recognition Program

While the working patterns of our employees and business performance has been impacted, the maintenance of SGH's operations and management of any potential disruption during these unprecedented times was a result of the contribution of every employee. In recognising the extraordinary commitment of our employees and the support of their families the Board approved a special Employee Recognition Program, providing every employee a $300 gift card.

Navigating COVID-19 in FY21

SGH continues to monitor and enact COVID-19 pandemic protocols aligned with State and Federal Government policies.

Given the uncertainty of the current situation, it remains difficult to accurately determine business impact over the medium to long term. We will continue to refine our strategies to ensure business continuity with a focus on supporting our customers.

SGH or its wholly owned businesses have not accessed any JobKeeper payments.

Further information in relation to the business risk associated with COVID-19 is provided on page 37 of this Annual Report.

Predicting Change

The Group's exceptional people, market leading businesses and balance sheet capacity provides strength and resilience to enable it to respond with agility.

The Group acknowledges the impact of climate change and acknowledges the Recommendations of the Task Force on Climate Related Financial Disclosures (TCFD). SGH continues to evolve its sustainable practices to ensure its portfolio remains growing and well exposed to medium and long term tailwinds.

Within our Industrial Services businesses, innovation in our services and product offering allows us to grow to meet the changing needs of our customers and communities. For example:

- **WesTrac** continues to support our customers to transition to lower carbon intensity operations by introducing next generation hybrid and battery technology across relevant elements of the Caterpillar product family. Furthermore, the push to rebuild components and equipment has allowed our customers to extend the operating life of their key production assets, reducing their requirement to scrap fleets and minimise waste. Caterpillar's autonomous technology is supporting customer's safety and efficiency by driving increased asset utilisation.
- **Coates Hire's** business model is built on the premise of a sharing economy which optimises the utilisation of assets, lowering the all-in operating costs for our customers and reducing the total environmental impact arising from excess equipment. Coates Hire is expanding its temporary works engineering, design and installations solutions business to meet growing demand for expertise across more complex projects such as key infrastructure and major road and highway development. This achieves results not just for our customer, but also provides essential services to contribute to significant nation building projects that will generate long term positive outcomes for Australia's economy.
- **AllightSykes** has led the migration from metal halide to LED for lighting solutions across both mining and metro applications, which result in lower engine emissions and extended product life. AllightSykes has continued to offer repowering solutions to customers again allowing the customers to ensure they have the most fuel efficient engine technology available whilst maximising the function of their existing assets.

The Group also believes its investment in Beach and ownership of SGH Energy allows it to be positively exposed to the evolution of gas as a key transition fuel as the world moves towards a lower carbon economy. We continue to assess investments and businesses with the aim to invest in operations that generate attractive returns for shareholders with an ability to remain sustainable for all stakeholders. These include customers, suppliers, employees and the environment as well as the communities that SGH operates in.

Board of Directors

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1. Kerry Stokes AC

Executive Chairman of Seven Group Holdings Limited since 22 April 2010.

Executive Chairman of Seven Network Limited since July 1999. Prior to that Non-Executive Chairman since June 1995.

Chairman of Seven Media Group since December 2006.

Chairman of Australian Capital Equity Group which has significant interests in activities which include media and entertainment, resources, energy, property, pastoral and industrial activities.

Chairman of Seven West Media Limited (formerly West Australian Newspapers Holdings Limited) since 11 December 2008. Appointed a Director on 25 September 2008.

Mr Stokes is Chairman and Fellow (since November 2015) for the Australian War Memorial (previously a Council Member).

Appointed a Companion in the General Division of the Order of Australia in the Queen's Birthday honours announced on 9 June 2008.

2. Ryan Stokes AO

Managing Director & Chief Executive Officer of Seven Group Holdings.

Mr Stokes was previously Chief Operating Officer of Seven Group Holdings from 28 August 2012 until 30 June 2015 and an Executive Director of the Company since 16 February 2010.

Mr Stokes is a Director of WesTrac; Chairman of Coates Hire; Director of Beach Energy, and Director of Seven West Media.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in Seven Group Holdings. Mr Stokes was appointed Chairman of the National Gallery of Australia on 9 July 2018. He is also a member of the IOC Olympic Education Commission.

Mr Stokes is a former Chairman of the National Library of Australia. He was also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established in 2014, retiring in 2019.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM).

Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.

3. Annabelle Chaplain AM

Director of Seven Group Holdings Limited since 24 November 2015.

Chair of the Audit & Risk Committee; member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee.

Ms Chaplain brings to Seven Group Holdings extensive experience in financial services and mining, engineering and infrastructure services.

Ms Chaplain is the Chairman of Canstar Pty Ltd, MFF Capital Investments Ltd and a Non-Executive Director of Super Retail Group Ltd. Previously she was Chairman of Queensland Airports Ltd and a Non-Executive Director of a number of companies including Downer Group Ltd and Credible Labs Inc. In the public sector she has previously served as a member of the Board of Taxation and as a Director of EFIC, Australia's export credit agency.

Since April 2017, Ms Chaplain has served as a Director of the Australian Ballet.

A Fellow of the Australian Institute of Company Directors, Ms Chaplain holds an MBA from the University of Melbourne, a BA majoring in Economics and Mandarin from Griffith University and a diploma from the Securities Institute of Australia.

In 2015, Ms Chaplain was awarded Griffith University Business School's Outstanding Alumnus of the year and in 2016, Griffith University conferred on her an honorary doctorate in recognition of her distinguished service to banking, finance and the community.

Ms Chaplain was appointed an AM in the General Division of the Order of Australia in the Australia Day honours announced on 26 January 2020.

4. Terry Davis

Director of Seven Group Holdings Limited since 1 June 2010.

Chairman of the Independent & Related Party Committee and member of the Remuneration & Nomination Committee. Chairman of the Remuneration & Nomination Committee from 3 August 2017.

Group Managing Director, Coca-Cola Amatil Limited from 12 November 2001 to 3 March 2014.

Director of St. George Bank Limited from December 2004 to December 2008.

Over fifteen years' experience in the global wine industry including Managing Director of Beringer Blass (the wine division of Foster's Group Limited) and Managing Director of Cellarmaster Wines Group between 1987 and 1997.

Council Member of the University of New South Wales Council from June 2006 to June 2014.

5. Katherine Farrar

Director of Seven Group Holdings Limited since 18 February 2019.

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee since 15 August 2019.

Ms Farrar is currently the Chief Executive Officer of LGIAsuper, a $13 billion superannuation fund serving 75,000 members across Queensland. Formerly Ms Farrar held executive roles at McKinsey & Company, QEnergy Ltd, Morgans Stockbroking, Ergon Energy Retail and Suncorp.

As the Managing Director of QEnergy Ltd, Ms Farrar built the company from its inception in 2009 to 2016, achieving revenues of $140 million in FY15 and a small business customer base of 23,500. As Chief Operating Officer of Ergon Energy Retail, Ms Farrar organically doubled operating profit in three years and oversaw the sale of the vehicle for the highest 'per electricity customer' price ever in Australia.

Ms Farrar has served on the Boards of QEnergy Ltd, UnityWater, Mater Health Services Ltd, and the Australian Energy Council. She was also previously an Executive Director of Morgans Stockbroking, Your Essential Super Solution, and the Chair of the Queensland Music Festival.

Ms Farrar has a Bachelor of Music (Honours) degree together with a Masters degree in Econometrics and Finance. She is also a graduate of INSEAD's Advanced Management Programme.

6. Christopher Mackay

Director of Seven Group Holdings Limited since 1 June 2010.

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Managing Director of MFF Capital Investments Limited since 1 October 2013.

Former Chairman of Magellan Financial Group Limited. Mr Mackay co-founded Magellan after retiring as Chairman of the investment bank UBS Australasia in 2006, having previously been its Chief Executive Officer.

Considerable experience in business management, capital allocation, risk management and investment. A former investment banker and corporate and banking lawyer, with broad experience in the financial and corporate sectors over many years.

A Director of Consolidated Media Holdings Limited from 8 March 2006 until 19 November 2012, when the company was taken over by News Corporation.

Mr Mackay was a member of the Federal Treasurer's Financial Sector Advisory Council and the Business Council of Australia, and a Director of the International Banks & Securities Association.

7. David McEvoy

Director of Seven Group Holdings Limited since 27 May 2015.

Member of the Audit & Risk Committee and member of the Independent & Related Party Committee.

Mr McEvoy has been engaged in the oil and gas industry for over 40 years, in a variety of technical, senior executive and non-executive director roles. He was employed for almost 34 years with ExxonMobil. He concluded his executive career at ExxonMobil in 2002 as Vice President Business Development, ExxonMobil Exploration Company. Mr McEvoy earlier served as a Regional Vice President of Exxon Exploration Company from 1992 to 1997, where he was responsible for exploration activities in the Far East, USA, Canada and South America. He joined Esso Australia Limited in 1969.

Mr McEvoy graduated from the University of New South Wales with a degree in Science and a graduate diploma in Applied Geophysics.

Mr McEvoy is a former Non-Executive Director of AWE Limited (2006 – 2018), Woodside Petroleum Limited (September 2005 to May 2017), Acer Energy (formerly Innamincka Petroleum Limited) and Po Valley Energy Ltd.

8. The Hon. Warwick Smith AO

Director of Seven Group Holdings since 12 September 2014.

Member of the Audit & Risk Committee and member of the Remuneration & Nomination Committee.

Mr Smith has been Chairman of Advisory Board Australian Capital Equity since 1 November 2006. Mr Smith also holds the position of Chairman at Ord Minnett; Chairman of AIM Funds and is a Director of Estia Health Limited since 17 May 2017.

He has served as Chairman of the Australia-China Council for over eight years and is the Founding Chair of the National Foundation of Australia-China Relations. He is a member of the Business Council of Australia Board where he is Chair of Trade & Investment and Chair of the Global Engagement Group.

Mr Smith is former Chairman of New South Wales & Australian Capital Territory and Senior Managing Director of the Australia New Zealand Banking Group Limited (ANZ), former Chairman ANZ Thailand and former Chairman and Director, ANZ Greater China.

Formerly he was Chairman of E*TRADE, the Australian Sports Commission and an Executive Director with Macquarie Bank; and a Federal Government Minister with a parliamentary career spanning 15 years. He was also Australia's first Telecommunications Ombudsman.

Mr Smith has also received a Centenary Medal and was twice awarded the Order of Australia.

9. Richard Uechtritz

Director of Seven Group Holdings Limited since 1 June 2010.

Member of the Remuneration & Nomination Committee and member of the Independent & Related Party Committee. Chairman of the Remuneration & Nomination Committee until 3 August 2017.

Director of JB Hi-Fi Limited since 28 April 2011.

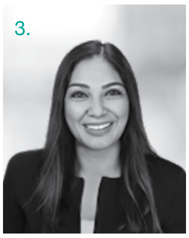
Chief Executive Officer and Director of JB Hi-Fi Limited from June 2000 to May 2010.

Over thirty years' experience in retailing.

Co-founder of Rabbit Photo and Smith's Kodak Express.

Director of Kodak (Australasia) Proprietary Limited from 30 July 1998 to 20 July 2000.

Executive Management



1. Ryan Stokes AO

MANAGING DIRECTOR & CHIEF EXECUTIVE OFFICER – Seven Group Holdings

B.Com, FAIM

Mr Ryan Stokes is Managing Director & Chief Executive Officer of Seven Group Holdings.

Mr Stokes was previously Chief Operating Officer of Seven Group Holdings from 28 August 2012 until 30 June 2015 and an Executive Director of the Company since 16 February 2010.

Mr Stokes is a Director of WesTrac; Chairman of Coates Hire; Director of Beach Energy, and Director of Seven West Media.

Mr Stokes is Chief Executive Officer of Australian Capital Equity Pty Limited (ACE). ACE is a private company with its primary investment being an interest in Seven Group Holdings. Mr Stokes was appointed Chairman of the National Gallery of Australia on 9 July 2018. He is also a member of the IOC Olympic Education Commission.

Mr Stokes is a former Chairman of the National Library of Australia. He was also a member of the Prime Ministerial Advisory Council on Veterans Mental Health established in 2014, retiring in 2019.

Mr Stokes holds a BCom from Curtin University and is a Fellow of the Australian Institute of Management (FAIM).

Mr Stokes was appointed an Officer in the General Division of the Order of Australia in the Queen's Birthday honours announced on 8 June 2020.

2. Richard Richards

CHIEF FINANCIAL OFFICER – Seven Group Holdings

B.Com./Law (Hons), LLM, MAppFin, CA, Admitted Solicitor

Mr Richard Richards has been Chief Financial Officer of SGH since October 2013. He is a Director of WesTrac, AllightSykes and SGH Energy and is a Director and Chair of the Audit and Risk Committee of Coates Hire. He is a Director of Beach Energy and a member of the Beach Energy Audit and Risk Committee.

Mr Richards joined SGH from the diverse industrial group, Downer EDI, where he was Deputy Chief Financial Officer responsible for group finance across the company for three years. Prior to joining Downer EDI, Mr Richards was CFO for the Family Operations of LFG, the private investment and philanthropic vehicle of the Lowy Family for two years. Prior to that, Richard held senior finance roles at Qantas for over 10 years.

Mr Richards is a Director and the Chair of Audit and Risk Management Committee of KU – established in 1895 as the Kindergarten Union of New South Wales, KU is one of the most respected child care providers in Australia. He is also a member of the Marcia Burgess Foundation Committee.

3. Gitanjali Bhalla

CHIEF PEOPLE OFFICER – Seven Group Holdings

BA, LL.B. (Hons), MIB, MAICD

Ms Gitanjali Bhalla joined SGH in October 2017 and is the Chief People Officer responsible for human resources, culture and safety across the Group. She is also a Director of WesTrac, Coates Hire and AllightSykes.

Ms Bhalla has significant experience leading and delivering human resources strategy and business transformational change in large organisations. Prior to joining SGH, Ms Bhalla spent a number of years consulting to private and publicly listed companies at Ernst & Young both in Australia and overseas before holding senior human resources, corporate services and business transformation roles at UGL and Cushman & Wakefield.

Ms Bhalla is an Ambassador for Good Return, a not for profit organisation committed to empowering women through microfinance.

4. James Goth

CHIEF OPERATING OFFICER – Seven Group Holdings

B.Econ, LL.B., MBA

Mr James Goth joined SGH in March 2020 as Chief Operating Officer for the Group, working across the portfolio of businesses within SGH. He is a Director of WesTrac, Coates Hire, SGH Energy and AllightSykes.

As COO of SGH, Mr Goth's focus is on driving the operational and financial performance of the businesses across the SGH portfolio, driving the development and delivery of key strategic initiatives and supporting Group-level relationships with key partners and customers.

Prior to joining SGH, Mr Goth was the Chief Executive Officer of Woolworths Petrol. Earlier roles include Chief Strategy Officer and Director of Corporate Development at Woolworths Group, Director of Quantium, and Managing Director at the Boston Consulting Group, where he led both the Sydney office and the Australian consumer practice.

5. Jarvas Croome

CHIEF EXECUTIVE OFFICER – WesTrac

B.Eng. (Mechanical) (First Class Honours), B.Comm. (Management), CPEng

Mr Jarvas Croome has been Chief Executive Officer of WesTrac since March 2014. Mr Croome is a Director of WesTrac and Energy Power Systems Australia.

Mr Croome joined WesTrac from Woodside Energy (USA) where he was the President of the US organisation based in Houston TX. Prior to that time, he had held various executive management roles at Woodside Energy in Australia including Vice President Australian Business Unit and Vice President for Technical Services. Prior to Woodside, he had worked as a global Product and Sales manager for Shell Australia and a subsea engineer with Kvaerner RJ Brown.

He holds Chartered Professional Engineering (CPEng) status with Engineers Australia and has been previously registered on the National Professional Engineers Register. Mr Croome plays an active role in his local community and chairs the board for Sorrento Primary School.

6. Greg Graham

CHIEF EXECUTIVE – WesTrac NSW/ ACT

B.Bus. (Management), MBA, GAICD

Mr Greg Graham has been Chief Executive of WesTrac in NSW and the ACT since 2013. After gaining extensive experience as a successful leader in the equipment management industry, Mr Graham joined WesTrac to define the business' long-term strategic direction and operational capability. He is currently Chairman of Energy Power Systems Australia and a Director of WesTrac.

Mr Graham has over 30 years' experience in the capital equipment sector and his experience spans a diverse range of roles, including sales, operations and senior leadership positions across Australia and Europe.

Prior to joining WesTrac, he was Managing Director of Liebherr Australia, where he was responsible for managing and executing strategic and operational plans. Concurrently, Mr Graham held the position of Executive Vice President, Sales and Marketing, for Liebherr Mining Equipment SAS, assuming global responsibility for the sales and marketing of Liebherr's mining equipment products. During this time, he served as a member of the Board of Management of Liebherr Mining Equipment SAS. Prior to his time at Liebherr, he held a range of roles in Australia and Europe with businesses such as Caterpillar, O&K Australia and Emeco International.

7. Murray Vitlich

CHIEF EXECUTIVE OFFICER – Coates Hire

B.Bus. (Econ & Fin)

Mr Murray Vitlich joined SGH in June 2017 as Chief Operating Officer for the Group, working across the portfolio of industrial businesses within SGH. In July 2019, Mr Vitlich was appointed Acting Chief Executive Officer, Coates Hire and was formally awarded the role of Chief Executive Officer, Coates Hire. He is a Director Coates Hire and was formerly a Director of SGH Energy and AllightSykes.

Prior to joining SGH, Mr Vitlich previously held senior operational roles at Asciano, UGL and Wesfarmers.

8. Gus Elliot

CHIEF EXECUTIVE OFFICER – AllightSykes

B. Const Mgmt

Mr Gus Elliot was appointed CEO of AllightSykes in March 2019. Mr Elliot joined AllightSykes from BGC Contracting where he was the COO of Project Support and brings expertise in project delivery and operational leadership with over 20 years of experience both nationally and internationally.

He brings broad cross-sector experience in large-scale projects within oil and gas, mining, construction, water and wastewater infrastructure, power generation, heavy industrial, shutdown and maintenance projects.

Prior to this time with BGC, Mr Elliot spent 15 years with Leighton Contractors in various Project Management roles culminating in the leadership role of Construction Director on the $3.5B Civils and Underground Services project for Leighton on Chevron's Gorgon Project (WA).

He is an active supporter of NAWIC and has been a mentor for Women in Construction since 2017.

9. Margaret Hall

CHIEF EXECUTIVE OFFICER – SGH Energy

B.Eng. (Met) (Hons), GAICD, MIEAust, SPE

Ms Margaret Hall was appointed Chief Executive Officer of SGH Energy in September 2015 and is also a Director of SGH Energy.

The CEO role holds responsibility for delivering value from the SGH Energy oil and gas assets within Australia and the USA as well as driving growth of this business segment for the parent company.

Ms Hall has over 27 years of experience in the oil and gas industry, spanning both super-major and independent companies. From 2011 to 2014, she held senior management roles in Nexus Energy with responsibilities covering Development, Production Operations, Engineering, Exploration, Health, Safety and Environment. This was preceded by 19 years with ExxonMobil in Australia, across production and development in the Victorian Gippsland Basin and Joint Ventures across Australia.

10. Warren Coatsworth

COMPANY SECRETARY & LEGAL COUNSEL

BA, LLB (Hons), LLM, FCSA

Mr Warren Coatsworth has been Company Secretary & Legal Counsel of Seven Group Holdings since April 2010.

Mr Coatsworth is a solicitor holding a current practising certificate with degrees in Arts and Law (Hons) from the University of Sydney. He holds a Master of Laws in Media and Technology Law from the University of New South Wales as well as a Graduate Diploma in Applied Corporate Governance. He is a qualified Chartered Company Secretary and a Fellow and member of the Governance Institute of Australia.

He has an extensive experience as Legal Counsel at the Seven Network advising broadly across the company; and was formerly a solicitor at Clayton Utz. Warren was included on Doyle's Guide list of Leading In-House Technology, Media & Telecommunications Lawyers in Australia for 2016 and 2017. Mr Coatsworth has held the role of Company Secretary of Seven West Media since April 2013 and Seven Network since 2005.

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Corporate Governance Statement

For the year ended 30 June 2020

This statement outlines the Company's main corporate governance practices that were in place throughout the financial year and, unless otherwise stated, its compliance with the 4th edition of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations (ASX Recommendations).

The Company's Board and Committee Charters and a number of the corporate governance policies referred to in this statement are available in the "Corporate Governance" section of the Company's website at www.sevengroup.com.au/who-we-are/corporate-governance.

PRINCIPLE 1 – LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Role and responsibilities of the Board

The Board is empowered to manage the business of the Company subject to the (Corporations Act) and the Company's Constitution. The Board is responsible for the overall corporate governance of the Group and has adopted a Board Charter, which is available on the Company's website. The Board Charter sets out the role and responsibilities of the Board as well as those functions delegated to management.

The Board Charter provides that the Board's role includes:

- representing and serving the interests of shareholders by overseeing, reviewing and appraising the Company's strategies, policies and performance in accordance with any duties and obligations imposed on the Board by law and the Company's Constitution;
- demonstrating leadership by approving the Company's purpose, statement of values, strategic objectives and code of conduct for directors, senior executives and employees and monitoring corporate culture;
- contributing to and approving management's development of corporate strategy including approving strategic objectives;
- monitoring corporate performance and management's performance and implementation of Company strategy and promotion of the Company's values;
- reviewing and monitoring systems of risk management and internal control and ethical and legal compliance, including review of procedures to identify the main financial and non-financial risks associated with the Company's businesses and the implementation of appropriate systems to manage these risks;
- monitoring and reviewing management processes aimed at ensuring the integrity of financial reporting, financial controls and other reporting;
- developing a Board skills matrix setting out the mix of skills that the Board currently has or is looking to achieve in its membership;
- developing and reviewing corporate governance principles and policies and monitoring compliance with those principles and policies to underpin and instil the desired culture within the Company and reinforce a culture across the Company of acting lawfully, ethically and responsibly;
- monitoring that management has formal and rigorous processes in place to validate the quality and integrity of the Company's corporate reporting;
- satisfying itself that the Company's remuneration framework is aligned with the Company's purpose, its strategic objectives, values and risk appetite; and
- in accordance with the Company's Diversity Policy, reviewing, on an annual basis, the report prepared by the Remuneration & Nomination Committee outlining the relative proportion of women and men on the Board, in senior management positions and in the workforce at all levels of the Group.

The Board Charter provides that matters which are specifically reserved for the Board or its Committees include:

- appointment and removal of the Chief Executive Officer;
- approval of dividends;
- approval of the annual budget;
- monitoring capital management and approval of capital expenditure, acquisitions and divestitures in excess of authority levels delegated to management;
- the establishment of Board Committees, their membership and delegated authorities; and
- calling of meetings of shareholders.

Board Committees

The Board is assisted in carrying out its responsibilities by the Audit & Risk Committee, the Remuneration & Nomination Committee and the Independent & Related Party Committee. Each Committee has its own written Charter which is reviewed on an annual basis. The Charter of each Committee is available on the Company's website. Further details regarding the Audit & Risk Committee are set out under "Principle 4 – Safeguard the Integrity of Corporate Reports" and further details regarding the Remuneration & Nomination Committee and the Independent & Related Party Committee are set out under "Principle 2 – Structure the Board to be Effective and Add Value" in this Corporate Governance Statement.

The Directors' Report on page 78 sets out the number of Board and Committee meetings held during the 2020 financial year under the heading "Meetings of Directors", as well as the attendance of Directors at those meetings.

Delegation to Management

Subject to oversight by the Board and the exercise by the Board of functions which it is required to carry out under the Company's Constitution, Board Charter and the law, it is the role of management to carry out functions that are expressly delegated to management by the Board, as well as those functions not specifically reserved to the Board, as it considers appropriate, including those functions and affairs which pertain to the day-to-day management of the operations and administration of the Company.

Management is charged with promulgating the Company's values across the organisation and is responsible for implementing the policies, business model and strategic objectives approved by the Board. Management must supply the Board with information in a form, time-frame and quality that will enable the Board to discharge its duties effectively, including information concerning the Company's compliance with material legal and regulatory requirements and any conduct that is materially inconsistent with the values or Code of Conduct of the Company. The Company has adopted a Delegated Authority Policy, which delegates to management the authority to carry out expenditure in relation to specified areas of the Company's operations, subject to the Company's policies and procedures in respect of the authorisation and signing of Company contracts, which includes a system of legal review. The functions exercised by the Board and those delegated to management are subject to ongoing review to ensure that the division of functions remains appropriate.

Executive Management Team

Company executives are each employed under written employment agreements, which set out the terms of their employment.

Prior to the commencement of employment, the Company undertakes appropriate background checks on new senior executives.

The management of the Company during the financial year comprised the Managing Director & Chief Executive Officer (MD & CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO), Chief People Officer (CPO) and Chief Executives of each of WesTrac, Coates Hire, AllightSykes and SGH Energy. Profiles of members of the Executive Management team are available at pages 62 to 63 of this Annual Report.

Governance and SGH Subsidiary Operating Businesses

The Company's key operating businesses (subsidiaries), WesTrac, Coates Hire, SGH Energy and AllightSykes are each subject to the additional oversight of separate management committees which function as subsidiary 'boards', with the rigour and formality of a board structure involving regular meetings and reporting.

These 'boards' each consist of Group Executives, including the MD & CEO, CFO and COO, and the subsidiary Chief Executive, and provide a forum to review the operations of the business and to hold each subsidiary accountable. The subsidiary business Chief Executives have overall operational accountability for their individual businesses including performance and day-to-day management, while the Company's Group level corporate resources provide central oversight of strategy, finance and accounting, legal and human resources. The subsidiary operating business 'boards' are supplemented by specialised operating business committees which assist in relation to the oversight of key aspects of the business, such as finance, health and safety, remuneration and/or project management, as required.

Each of the Company's key operating businesses reports to the Company's Board through regular comprehensive 'vertical' business board reports as well as through aggregated 'horizontal' Group-level reviews, including finance, health and safety, risk, human capital management, strategy and customer relations.

This management structure enables the Company to set Group minimum standards, disseminate and reinforce a Group culture, implement compliance controls and procedures across the Group and ensure the Group's businesses maintain focus on shareholder returns. It also appropriately safeguards and reinforces the Group's processes in relation to integrity in corporate reporting, management of the Group's disclosure obligations and the Group's ability to manage risk.

Appointment of Directors

The Board has established a Remuneration & Nomination Committee to assist it in the appointment of new Directors. Further information regarding the Committee is set out under "Principle 2 – Structure the Board to be Effective and Add Value" in this statement.

The policy and procedure for the selection and appointment of new Directors is set out in an attachment to the Board Charter. The factors that will be considered when reviewing a potential candidate for Board appointment include:

- skills, experience, expertise and personal qualities that will best complement the Board effectiveness having regard to the Board skills matrix, including a deep understanding in the areas of corporate management, operational, safety and financial matters and the media, industrial services and energy industries in which the Group operates;
- existing composition of the Board, having regard to the factors outlined in the Company's Diversity Policy and the objective of achieving a Board comprising Directors from a diverse range of backgrounds;
- capability of the candidate to devote the necessary time and commitment to the role (this involves a consideration of matters such as other board or executive appointments); and
- potential conflicts of interest, and independence.

As part of the selection and appointment process:

- the Board and Remuneration & Nomination Committee, if so requested, identify potential Director candidates, with the assistance of external search organisations as appropriate;
- background information in relation to each potential candidate is provided to all Directors;
- appropriate background checks are undertaken before appointing a Director, or putting forward to shareholders a Director candidate for election;
- an invitation to be appointed as Director is made by the Chairman after having consulted all Directors, with recommendations from the Remuneration & Nomination Committee (if any) having been circulated to all Directors.

Appointed Directors receive a formal letter of appointment which set out terms of their appointment. The date at which each Director was appointed to the Board is announced to ASX and is provided in this Annual Report on pages 60 to 61.

Election and Re-election of Directors

Directors appointed to fill casual vacancies hold office until the next Annual General Meeting and are then eligible for election by shareholders. In addition, each Director must stand for re-election at the third Annual General Meeting of the Company since they were last elected. The Notice of Meeting for the Annual General Meeting discloses material information about Directors seeking election or re-election, including appropriate biographical details, qualifications and other key current directorships.

Corporate Governance Statement

Company Secretary

The Company Secretary's role is to support the Board's effectiveness by:

- helping to organise and facilitate the induction and professional development of directors;
- ensuring that the business at Board and Committee meetings is accurately captured in the minutes;
- advising the Board and Committees on governance matters; and
- coordinating the timely distribution of Board and Committee agendas and briefing materials.

The decision to appoint or remove a Company Secretary is made or approved by the Board. The Company Secretary is accountable to the Board through the Executive Chairman on all matters to do with the proper functioning of the Board. Each of the Directors has unrestricted access to the Company Secretary.

Board, Committee and Director Performance Evaluation

The Executive Chairman closely monitors the performance and actions of the Board and its Committees. During the financial year, Directors completed a Board Evaluation questionnaire concerning Board, Committee and Director, including Chairman, performance from which aggregated data and responses were provided to the Chairman and then presented to the Board for discussion and feedback. The Board Evaluation questionnaire provides an opportunity for the Board to benchmark results year on-year and to identify Board performance priorities, governance framework enhancements and improve the effectiveness of meetings and Company processes.

The aggregated questionnaire results also provide the basis of individual discussions between Directors and the Chairman. The Chairman and each Board member consider the performance of that Board member in relation to the expectations for that Board member and consider any opportunities for enhancing future performance. Matters which may be considered include the expertise and responsibilities of the Board member and their contribution to the Board and any relevant Committees and their functions.

Additionally, during the financial year, a report on the program of work undertaken by the Board and each of its Committees, assessed against their respective Charter responsibilities and duties, is provided to the Board for discussion and for the purposes of reviewing performance of the Board and the Committees, as well as their Charters, to ensure that the Board and its Committees operate effectively and efficiently. During the reporting period, performance evaluations of the Board, its Committees and individual Directors were carried out in accordance with this process.

Following this year's Charter reviews, the Board determined not to amend the Company's Board and Committee Charters, given the substantive changes made to the Charters in 2018 and 2019 having regard to the draft and final 4th Edition ASX Corporate Governance Principles to early adopt certain of the recommendations thereunder.

Assessment of management performance

The performance of the MD & CEO is formally reviewed by the Board against the achievement of strategic and budgetary objectives in respect of the Group's operations and investments whilst also having regard for his personal performance in the leadership of the Group. The Board's review is carried out annually in regard to certain goals against which he is assessed, and throughout the year in regard to others, and forms the basis of the determination of the MD & CEO's performance-based remuneration. The Remuneration Report sets out further details of the performance criteria against which the MD & CEO's performance-based remuneration is assessed on. Refer to the Remuneration Report from page 80 for further detail.

The performance of senior executives of the Company are reviewed on an annual basis in a formal and documented interview process with either the MD & CEO or the particular executive's immediate supervisor, who evaluates performance against agreed performance goals and assessment criteria in relation to the senior executive's duties and material areas of responsibility, including management of relevant Business Units within budget, motivation and development of staff and achievement of, and contribution to, the Company's objectives. A performance evaluation of the MD & CEO and other senior executives took place during the year in accordance with this process. For further information about the performance-related remuneration of senior executives and employees, see the Remuneration Report and the discussion set out under "Principle 8 – Remunerate Fairly and Responsibly".

Diversity and Equal Employment Opportunity Policy

SGH is committed to an open and inclusive workplace that embraces and promotes Diversity and Equal Opportunity. The Company has an ongoing commitment to a diverse workforce which is a fundamental element for providing diversity of thought and ideas to sustain our competitive advantage. Key accountabilities are outlined below:

Board

- Sets objectives and works to ensure that organisational behaviour is consistent with an inclusive workplace that embraces diversity.

Executive Management

- Sets objectives and demonstrates behaviour consistent with an inclusive workplace that embraces diversity.
- Adheres to the minimum standards of behaviour outlined in the Policy.
- Reports unacceptable behaviour and deals with any complaints made, appropriately and promptly.

Managers and Supervisors

- Demonstrate behaviour consistent with an inclusive workplace that embraces diversity and promote such a workplace by:
  - Encouraging the sharing of diverse experiences and perspectives;
  - Identifying and considering how particular diverse attributes can create value and assist employees to make such a contribution; and
  - Fairly reviewing performance against objectives set at least once a year.
- Adhere to the standards of behaviour outlined in the Policy.
- Report unacceptable behaviour and deal with any complaints made, appropriately and promptly.

Company progress on diversity objectives in 2020

MEASURABLE OBJECTIVES	ACHIEVEMENTS IN 2020
Flexible Work Practices	
Flexibility provides employees with a wider range of choices as to how, when and where they are able to undertake their work activities. – Development of flexible work practices, tailored to individual needs, to assist employees to balance work with family, carer or other responsibilities. – Practices may be formal, such as part-time hours, or informal, such as working from home.	All Group businesses have defined diversity and inclusion objectives that continue to build on the foundation of previous strategies to ensure an open and inclusive workforce. Diversity and Inclusion policies, specific work practices and guidelines underpin those objectives to ensure year on year improvement in gender diversity across the Group. One of the key aspects of the Group's diversity strategy was embedding flexible work practices within our businesses. The evolution of flexible work practices and arrangements continued in FY20, with utilisation increasing through greater knowledge and understanding by both management and employees. In addition to adjustments of working hours, patterns of work and work locations, additional options available for flexible working included telecommuting, job sharing and compressed working initiatives. Both Coates Hire and WesTrac have become recognised and accredited as employers offering flexible practices on diversity focused job boards which has also been a positive result. The pandemic has had a significant and immediate impact on business operations further enhancing the importance of flexibility in the way we work. The frameworks in place enhanced the Group's ability to transition to remote working in the wake of the COVID-19 pandemic effectively protecting our ability to operate core businesses and continue to assist our customers. The Group also offered up to 5 days carers leave to manage school closures during the pandemic for all impacted employees across the Group.
Equal Opportunity	
The Company strives to make decisions in a transparent and fair manner that excludes conscious or unconscious biases that might discriminate against certain employees or candidates. – Decisions regarding employment and remuneration are based on merit, ability, performance and potential. – Internal and external placements are recruited through the assessment of individual merit, skills and experience.	Our businesses continue to work towards increasing female participation in apprentice intakes, trade roles and an increase in the number of females in supervisory and management roles. While progress has been made, we continue to challenge ourselves for continuous improvement with initiatives to increase the representation of women across all our businesses. The use of HR analytics has provided greater insights with real-time statistics to further uncover and take steps to mitigate potential unconscious bias in our systems, policies and processes and behaviours. This has included recruitment related information, turnover statistics and exit survey information to drive visibility and accountability for diversity across the Group. In addition to providing leaders with direct feedback, the information is used to continually review recruitment practices to identify any potential areas of bias at all stages, from the review of job applications through to final hiring decisions. This continues to improve the diversity of candidates and the overall quality of hires. Following the allocation of additional budgets in FY19 to address gender pay gaps, remuneration parity continues to be assessed on an ongoing basis, with a Group wide formal review process completed annually. Further improvements in gender pay parity have been achieved during FY20. The targeted intake of indigenous apprentices has continued, with further enhancements to support structures and programs to assist new employees with their transition in the Group. WesTrac has also partnered with indigenous employment agencies such as Six Season Resources and established the foundation of a Traineeship program with Nudge, providing a potential gateway for young indigenous talent to join the group. Coates Hire has launched its Reconciliation Action Plan with a view to provide employment opportunities that contribute to sustainable social and economic benefits in the communities we operate.

Corporate Governance Statement

MEASURABLE OBJECTIVES	ACHIEVEMENTS IN 2020
Career Development & Progression	
Assisting all employees to have equal access to career development and progression. – Ensuring the talent of all employees is recognised and utilised to retain and increase diversity across all levels of the Company. – Decisions relating to task allocation, training and development are based on merit, performance and talent.	All executives have diversity improvement targets in their KPIs reinforcing the importance and focus on diversity across all Business Units. Having a disciplined and deliberate approach to recruitment has resulted in improved diversity. Talent and succession planning processes have continued to evolve, to include more women at all levels of the businesses particularly in operational roles. This has provided an even greater understanding of talent across the Group and potential successors to key roles. Progress continues to be made with respect to developing and progressing female employees into leadership roles. A transparent performance management process ensures that decisions are based on merit, performance and talent. Development has continued to evolve across the Group as increased cross-collaboration across the businesses provide opportunities for career growth and development, as well as additional learning opportunities for women. Mentoring programs targeting female talent have expanded to assist in developing capabilities for future progression have also been important in identifying and growing our internal talent pipeline. Both Coates Hire and WesTrac participate and facilitate women's networking events both within their businesses and as part of industry networks such as 'Women in Construction' and 'Women in Mining' and continues to contribute to industry objectives to increase female representation.

Gender Diversity

The proportion of women employed within the Group is as follows:

	2020	
Level	Number of Women	Proportion of Women
Board	2 of 9	22.2%
Senior Managers/Managers	84 of 629	13.4%
Whole of organisation	919 of 5,878	15.6%

	2019	
Level	Number of Women	Proportion of Women
Board	2 of 10	20.0%
Senior Managers/Managers	72 of 600	12.0%
Whole of organisation	888 of 5,768	15.4%

* Senior Managers/Managers includes Executive Directors of Seven Group Holdings Limited and its subsidiaries as well as all other Managers as defined by the Workforce Gender Equality Agency.

* For the purpose of this section of the report, employee numbers and statistics have been calculated based on employees across the Group as at June 2020.

In February 2019, Ms Kate Farrar was appointed to the Board, resulting in an improvement in gender diversity towards the Board's ambition to achieve a diversity target of 30 per cent at the Board level. The Board is mindful of and recognises the benefits of a Board comprising directors with a broad range of skills, experiences and perspectives to execute its responsibilities. The Board will continue to review its composition to ensure that it remains appropriate for the Company, including with regard to gender diversity, as it manages succession on the Board.

Additionally, the Company has posted its Workplace Gender Equality Act Public Reports for 2019–2020 on its website, which contains the Company's Gender Equality Indicators, in the 'Corporate Governance' section of its website.

PRINCIPLE 2 – STRUCTURE THE BOARD TO BE EFFECTIVE AND ADD VALUE

Board Composition

The Company's Constitution provides for a minimum of three Directors and a maximum of 12 Directors on the Board. As at the date of this statement, the Board comprises nine Directors, including seven Non-Executive Directors.

The Non-Independent Directors in office are:

- Mr Kerry Stokes AC, Executive Chairman;
- Mr Ryan Stokes AO, MD & CEO; and
- The Hon. Warwick Smith AO, Director.

The Independent Directors in office are:

- Ms Annabelle Chaplain AM, Director;
- Mr Terry Davis, Director;
- Ms Kate Farrar, Director;
- Mr David McEvoy, Director;
- Mr Christopher Mackay, Director; and
- Mr Richard Uechtritz, Director.

The qualifications, experience, expertise and period in office of each Director of the Company at the date of this report are disclosed in the Board of Directors section of this Annual Report on pages 60 to 61.

Board Independence

The Board comprises a majority of Independent Directors, with three Non-Independent Directors and six Independent Directors since the retirement of Mr Bruce McWilliam on 20 November 2019. During the period of the financial year prior to Mr McWilliam's retirement, the Board comprised four Non-Independent Directors and six Independent Directors.

In determining whether a Director is independent, the Board conducts regular assessments and has regard to whether a Director is considered to be one who:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with, or represents or has been within the last three years an officer or employee of, a substantial shareholder of the Company;
- receives performance-based remuneration (including options or performance rights) from, or participates in an employee incentive scheme of, the Company;
- is, or has previously been, employed in an executive capacity by the Company or another Group member, 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 advisor of, or a material consultant to, the Company or another Group member, or an employee materially associated with the service provider;
- is a material supplier or customer of the Company or other group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
- has been a director of the entity for such a period that their independence from management and substantial holders may have been compromised; or
- has a material contractual relationship with the Company or another group member other than as a Director.

The Board determines the materiality of a relationship on the basis of fees paid or monies received or paid to either a Director or an entity which falls within the independence criteria above. If an amount received or paid may impact the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of the Group in the previous financial year by more than five per cent, then a relationship will be considered material.

Mr Kerry Stokes AC and Mr Ryan Stokes AO are not considered to be independent due to their executive positions with the Company. In addition, Mr Warwick Smith AO is not considered to be independent as he is the chairman of the advisory board of Australian Capital Equity Group of companies which is deemed to be controlled by Mr Kerry Stokes AC. In the Board's view, the Independent Directors referred to above are free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Directors' ability to act with a view to the best interests of the Company.

The Board believes the management of the Company benefits from, and it is in the interests of shareholders for Directors on the Board to have a mix of tenures as currently represented by Directors on the Board, such that some Directors have served on the Board for a longer period and have a deeper understanding of the Company and its operations, and new Directors bring fresh ideas and perspectives.

While the Board does not consider that independence can be assessed with reference to an arbitrary and set period of time, the Board has specifically considered the independence of longer-serving Non-Executive Directors during the financial year. The Board determined that these Directors are independent and their periods of tenure do not interfere with the capacity of each of these directors to bring independent judgement to bear on issues before the Board and to act in the best interests of the entity as a whole. The Board also considers that given the Company has diverse operations within a conglomerate structure that have grown considerably over time, the Company's performance and shareholders benefit from having an appropriate number of longer-serving Directors with detailed knowledge of the history and experience of the Group's operations as part of the overall composition of Directors on the Board. As part of succession planning on the Board, the Board's management of tenure of Directors on the Board also aims to achieve a period of knowledge transfer between longer-serving and more recently appointed Directors, prior the rotation of longer-serving Non-Executive Directors off the Board.

Corporate Governance Statement

Independent & Related Party Committee

The Independent Directors (identified on page 69) are members of the Independent & Related Party Committee, which has Mr Terry Davis as its Chairman. The Committee provides a forum for the review of material transactions between the Company and its related parties, including transactions with Australian Capital Equity Pty Limited and interests associated with Mr Kerry Stokes AC. Review of related party transactions by the Committee occurs without Non-Independent Directors present. The Committee meets at least twice during the year, and the Committee otherwise holds discussions and receives management reports concerning related party transactions as necessary. As such, the Committee provides an opportunity for the Independent Directors to meet regularly without Non-Independent Directors present.

The Chair of the Independent & Related Party Committee performs the function of a Lead Independent Director on the Board.

The Independent & Related Party Committee has overseen a substantial reduction of related party transactions in recent years, principally involving the conclusion of legacy service arrangements or the transfer of property interests and leases relating to several key business sites to third parties.

Chairman

The roles of the Chairman and MD & CEO are separate. Mr Kerry Stokes AC is Executive Chairman of the Company. The Chairman is responsible for leading the Board, facilitating the effective contribution of all Directors and promoting constructive and respectful relations between Directors and between the Board and Management.

The Board acknowledges the ASX Recommendation that the Chairman should be an Independent Director, however the Board has formed the view that Mr Stokes AC is the most appropriate person to lead the Board as its Chairman, given his history of leadership across the businesses and investments comprising the Group, including in the areas of heavy equipment management and services, property and television management and related media investments. In addition, Mr Stokes AC's grasp of new technologies driving television production and transmission and his incentive to maximise the interests of the Group are considered beneficial for the Company. Mr Stokes AC has been involved in investing in and managing diverse businesses for more than four decades and currently has broad business interests and investments in a range of major business sectors in Australia and overseas, including construction, agribusiness, property development, mining, oil and gas exploration. His experience, business relationships and insights are considered to be invaluable to the Group.

Board skills, experience and expertise

Each Director brings a range of personal and professional experiences and expertise to the Board. The Board seeks to achieve an appropriate mix of skills, tenures and diversity, including a deep understanding of the industries in which it holds investments and operates, as well as corporate management and operational, financial and safety matters. Directors devote significant time and resources to the discharge of their duties.

Company's Purpose and Strategic Objective

During the year, the Company undertook a 360-degree feedback process with the Board, CEOs and CFOs of all the operating businesses which led to the definition of the Company's revised purpose. Following this process, the Board approved the Company's purpose as "*Recognising and serving exceptional businesses*". The Company's purpose is an aspirational reason for being that inspires a call to action for our people, operating businesses and stakeholders. "Recognising" refers to the potential of our assets and people, understanding the impact our actions and behaviours have, harnessing collective capability across the group to realise future opportunities and ensuring operating businesses are accountable for delivering results. "Serving" refers to our individual and collective contributions, being valued by our people, customers and suppliers and facilitating problem solving opportunities across the business and outside the Group. "Exceptional businesses" applies to our investments, our substantive holdings and to our customers who are critical to the Company's success.

The Board and Management believe that fulfilling the Company's purpose will create more value for the Company's operating businesses than would be created as stand-alone entities and will achieve the Company's strategic objective which is "*Maximising returns to stakeholders through long term sustainable value creation*". The Company will deliver its strategic objective and create shareholder value through successful execution across the following five key areas:

- Diligent application of capital to maximise outcomes and returns.
- Unlocking the potential of our people with effective processes and systems.
- Focused execution of our strategies and ability to adapt to dynamic environments.
- Operating efficiently and effectively across different sectors and realise the full potential of our businesses.
- Contributing to our societies through creating better outcomes via our involvement.

Board Skills Matrix

The Board has developed a Board Skills Matrix set out in the table below reflecting the desired skills and experience required to be able to deliver the strategic objective of the Company. The Board believes that these skills and experiences are well-represented by its current composition which provides a mix of Directors with specialised knowledge relating to particular industries in which the Group businesses operate as well as general corporate, executive and Director experience which are appropriate for the Company. The table also outlines the percentage of current directors possessing those skills and experience.

Skills and Experience	Percentage
Executive leadership Significant business experience and success at a senior executive level	100%
Financial analysis, risk management and reporting Senior executive or equivalent experience in financial accounting and reporting, corporate finance and internal financial controls and an ability to probe the adequacies of financial and risk controls.	89%
Industrial services Senior executive or Board level experience in the industrial services industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	78%
Media industry Senior executive or Board level experience in the media industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	55%
Energy, oil and gas Senior executive or Board level experience in the energy, oil and gas industry, including in-depth knowledge of the legislative and regulatory framework governing this industry.	44%
Technology Senior executive or Board level experience in the strategic use and governance of information management, information technology as well as the oversight of implementation of major technology projects.	33%
Strategy and corporate activity Track record in identifying, developing and implementing a successful strategy, including appropriately probing and challenging management on the delivery of strategic objectives and developing an asset or investment over the long-term.	100%
Corporate governance and regulatory Commitment to the highest standards of corporate governance, including senior executive or Board experience with an organisation that is subject to rigorous governance and regulatory standards.	100%
People, culture and safety Board remuneration committee membership or Senior executive experience relating to human resource management, workplace health and safety, including incentive arrangements and the legislative framework governing employees and remuneration.	100%

Remuneration & Nomination Committee

The Board has established a Remuneration & Nomination Committee comprised of the following members, all of whom are Independent Directors except for Mr Warwick Smith AO:

- Mr Terry Davis (Chairman)
- Mr Richard Uechtritz
- Ms Annabelle Chaplain AM
- The Hon. Warwick Smith AO

The Remuneration & Nomination Charter is available on the Company's website. The Charter provides that the Committee must consist of a minimum of three members and must have a majority of Independent Directors, all of whom must be Non-Executive Directors. Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may also attend any meeting of the Committee by invitation.

The Chairman of the Committee reports to the Board on the Committee's considerations and recommendations. Further details concerning the Remuneration & Nomination Committee's role in relation to Board appointments are set out in this Corporate Governance Statement under the heading "Principle 1 – Lay Solid Foundations for Management and Oversight" and under "Principle 8 – Remunerate Fairly and Responsibly" in relation to its role regarding the Company's remuneration arrangements.

Director induction and ongoing training

As part of the induction process, Board appointees attend a briefing with the Executive Chairman, meet with the Company Secretary about the Company's corporate governance framework, visit key business sites and meet with senior executives. In addition to the induction process for new Director appointments, from time to time, Directors attend external education seminars and peer group meetings regarding regulatory and compliance developments. The Company arranges presentations to the Board by Executives to update the Directors on the Group's business activities, as well as industry and regulatory developments.

The Director induction and ongoing training programs are reviewed to consider appropriate opportunities for Director development having regard to the desired skills and competencies for Board members as well as emerging governance issues. During the year, Directors were briefed on regulatory and reporting developments, including changes to the ASX Corporate Governance Principles and accounting standards, the implementation of risk management programs across the Group, as well as regulatory responses to the COVID-19 pandemic.

Effective functioning of the Board

The Board, under the terms of appointment of Directors and by virtue of their position, is entitled to access, and is provided with, information concerning the Group needed to discharge its duties efficiently. Directors are entitled, and encouraged, to request additional information if they believe that is necessary to support informed decision-making. Directors are able to obtain independent professional advice to assist them in carrying out their duties, at the Company's expense.

Corporate Governance Statement

PRINCIPLE 3 – INSTIL A CULTURE OF ACTING LAWFULLY, ETHICALLY AND RESPONSIBLY

Core Values

In accordance with its Charter, the Board has reviewed and approved the core values of the Company below which function as guiding principles and expectations for behaviour and the culture the Board and Management are seeking to embed across all the Group to assist in the achievement of the Company's strategic objective as set out under Principle 2.

Respect

- Foster an inclusive culture and embrace diversity in all its forms.
- Collaborate constructively with all stakeholders to drive shareholder value.

Owner's Mindset

- Commit to achieving our long-term objectives and delivery of acceptable outcomes.
- Invest in businesses where the investment opportunity exceeds the return requirements.
- Pursue a high-performance culture where we continuously strive for efficiency and growth.

Courage

- Empower and trust our people to recognise and pursue opportunities.
- Strive to fundamentally improve the way we do business.

Agility

- Overcome our challenges and achieve great outcomes.
- Evolve our business and businesses and transform our markets.
- Opportunistic approach to sector, structure and geography.

Code of Conduct and other Company policies

The Board has adopted a Code of Conduct for Directors, available on the Company's website, which establishes guidelines for their conduct in matters such as ethical standards and the disclosure and management of conflicts of interests. Formal Employee Conduct Guidelines have been adopted by the Company for employees, including senior executives, and are available on the Company's website. These Guidelines help to guide employees on how to act and clarify how the Company expects employees to perform.

The Board has implemented a number of other policies and procedures to maintain confidence in the Company's integrity and promote ethical behaviour and responsible decision-making, including the following policies which are available on the Company's website:

- Continuous Disclosure policy
- Director Share Trading and Executive and Staff Share Trading policies
- Diversity policy
- Whistleblower policy
- Fraud and Corruption policy

The Company's Share Trading policies establish the governing principles for trading in Company shares by Directors, Executives and staff. The Company's Whistleblower Policy, which includes an external reporting 'hotline', encourages the reporting and investigation of unethical and unlawful practices and matters of concern. The Company's Fraud and Corruption policy prohibits all Company Directors, employees, contractors and business partners giving bribes or other improper payments or benefits to public officials and material breaches of the policy must be reported to the Board and the Audit & Risk Committee.

The Company requires compliance with Company policies by employees under the terms of their employment and carries out training of employees in relation to its policies and procedures.

The Company and its controlled subsidiaries, as applicable, uphold and maintain the following ethical standards:

- General statutory requirements and regulations of the Corporations Act, ASX Listing Rules and Income Tax Assessment Act;
- Equal employment opportunity and affirmative action;
- Encouraging high standards of safe work practices and implementing Occupational Health and Safety compliance procedures;
- Policy of community service through charitable organisations; and
- Policy of responding to national disasters and tragedies.

The Company assesses the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year.

Bushfire Relief Assistance and COVID-19 Response

For information on the Company's support of bushfire recovery efforts and maintaining its essential services throughout the COVID-19 pandemic, see pages 12 and 56 to 58 respectively of this Annual Report.

PRINCIPLE 4 – SAFEGUARD THE INTEGRITY OF CORPORATE REPORTS

Audit & Risk Committee

The Audit & Risk Committee comprises the following members, all of whom are Independent Directors except for Mr Warwick Smith AO:

- Ms Annabelle Chaplain AM (Chairman)
- Ms Kate Farrar
- Mr David McEvoy
- Mr Chris Mackay
- The Hon. Warwick Smith AO

Ms Chaplain possesses extensive professional experience on Audit and Risk Committees of substantial Australian listed companies and her career includes senior roles in investment banking, financial services, mining, engineering and major infrastructure services companies. Mr Mackay, a former investment banker and corporate and banking lawyer, has financial expertise and considerable experience in business management, capital allocation, risk management and investment. Mr McEvoy brings significant Board experience and expertise in accounting matters and operations, including relating to the oil and gas industries as well as extensive risk management experience. Over the course of a highly distinguished career, Mr Smith has held a variety of senior roles in finance, banking and government and is considered to possess financial expertise. Ms Farrar brings significant finance, investment and management and board experience to the Committee.

The Audit & Risk Committee has adopted a formal Charter which is available on the Company's website.

The Committee's key responsibilities in respect of its audit function are to assist the Board in fulfilling its responsibilities in relation to:

- the accounting and financial reporting practices of the Company and its subsidiaries;
- the consideration of matters relating to the internal controls and systems of the Company and its subsidiaries;
- reviewing the process to verify the integrity of any periodic corporate report the Company releases to the market that is not audited or reviewed by the External Auditor;
- the identification and management of financial and non-financial risk; and
- the examination of any other matters referred to it by the Board.

The Audit & Risk Committee is also responsible for:

- making recommendations to the Board on the appointment (including procedures for selection), and where necessary, the replacement of the External Auditor;
- evaluating the overall effectiveness of external audit function through the assessment of external audit reports and meetings with the External Auditor;
- reviewing the External Auditor's fees in relation to the quality and scope of the audit with a view to ensuring that an effective, comprehensive and complete audit can be conducted for the fee; and
- reviewing the External Auditor's fees for non-audit work and assessing whether non-audit services provided by the External Auditor are consistent with maintaining the External Auditor's independence.

The Audit & Risk Committee's key responsibilities in respect of its risk function are set out below under "Principle 7 – Recognise and Manage Risk". Attendance at Committee meetings by management is at the invitation of the Committee. Directors who are non-Committee members may attend any meeting of the Committee by invitation.

External Audit function

The Audit & Risk Committee meets periodically with the External Auditors without management being present.

Each reporting period, the External Auditor provides an independence declaration in relation to the audit. Additionally, the Audit & Risk Committee provides advice to the Board in respect of whether the provision of non-audit services by the External Auditor are compatible with the general standard of independence of auditors imposed by the Corporations Act.

The Company's External Auditor attends all Annual General Meetings and is available to answer shareholders' questions about the conduct of the audit and the preparation and content of the Auditor's report.

Declarations by the MD & CEO and CFO

Before the Board approves the financial statements for each of the half-year and full year, it receives from the MD & CEO and the CFO a written declaration that, in their opinion, the financial records of the Company have been properly maintained and the financial statements are prepared in accordance with the relevant accounting standards and present a true and fair view of the financial position and performance of the consolidated group. These declarations also confirm that these opinions have been formed on the basis of a sound system of risk management and internal compliance and control which is operating effectively.

To assist the MD & CEO and the CFO in making their declarations to the Board in relation to the for each of the half-year and full year, and to ensure integrity in corporate reporting and good governance, a detailed questionnaire is distributed to senior management across the Group, including Business Unit Chief Executives and Business Unit Chief Financial Officers as well as other selected key senior managers, requiring confirmation from each of them that financial and accounting controls have been in place and adhered to, Company codes or policies have not been breached, risks have been appropriately managed, and that any matters requiring further consideration by senior group management are disclosed.

The required declarations from the Chief Executive Officer and Chief Financial Officer have been given to the Board for the half-year ended 31 December 2019 and financial year ended 30 June 2020.

Verification of Integrity of Periodic Corporate Reports

Corporate reports which are not audited or reviewed by the external auditor are prepared by Executive Management by reference to company records and systems, with external professional assistance where appropriate. Such reports, as are included in the non-audited sections of this Annual Report, are submitted to a Committee or the Board for consideration. The detailed questionnaire distributed to senior management across the Group as part of the Company's periodic reporting procedures, referred to above, is a feature of the verification process in relation to corporate reporting on the Company's policies and compliance.

Corporate Governance Statement

PRINCIPLE 5 – MAKE TIMELY AND BALANCED DISCLOSURE

The Company is committed to complying with the disclosure obligations of the Corporations Act and the Listing Rules of the ASX and has adopted a Continuous Disclosure Policy which is available on the Company's website.

Media releases, half yearly and yearly financial reports and results presentations are lodged with ASX and upon confirmation of receipt by ASX, they are posted to the Company's website.

In order to protect against inadvertent disclosure of price sensitive information, the Company imposes communication 'blackout' periods for financial information between the end of financial reporting periods and the announcement of results to the market.

The Board receives copies of all announcements under Listing Rule 3.1 promptly after they have been made.

PRINCIPLE 6 – RESPECT THE RIGHTS OF SECURITY HOLDERS

Communications with security holders

As disclosed in the Shareholder Communications Policy, which is available on the Company's website, the Board aims to ensure that security holders are informed of all major developments affecting the Company's state of affairs and that there is effective two-way communication with security holders. The Company adopted a communications strategy that promotes effective communication with security holders, principally through ASX announcements, the Company website, the provision of the Annual Report, including the financial statements, and the Annual General Meeting (and any extraordinary meeting held by the Company) and notices of general meetings. Shareholders are encouraged to participate in general meetings and are invited to put questions to the Chairman of the Board in that forum.

Security holders are given the option to receive communications from, and to send communications to, the Company and the Company's Share Registry electronically, to the extent possible. The Board continues to review its channels of communications with security holders for cost effectiveness and efficiencies, including using electronic delivery systems for security holder communications where appropriate. The Company continues to implement campaigns to encourage security holders to elect to receive all security holder communications electronically to help reduce the impact on the environment and cost associated with printing and sending materials by post.

It is the Company's policy that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.

The Company's website

The Company's website www.sevengroup.com.au provides various information about the Company, including:

- overviews of the Company's operating businesses, divisions and structure;
- biographical information for each Director;
- biographical information for members of the Executive Management team;
- copies of Board and Committee Charters;
- Corporate Governance Policies;
- Annual Reports and Financial Statements;
- announcements to ASX;
- security price information;
- contact details for the Company's Share Registry; and
- details concerning the date of the Annual General Meeting, including the Notice of Meeting, when available.

PRINCIPLE 7 – RECOGNISE AND MANAGE RISK

Risk oversight and management

The Board recognises that the management of financial and non-financial risk is an integral part of its operations and has established policies and procedures for the oversight and management of material business risks, including the establishment of the Audit & Risk Committee. Details regarding the Committee are set out under "Principle 4 – Safeguard the Integrity of Corporate Reports". The Board also believes a sound risk management framework should be aimed at identifying and delivering improved business processes and procedures across the Group which are consistent with the Group's commercial objectives. Under the Audit & Risk Committee's Charter, the Committee's key responsibilities in respect of its risk function are to:

- Oversee, evaluate and make recommendations to the Board in relation to, the adequacy and effectiveness of the risk management framework and the risk management systems and processes in place, and be assured and in a position to report to the Board that all material risks have been identified and appropriate policies and processes are in place to manage them.
- Review and approve management's annual report on the effectiveness of the risk management systems and internal control framework.
- Review reports from management on new and emerging sources of financial and non-financial risk and the risk controls and mitigation measures that management has put in place to deal with those risks.
- Review, at least annually, the Company's risk management framework to satisfy itself that it continues to be sound and effectively identifies all areas of potential risk, and report to the Board regarding its review and any recommended changes to the Company's risk management framework.
- Review, and make recommendations to the Board in relation to, the Company's insurance program and other risk transfer arrangements having regard to the Company's business and the insurable risks associated with it, and be assured that appropriate coverage is in place.
- Monitor compliance with applicable laws and regulations, review the procedures the Company has in place to ensure compliance and be assured that material compliance risks have been identified.
- Establish procedures for the receipt, retention and treatment of complaints received by the Company regarding fraud or non-compliance with applicable laws and regulations and the confidential, anonymous submission by employees of the Company of any concerns regarding business practices.
- Review, and make recommendations to the Board in relation to, any incidents involving fraud or other break down of the Company's internal controls.

The Board requires management to design and implement a risk management and internal control system to manage the Group's material business risks and report to it on the management of those risks. During the reporting period, management reported to the Board as to the effectiveness of the Company's management of its material business risks, including the following:

- the Audit & Risk Committee reviewed the Group's risk reporting and risk management framework consistent with Australian Standard ISO 31000:2009;
- the Committee received risk briefings at its meetings from external auditors, management, Head of Internal Audit and Process Improvement concerning review of the Group's key business operations. The Group's business divisions provide regular reporting on workplace safety practices and management within the Group;
- the Committee conducted periodic as well as the annual review of the Company's risk management framework and satisfied itself that the framework continues to be sound and effectively identifies potential risks; and
- the Company businesses conducted risk reviews and assessments which identified, assessed and ranked the main strategic risks, including material business risks, facing the Group's businesses in respect of which management has implemented internal risk controls and mitigation strategies for those risks.

Internal Control Framework

Throughout the financial year the Company's Internal Audit and Process Improvement function evaluated the effectiveness of the Company's governance, risk management and internal control processes by conducting detailed reviews in the areas of accounting, technology, information and business operations The Internal Audit function has access to the Company's records, information systems, properties and personnel in order to conduct its activities. The Audit & Risk Committee reviewed and approved the Internal Audit plan, its resourcing and monitored its independence and performance. Internal Audit reviews carried out in accordance with the Internal Audit plan were reported to the Committee which reviews and ensures ownership by management in regard to Internal Audit's findings and recommendations and management's responsiveness to any required action items.

Commencing from 1 July 2019 Ernst & Young was appointed to conduct the Company's Internal Audit reviews. The Board considers that this appointment provides an enhanced level of capability, providing technical depth from a leading audit firm. This will embed a stronger risk and compliance culture across the organisation, whilst drawing on best practice and knowledge across operational and emerging issues. Additionally, the appointment allows economies of scale and process improvement benefits to be realised through the co-ordination of various assurance and control testing activities across the Group entities and businesses. Efficiencies are also gained by the externally resourced Internal Audit function working closely with the Group's external auditor, Deloitte, to ensure audit efforts are not duplicated and Internal Audit work can be relied upon where possible.

Risk Management Policy

The Company has adopted a Risk Management Policy to:

- ensure there is a consistency in the methods used in assessing, monitoring and communicating risks throughout the Company and that risk management efforts are aligned with the Company's strategic and business objectives; and
- promote a balanced approach to risk and return and to ensure that the Board knows in advance the risks of the business. A summary of the Company's Risk Management Policy is available on the Company's website.

Material risks

Under the risk framework described above, the Company has identified investment, financial, operational, environmental and social risks which it manages and mitigates. Each of the foregoing material business risks is monitored and managed by appropriate senior management within the Company who are delegated responsibility to manage or escalate issues to the Company's senior executive team. Where appropriate, external advisers are engaged to assist in managing the risk. More detail concerning these risks, and how the Company manages these risks is set out in the Operating and Financial Review of this Annual Report on pages 28 to 41 and the Company's commentary on its environmental compliance and human capital related initiatives as well as its community engagement on pages 42 to 51 of this Annual Report.

Workplace Safety

The Company is committed to providing a safe workplace and maintains comprehensive workplace safety policies and systems which are managed by health and safety specialists within the Company.

Management provides leadership by promoting a culture of safety and risk identification and monitors and responds to incident reporting and provides regular workplace safety updates and briefings to the Board. Additionally, to support well-being within the workplace, the Company provides preventative health checks, information seminars on a range of topics including mental health and a free and confidential external counselling service for employees and their immediate families. Refer to pages 42 to 51 of this Annual Report for more information on the Group's workplace safety practices within WesTrac, Coates Hire and AllightSykes, the Group's predominant operating businesses.

Environment and Sustainability

The Company is mindful of climate change and managing the environmental impact of its operations. Environmental risks are considered as part of the Company's risk assessment processes. Refer to pages 42 to 51 of this Annual Report for more information on the Group's environmental practices and efforts to minimise the environmental footprint of its businesses.

For the Company's climate change-related commentary and disclosure, refer to pages 52 to 55 of this Annual Report.

Corporate Governance Statement

PRINCIPLE 8 – REMUNERATE FAIRLY AND RESPONSIBLY

The Directors consider that the attraction, retention and motivation of its Directors and senior executives is of critical importance in securing the future growth of the Company, its profits, share price and shareholder returns.

Remuneration & Nomination Committee

To assist in the adoption of appropriate remuneration practices, the Board has established a Remuneration & Nomination Committee. Details regarding the Committee are set out under "Principle 2 – Structure the Board to be Effective and Add Value". The primary responsibilities of the Committee which relate to remuneration are:

- to review and advise the Board on Directors' fees and the remuneration packages, including equity incentive grants, of the MD & CEO, Chief Executives and senior executives of the Group;
- to ensure the company has a rigorous and transparent process for developing its remuneration policy and for fixing the remuneration packages of directors and senior executives, in light of the objective that the company's remuneration framework is aligned with the company's strategic objectives, values, purpose and risk appetite;
- to provide advice and support and serve as a sounding-board for the MD & CEO and the Board in human resource and remuneration-related matters;
- to advise on succession planning and employee development policies; and
- to review and monitor the implementation of, the Company's remuneration framework to confirm it:
  - encourages and sustains a culture aligned with the Company's values;
  - supports the Company's strategic objectives and long-term financial soundness; and
  - is aligned with the Company risk management framework and risk appetite.

It is the practice for the MD & CEO to attend meetings of the Remuneration & Nomination Committee to report on, or seek approval of, senior Group Management's remuneration, but he is not present during meetings of the Committee (or the Board) when his own performance or remuneration are being discussed or reviewed.

Remuneration of Non-Executive Directors

The aggregate remuneration for Non-Executive Directors is approved by shareholders. Fees for Directors are set out in the Remuneration Report on pages 81 to 99.

In contrast to Executive Directors and senior executives, Non-Executive Directors do not receive performance related payments, although they may receive additional payments at the discretion of the Board where appropriate in relation to special services that they perform for the Company. Throughout the financial year no such additional fees were paid to Non-Executive Directors. Fees for Non-Executive Directors are set out in the Remuneration Report on page 90 and page 99.

No retirement benefits apply in respect of Company directorships other than superannuation contributions.

Remuneration of Executive Directors and senior executives

The objective of the remuneration process for Executive Directors and senior executives is to ensure that remuneration packages properly reflect the duties and responsibilities of employees and that remuneration is at an appropriate but competitive market rate which enables the Company to attract, retain and motivate people of the highest quality and best skills from the industries in which the Company operates. This policy provides for the MD & CEO to consider the remuneration packages paid within the industry and the impact these people are expected to have on the operational and financial performance of the Company.

Remuneration packages may be structured to include bonuses, options or share-based payments and the Company has established Share and Option Plans for that purpose. The payment of bonuses is based on the achievement of specific goals which relate to the performance of the Company or as otherwise specified in the relevant employment contracts. Options, performance share rights and share appreciation rights are issued as a part of remuneration packages where they are considered appropriate, with exercise prices and hurdle rates which reflect the long-term objectives of the Company.

Remuneration matters concerning WesTrac and Coates Hire Executives who are Key Management Personnel (KMP) of the Company are brought to the Remuneration & Nomination Committee for its consideration. Otherwise, WesTrac's and Coates Hire's remuneration arrangements and approvals are generally respectively overseen by a WesTrac Executive Committee and Coates Hire Executive Committee within a budget approved by the Board and reported to the Remuneration & Nomination Committee.

Remuneration policy matters as well as regular reports concerning industrial relations and Enterprise Agreements relating to WesTrac and Coates Hire are brought to the Remuneration & Nomination Committee or Board for review and/or approval as appropriate.

The Remuneration & Nomination Committee met after the end of the financial year to review and recommend to the Board any performance-based remuneration for the MD & CEO during the financial year as well as for Executive Management. This process and the outcomes for KMP are summarised in the Remuneration Report.

Hedging Policy

The Company's Group Directors Share Trading Policy, and the Executive and Staff Share Trading Policy, prohibit employees KMP from dealing in the Company's shares, if the dealing is prohibited under the Corporations Act. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements from entering into arrangements which operate to limit the executives' economic risk in connection with Seven Group Holdings securities which are unvested or remain subject to a holding lock. The ability to deal with unvested rights is restricted in the Employee Share Option Plan and LTI Plan rules, which apply to any options over shares in the Company which may be granted from time to time. Further details relating to remuneration and the Company's remuneration policy, framework and structure are contained within the Remuneration Report on pages 80 to 99.

This statement has been approved by the Board and is current as at 26 August 2020.

Directors' Report

For the year ended 30 June 2020

The Directors present their report together with the consolidated financial statements of the Group consisting of Seven Group Holdings Limited and the entities it controlled at the end of, or during, the year ended 30 June 2020 and the auditor's report thereon.

BOARD

The following persons were Board members of Seven Group Holdings Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Kerry Matthew Stokes AC (Executive Chairman)

Ryan Kerry Stokes AO (Managing Director & Chief Executive Officer)

Sally Annabelle Chaplain AM

Terry James Davis

Katherine Leigh Farrar

Christopher John Mackay

David Ian McEvoy

Bruce Ian McWilliam (retired 20 November 2019)

The Hon. Warwick Leslie Smith AO

Richard Anders Uechtritz

Particulars of their qualifications, experience, special responsibilities and any directorships of other listed companies held within the last three years are set out in this Annual Report under the headings "Board of Directors" and "Corporate Governance Statement" on pages 60 to 61 and form part of this report.

Warren Coatsworth is the Company Secretary. Particulars of Mr Coatsworth's qualifications and experience are set out in this Annual Report under the heading "Company Secretary" on page 63.

PRINCIPAL ACTIVITIES

The principal activities of the Group during the financial year were those of a diversified operating and investment group; with interests in heavy equipment sales and service, equipment hire, media, broadcasting and energy assets.

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

BUSINESS STRATEGIES, PROSPECTS AND LIKELY DEVELOPMENTS

Information on the Group's operations and the results of those operations, financial position, business strategies and prospects for future financial years has been included in the "Operating and Financial Review" on pages 28 to 41.

The Operating and Financial Review also refers to likely developments in the Group's operations in future financial years and the expected results of those operations. Information in the Operating and Financial Review is provided to enable shareholders to make an informed assessment about the operations, financial position, business strategies and prospects for future financial years of the Group.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In the opinion of the Directors there were no significant changes in the state of affairs of the Group that occurred during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Fixed term US dollar notes

On 7 July 2020, a wholly owned subsidiary of the Group has obtained further funding under a US Private Placement arrangement totalling $461.0 million. The facilities consist of two US dollar tranches of US$75.0 million each, which are due in 2027 and 2032 respectively and an Australian dollar $230.0 million tranche due in 2030. The foreign exchange elements of the US dollar tranches are fully hedged.

Listed investments

Subsequent to year end, the Group acquired a further 50.5 million shares in Boral Limited for $187.3 million, increasing the Group's ownership interest to 16.3 per cent. The Group also acquired a further 1.3 million shares in Estia Health Limited for $2.1 million, increasing the Group's ownership interest to 10.4 per cent. The investments continue to be accounted for as a listed equity security as the Group does not have significant influence over these entities.

Listed securities lending

On 26 August 2020, the Group established $100 million of securities lending facilities with multiple banks, enabling listed securities held by the Group to be provided as security. These facilities are evergreen and are provided on a short-term uncommitted basis.

Stand-by Facility

On 26 August 2020, the Group established a $200 million note facility permitting the Group to issue tranches of Notes (either Australian dollar or US dollar) over the next three years, with maturities up to 15 years. The facility is currently undrawn.

Movement in share prices of listed investments

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. Refer to Note 30: Events Subsequent to Balance Date for further detail.

Except for the above, there are no other matters or circumstances which have arisen since 30 June 2020 that have significantly affected or may significantly affect:

(a) the Group's operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the Group's state of affairs in future financial years.

Directors' Report

MEETINGS OF DIRECTORS

The number of meetings of the Company's Board of Directors and of each Board Committee held during the year ended 30 June 2020, and the number of those meetings attended by each Director, were:

	BOARD		AUDIT & RISK		REMUNERATION & NOMINATION		INDEPENDENT & RELATED PARTY	
Director	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
Kerry Matthew Stokes AC	9	8	1	1	–	–	–	–
Ryan Kerry Stokes AO	9	9	7	7	5	5	–	–
Sally Annabelle Chaplain AM	9	9	7	7	5	5	2	2
Terry James Davis	9	9	–	–	5	5	2	2
Katherine Leigh Farrar	9	9	7	7	–	–	2	2
Christopher John Mackay	9	9	7	7	–	–	2	2
David Ian McEvoy	9	9	7	7	–	–	2	2
Bruce Ian McWilliam*	4	4	3	3	5	5	–	–
The Hon. Warwick Leslie Smith AO	9	9	7	7	5	5	–	–
Richard Anders Uechtritz	9	9	–	–	5	5	2	2

(a) The number of meetings held while the Director concerned held office during the year.

(b) The number of meetings attended. Please note Directors may attend meetings of Committees of which they are not a formal member, and in these instances, their attendance is also included in the above. A Director may also have been absent from a meeting, or part thereof, if there was a conflict of interest.

* Retired 20 November 2019.

DIVIDENDS – ORDINARY SHARES

Since the start of the financial year, a final fully franked dividend for the 2019 financial period of 21.0 cents per share, amounting to $71.3 million, was paid on 11 October 2019.

Since the start of the financial year, an interim fully franked dividend for the 2020 financial year of 21.0 cents per share, amounting to $71.2 million, was paid on 20 April 2020.

A final fully franked dividend for the 2020 financial year of 21 cents per share, amounting to $71.3 million will be paid on 13 October 2020, based on the number of issued shares at the date of this report.

ENVIRONMENTAL DISCLOSURE

In respect of the environmental regulations under any laws of the States, Territories and Commonwealth of Australia, the significant regulations that apply to the media operations of the entities the Company holds investments in are those guidelines and standards issued by the Australian Communications and Media Authority.

It is the Directors' understanding that the Group is fully compliant with the provisions of these guidelines and standards. Various State Environmental Protection Authorities have issued licenses to the Company under the laws of the respective States. All requirements and conditions of these licenses have been complied with to the satisfaction of the issuing authority.

The Company assesses the Group as part of its compliance with the National Greenhouse and Energy Reporting Act and will be reporting relevant emissions and energy usage and production for the Group for the financial year to the Clean Energy Regulator.

The Group is also subject to significant environmental regulations in respect of resources exploration, development and production activities. The Group is committed to undertaking all of its exploration, development and production activities in an environmentally responsible manner. The Board believes that the Group has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those environmental requirements as they apply to the resources operations of the Group.

There are no other particular and significant environmental regulations under a law of the Commonwealth or of a State or Territory applying to the Group.

DIRECTORS' INTERESTS IN SECURITIES

The relevant interest of each Director in ordinary shares, options, performance rights or share rights issued by the companies within the Group at the date of this report is as follows:

Directors' holdings of Seven Group Holdings Limited securities

	Ordinary Shares	Options over Ordinary Shares	Performance Rights	Share Rights
Kerry Matthew Stokes AC	207,304,349	Nil	Nil	Nil
Ryan Kerry Stokes AO	423,397	Nil	Nil	78,337
Sally Annabelle Chaplain AM	31,339	Nil	Nil	Nil
Terry James Davis	96,064	Nil	Nil	Nil
Katherine Leigh Farrar	5,566	Nil	Nil	Nil
Christopher John Mackay	10,000	Nil	Nil	Nil
David Ian McEvoy	31,339	Nil	Nil	Nil
The Hon. Warwick Leslie Smith AO	38,760	Nil	Nil	Nil
Richard Anders Uechtritz	484,170	Nil	Nil	Nil

OPTIONS OR PERFORMANCE RIGHTS GRANTED OVER ORDINARY SHARES IN SEVEN GROUP HOLDINGS LIMITED

On 1 July 2020, 159,507 deferred share rights vested to Executives under the Company's FY18 STI Plan and retention award.

At the date of this report, there are 40,122 deferred share rights in the Company that were issued to Mr R Stokes AO and a further 126,085 deferred shares to other Executives under the Company's FY19 STI Plan. A further 15,000 deferred share rights were awarded in FY19 as an additional award.

An award of 106,326 deferred share rights was made to KMP Executives on 1 July 2020 under the Company's 2020 STI Plan.

Award	Grant date	Expiry	Number
2017 LTI Plan[(a)]	1 Jul 16	1 Sep 20	356,439
2018 LTI Plan[(a)]	1 Jul 17	1 Sep 20	257,050
2018 LTI Plan[(a)]	25 Oct 17	1 Sep 20	24,247
2019 LTI Plan	1 Jul 18	1 Sep 21	209,552
2020 LTI Plan	1 Jul 19	1 Sep 22	330,520
2021 LTI Plan	1 Jul 20	1 Sep 23	347,046
TOTAL			**1,524,854**

(a) 356,439 performance rights granted under the 2017 LTI Plan and 281,297 performance rights granted under the 2018 LTI Plan will vest following testing of the performance hurdles, resulting in 100 per cent of the award vesting.

These rights do not carry an entitlement to participate in any share issue. Rights were granted for nil consideration.

No other options or rights have vested or been exercised during or since the end of the financial year, nor have they expired.

CONVERTIBLE NOTES

The Company has 3,500 Convertible Notes which are listed on the Singapore Stock Exchange and mature seven years from their issue date at their nominal value. The total number of ordinary shares which will be issued if the Notes are converted is 14,583,333. At the date of this report, no Notes had been converted.

Remuneration Report

MESSAGE FROM THE REMUNERATION & NOMINATION COMMITTEE

Dear Shareholders

On behalf of the Board, I am pleased to present the Remuneration Report for the 2020 financial year, which sets out remuneration information for Key Management Personnel and Non-Executive Directors.

The unprecedented events over the last 12 months have had a significant social and economic impact in Australia and across the world. Strong leadership and decisive actions have mitigated the impact of COVID-19 and the Australian bushfires on the Group's operations and maintained the safety and welfare of our people who are critical to supporting the Group's customers and ensuring business continuity.

The devastating bushfires in late 2019 and early 2020 had a significant impact on the communities in which we operate. In addition to the volunteer efforts of employees across the Group, SGH responded with a contribution of $5 million matched by ACE, SGH's largest shareholder (combined contribution of $10 million) to directly support fire-fighting efforts, disaster recovery and the long-term task of rebuilding communities and infrastructure. This important work and support will continue into FY21.

In response to COVID-19, a Group led Nerve Centre was established in early March, ahead of any government restrictions to coordinate and leverage resources with respect to workforce management strategies, employee policies, supply chain stabilisation and business continuity planning across the Group. This has been very successful in ensuring a consistent approach to managing the impact of the pandemic on the safety and productivity of our people and protecting our core businesses.

We are proud of the dedication of our employees across SGH that has ensured support for our customers and maintenance of our operations. We would not have been able to deliver the results for FY20 without the operational flexibility displayed by our employees in responding to the crisis. As a gesture of appreciation and in recognition of their contribution the Board approved an Employee Recognition Initiative, providing all our employees across the Group with a $300 gift card.

FY20 BUSINESS PERFORMANCE

Despite the economic and social challenges, FY20 was a year of solid performance for the Group. The support of our people alongside the capability of the Executive Management team to lead and execute, has delivered the following business outcomes in a particularly challenging environment:

- Total revenue from operations was $4,562.6 million, a year-on-year increase of 12%;
- Underlying EBIT from operations was $739.9 million, a year-on-year increase of 2%;
- Fully franked ordinary dividend per share maintained at 42 cents;
- Total Shareholder Return (TSR) was 76.3% for the three years to 30 June 2020 and 241.1% for the four years to 30 June 2020.

All remuneration decisions with respect to FY20 were carefully considered by the Board, taking into account the current environment and ensuring alignment of outcomes with shareholder interests and expectations of the broader community.

There continues to be a strong and demonstrable link between business performance and reward with Short-Term Incentive (STI) outcomes for FY20 averaging 92% of target for KMP Executives. Performance rights granted under the FY17 and FY18 Long-Term Incentive (LTI) Awards were tested against their performance hurdles following the conclusion of the performance period on 30 June 2020. Both awards vested in full in accordance with the performance hurdles. It is important to note that no FY20 STI targets or LTI vesting outcomes were adjusted for the impact of COVID-19 during the year.

For the FY20 LTI Award, the Board committed to the introduction of dual performance measures of earnings per share (EPS) and relative TSR. However, with the uncertainty around setting longer term financial targets in light of COVID-19 and taking into account stakeholder views, the Board determined that the retention of relative TSR as a single measure was more appropriate as it continued to ensure alignment between shareholder returns and reward outcomes in a period of significant disruption.

THE YEAR AHEAD

The current situation with COVID-19 continues to evolve, with the expectation that the challenges will continue into FY21. The Board will continue to review the Company's remuneration structure to ensure alignment with the delivery of shareholder returns as the Group navigates the next phase of COVID-19.

We look forward to welcoming you to our 2020 AGM.

Terry Davis
Chairman of the Remuneration & Nomination Committee

REMUNERATION REPORT – AUDITED

This Remuneration Report for the year ended 30 June 2020 (FY20) outlines the remuneration arrangements of the Company and the Group in accordance with the *Corporations Act 2001* (the Corporations Act) and its regulations. This information has been audited as required by section 308(3C) of the Corporations Act.

The Remuneration Report is presented under the following main headings:

1. **Introduction**
2. **Summary of performance and incentive outcomes in FY20**
3. **Remuneration governance**
4. **Executive remuneration principles: linking strategy with outcomes**
5. **KMP Executive remuneration framework**
6. **Executive Chairman and Non-Executive Director remuneration framework**
7. **Link between remuneration and Group performance**
8. **Summary of executive contracts**
9. **KMP equity holdings**
10. **KMP related party transactions**
11. **Remuneration in detail**

1. INTRODUCTION

The Remuneration Report outlines key aspects of the Company's remuneration policy and framework and provides details of remuneration awarded to Key Management Personnel (KMP) during FY20.

KMP includes Executive Directors, Non-Executive Directors and certain senior executives of the Group who have authority and responsibility for planning, directing and controlling the activities of the Group (Group Executives). Executive Directors (excluding the Executive Chairman) and Group Executives are hereafter collectively referred to in this report as KMP Executives.

The Group's KMP for FY20 are listed in the table below.

Executive Directors	Title	FY20 Status	KMP Status
Kerry Matthew Stokes AC	Executive Chairman	Full Year	Current
Ryan Kerry Stokes AO	Managing Director & Chief Executive Officer (MD & CEO)	Full Year	Current
Bruce Ian McWilliam[(a)]	Commercial Director	Part Year	Former
Non-Executive Directors			
Sally Annabelle Chaplain AM	Director	Full Year	Current
Terry James Davis	Director	Full Year	Current
Katherine Leigh Farrar	Director	Full Year	Current
Christopher John Mackay	Director	Full Year	Current
David Ian McEvoy	Director	Full Year	Current
Warwick Leslie Smith AO	Director	Full Year	Current
Richard Anders Uechtritz	Director	Full Year	Current
Group Executives			
Gitanjali Bhalla	Group Chief People Officer	Full Year	Current
Jarvas Ernest Croome	Chief Executive Officer, WesTrac	Full Year	Current
Jeff Dale Fraser[(b)]	Chief Executive Officer, Coates Hire	Part Year	Former
James Nathan Goth[(c)]	Group Chief Operating Officer	Part Year	Current
Richard Joseph Richards	Group Chief Financial Officer (Group CFO)	Full Year	Current
Murray John Vitlich[(d)]	Chief Executive Officer, Coates Hire	Full Year	Current

(a) Mr B McWilliam stepped down as a Director on 20 November 2019 and ceased being a KMP on 15 January 2020.

(b) Mr J Fraser stepped down as CEO Coates Hire on 24 July 2019 and retired effective 31 July 2019.

(c) Mr J Goth was appointed 16 March 2020.

(d) Mr M Vitlich was Group Chief Operating Officer until his appointment as Interim Chief Executive Officer Coates Hire effective 24 July 2019, being confirmed in the role on 30 September 2019.

Remuneration Report

Impact of COVID-19 on FY20 and FY21 implications

The Board is mindful of the impact of COVID-19 and the resilience displayed by our people and our businesses in FY20. During the year, most of the Group's businesses were able to operate as essential services thereby mitigating the impact on our employees. SGH or its wholly owned businesses have not accessed any JobKeeper payments.

FY20 STI Outcomes

STI outcomes for participants are commensurate with the delivery of strong financial and non-financial results despite the economic and social challenges with performance for FY20 assessed against Executive KPI targets that were set at the start of the year.

FY20 LTI Grant

The FY20 LTI Grant was initially made with two performance measures, an EPS growth measure being added to the relative TSR measure in place for the FY18 and FY19 grants. In considering the impact of the COVID-19 pandemic on the current economic environment and the ability to set meaningful long-term financial targets, the Board made a decision to remove the EPS growth measure with performance assessed against a single relative TSR measure only. In making this determination, the Board considered market sentiment and stakeholder feedback that TSR provides the strongest alignment between employee reward and shareholder experience in these uncertain times.

FY21 Implications

The current remuneration strategy and framework remains well positioned to support the business strategy and objectives for FY21. The Board is cognisant of the challenges ahead and will continue to monitor and review the remuneration framework to ensure it continues to align with shareholder interests.

2. SUMMARY OF PERFORMANCE AND INCENTIVE OUTCOMES IN FY20

This section summarises how the Company's performance for FY20 links to remuneration outcomes for KMP Executives.

The Board reviews the strategic focus and direction of the Group, taking into account market opportunity, economic climate and shareholder expectations. This is a rigorous process which includes setting challenging performance targets for management and directly aligns executive incentives to the achievement of those targets. Where performance does not meet targets, executives derive no benefit from their variable incentive components.

Despite the disruption in FY20, the Group has delivered a solid result in line with expectations. The Group's performance has been steadfast and key commercial highlights over the year include:

- Total revenue from operations was $4,562.6 million, a year-on-year increase of 12%;
- Underlying EBIT from operations was $739.9 million, a year-on-year increase of 2%;
- Fully franked ordinary dividend per share maintained at 42 cents;
- Strong sales momentum across our core businesses resulting in key account wins by WesTrac including Fortescue Metals Group's Eliwana and Iron Bridge projects and Newmont's Boddington goldmine;
- Commencement of construction of the WesTrac autonomous vehicle training facility in Collie, Western Australia, being the first in the world outside of Caterpillar's own testing and training ground in Arizona, USA; and
- Improvements in safety performance across the Group.

The outcomes recognise the strength and resilience of the underlying businesses, the capturing of market opportunity and strong capital management that maintained shareholder value notwithstanding the challenges during the year.

As a result of financial performance and shareholder returns delivered in FY20, STI payments will be made to KMP Executives who contributed to the strategic and operational performance of the Group. In making STI determinations, KMP Executives were evaluated against financial and non-financial targets specific to their role, which resulted in a range of STI outcomes demonstrating the strong alignment between pay and performance. An above target STI will be awarded to Mr J Croome taking into account the financial outperformance, key customer wins and safety improvements delivered at WesTrac this year.

Vesting outcomes from prior periods

On 30 June 2020 the performance periods for the FY17 and FY18 LTI awards were completed:

Award	Performance Period	Performance Hurdles
FY17 LTI	1 Jul 16 – 30 Jun 20 – *4 years*	Relative TSR & EPS
FY18 LTI	1 Jul 17 – 30 Jun 20 – *3 years* *(additional 1 year holding lock)*	Relative TSR

Based on relative TSR and EPS performance over the relevant measurement periods, 100% of the FY17 LTI vested, and 100% of the FY18 LTI vested. SGH achieved top quartile relative TSR performance for the three years and for the four years to 30 June 2020. Underlying EPS over the four year period increased from $0.56 in 2016 to $1.39 in 2020.

Impact of accounting for cash settled awards

For some KMP Executives, their circumstances dictate that the equity awards they receive are cash-settled. While the value granted follows an identical calculation and allocation mechanism taking into account the same vesting terms and conditions as other KMP Executives, the accounting valuation for cash-settled equity may reflect a higher or lower value in the remuneration tables in section 11.B due to share price volatility over the performance period.

This is in line with the requirement in AASB2: Share Based Payments where the fair value of cash settled equity awards is re-measured at each reporting period, unlike equity settled awards where the fair value is calculated at the grant date.

3. REMUNERATION GOVERNANCE

Role of the Remuneration & Nomination Committee

The role and responsibilities of the Remuneration & Nomination Committee (the Committee) are explained in detail in the Corporate Governance Statement.

The key responsibilities of the Committee are summarised below and include the following:

- Make recommendations to the Board in relation to the remuneration of the MD & CEO and Non-Executive Directors, as necessary, or as requested by the Board;
- Review and make recommendations to the Board on all proposed equity offers and grants made pursuant to the Company's equity plans and the overall functioning of the equity plans; and
- Review and advise on senior management remuneration, succession planning and employee development policies, as requested by the Board or the MD & CEO.

During the financial year, Committee membership remained unchanged and comprised of: Mr Terry Davis (Chair); Ms Annabelle Chaplain AM; Mr Warwick Smith AO; and Mr Richard Uechtritz.

Engagement of remuneration advisors

During FY20, no remuneration advisors were engaged by the Company to provide information on market remuneration practices or make any remuneration recommendations relating to KMP as defined by the Corporations Act.

4. EXECUTIVE REMUNERATION PRINCIPLES: LINKING STRATEGY WITH OUTCOMES

Remuneration principles

The Group's executive remuneration structure has been designed to attract and retain high performing individuals, align executive reward to the Group's business objectives and to create long-term shareholder value.

The following diagram illustrates how the Group's remuneration principles are linked to, and support, the business' objectives and their alignment to the long-term interests of shareholders. Further details on the KMP Executive remuneration framework are set out in Section 5 of the Remuneration Report.

STRATEGIC OBJECTIVE

Maximise return to stakeholders

- Deliver strong revenue and earnings growth in core operating businesses; and
- Efficiently allocate capital to work with investee companies in which the Group has a significant stake to increase the value of its investments.

REMUNERATION PHILOSOPHY

Attract, Retain and Motivate

Ensure that remuneration packages properly reflect the duties and responsibilities of the employees and that the remuneration is at an appropriate, competitive market rate which enables the Group to attract, retain and motivate people of the highest calibre.

Create Shareholder Value

Ensure the Group's remuneration structures are equitable, and rewards are aligned to the creation of shareholder value, implementation of business strategy and delivering results.

Drive High Performance

Implement targeted goals that encourage high performance and establish a clear link between executive remuneration and performance at Company, Business Unit and individual levels.

Appropriate Remuneration Mix

Provide a balance between fixed remuneration and at-risk elements which encourages appropriate behaviour, ensuring reward outcomes balance short-term delivery and long-term sustainability.

REMUNERATION STRATEGY

Market Aligned

Remuneration is set with regard to listed companies of a similar size and complexity, with individual remuneration taking into account capability and experience.

Strong Governance

Arrangements are reviewed by the Remuneration & Nomination Committee with advice from independent external consultants as required to ensure they remain market competitive and aligned to the business objective and philosophy.

Remuneration Mix

Remuneration will be administered via a mix of Fixed Remuneration (FR), Short Term Incentives (STI) and Long Term Incentives (LTI), with the relative proportion of each aligned with market practice.

Rewarding Performance

At risk remuneration, STI and LTI will appropriately recognise and reward employees for Group, Business Unit and individual performance:

- **STI** – based on Group/Business Unit performance measured against a balanced scorecard, taking into account individual performance, with no award granted if a minimum level of financial performance is not attained.
- **LTI** – aligned to the long-term interest of shareholders with any award based on the long-term performance of the Group, with no award if a minimum level of performance is not attained.

Remuneration Report

Minimum shareholding guidelines for KMP Executives

The minimum shareholding requirement applies to KMP Executives to reinforce the Company's objective of aligning their interests with the interests of shareholders, and to foster an increased focus on building long-term shareholder value. The obligations impose a minimum level of shareholding based on the KMP Executive's length of service with the Group, as set out in the table below.

Years of service of KMP Executive	Minimum value of shares to be held by KMP Executive
5	20% of annual FR
10	40% of annual FR
15	60% of annual FR
20	80% of annual FR

As at 30 June 2020, all KMP Executives comply with the minimum shareholding guidelines. Shareholdings for each KMP are detailed in Section 9 of the Remuneration Report.

5. KMP EXECUTIVE REMUNERATION FRAMEWORK

The Group's remuneration structures have been developed to attract suitably qualified candidates, reward the achievement of strategic objectives and achieve the broader outcome of value creation for the Company and shareholders.

Total remuneration comprises fixed and variable remuneration (which is dependent on the achievement of financial and non financial performance measures). The Group aims to reward KMP Executives with a level and mix (comprising FR, STIs and LTIs) of remuneration appropriate to their position, responsibilities and performance within the Group and aligned with market practice.

The Group's policy is to position total remuneration for KMP Executives principally within a competitive range of its peers which includes Australian listed companies with characteristics most like Seven Group Holdings Limited when compared against a set of financial and qualitative metrics.

Total reward opportunity is intended to provide the opportunity to earn median to top quartile reward for outstanding performance against set stretch targets.

A snapshot of the executive remuneration framework for FY20 is summarised below.

	ELEMENT	DELIVERY	STRUCTURE
FIXED	**FR**	**Cash and Superannuation Contributions**	– Base pay and superannuation – Aligned with market pay comparators – Set to reflect experience and role complexity – Ensures attraction and retention of best candidates
VARIABLE **'At risk' and linked to performance**	**STI** *(Financial performance of the Group/ Business Unit and Individual over the year)*	**Cash (50%)** **Share Rights (50%)** *Vest after 2 years*	– STI plan gateway is 90% of underlying EBIT – Key Performance Indicators (KPIs) are set at the start of the financial year – KPIs are weighted between financial metrics, delivery against strategic initiatives, people and safety metrics – Half of the incentive outcome is delivered in cash after the financial year end, and the other half is delivered in equity rights that vest after two years subject to continued employment
	LTI *(Financial performance of the Group over 3 years)*	**Performance Rights** *Vest after 3 years, plus a 1 year holding lock*	– Rights issued at the start of the performance period – Rights only vest based on performance: – 100% based on the relative TSR performance against the ASX 100 (excluding financial services companies)

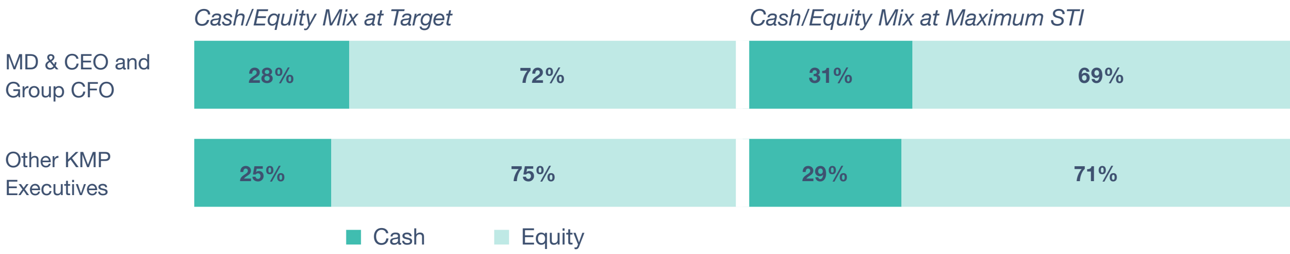
Remuneration mix

The ratio between fixed and variable pay further incentivises executives to focus on the Company's short and long-term performance, with a greater portion of remuneration at risk. For FY20 the remuneration mix for KMP Executives is detailed below:

	STI Opportunity Target – Maximum	LTI Target
MD & CEO, Group CFO	75% – 100% of annual FR	60% of annual FR
Other KMP Executives	60% – 80% of annual FR	60% of annual FR

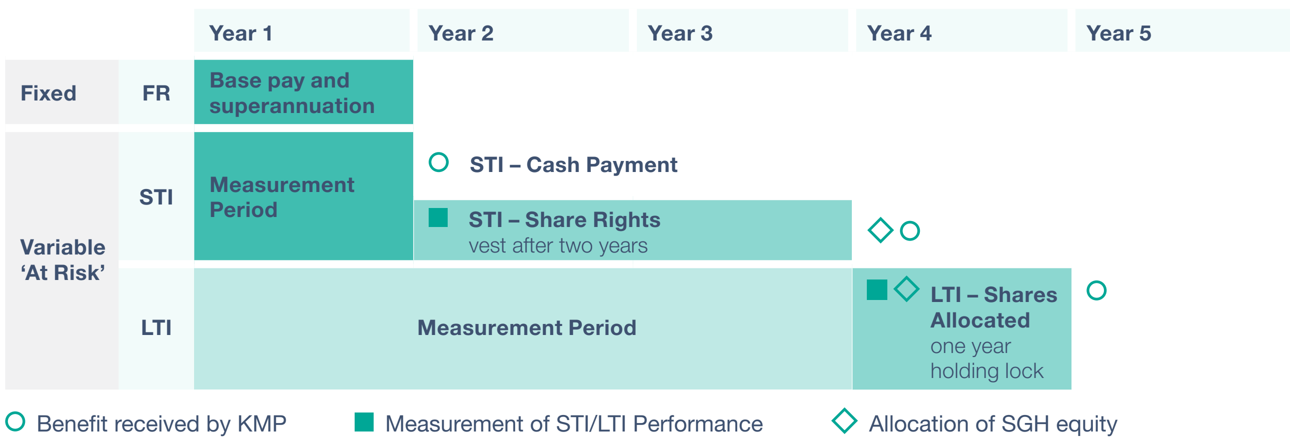
The diagram below shows KMP Executives' target remuneration mix for FY20 at target and at maximum STI.

To further reinforce the alignment of Executives to shareholder interests, 50% of the STI is delivered as restricted share rights, which have a two-year holding lock applied. The diagram below shows the mix of cash and equity for at risk remuneration.



Timing of Remuneration Outcomes

The diagram below shows the timing of remuneration outcomes. What a KMP Executive may earn in one financial year, may not become available until a later date, and may be subject to further conditions including additional performance measures and continued employment.



The Company's STI and LTI plans are described in detail below.

A. STI plan

KMP Executives participate in the Company's STI plan, which provides the opportunity to receive an annual incentive subject to the achievement of annual financial, strategic and operational performance objectives.

Financial gateway

A minimum financial outcome must be achieved before KMP Executives become eligible for a STI award. This gateway helps to clearly align the interests of shareholders and executives by limiting STI awards where minimum financial performance by the Group is not achieved.

Remuneration Report

The financial gateway applied is Group underlying EBIT compared to target in accordance with the table below. Group underlying EBIT is the Group's audited statutory profit before significant items, net finance costs and income tax. If the Group does not achieve at least 90% of underlying EBIT, no STI awards become available and any outcomes are subject to the discretion of the Board.

% of Group underlying EBIT Achieved	<90	90 – <95	95 – <100	100 – 120	120 +
Potential % of On-Target STI Award	–	25	50	100 – 133	133

STI goals

The performance of each KMP Executive is measured using a balanced scorecard approach, based on measurable and quantifiable KPI targets. Financial and non-financial measures are differentially weighted to reflect the focus of each KMP Executive in driving the overall business strategy.

The KPIs for each KMP Executive are reviewed by the Committee and approved prior to the commencement of the new financial year. KPIs are set to be challenging and to focus management on strategic business objectives that ultimately create shareholder value. Financial KPIs are utilised as they represent value creation and reflect the Company's core financial metrics. Non-financial KPIs drive performance including operational efficiencies, key customer/project wins and improved safety and productivity in the workplace.

Performance measurement

The Committee assesses the performance of the MD & CEO and makes a recommendation on the STI award to the Board for its consideration, and if thought fit, approval. The MD & CEO assesses the performance of other KMP Executives against targets and recommends STI awards for each to the Committee for consideration and, if thought fit, approval.

Target performance is set to ensure alignment with the Board approved budget for the financial year. The potential to receive an above-target STI award, up to the maximum, is triggered by financial outperformance at the Group or Business Unit level. The STI awards are then further calibrated based on individual contribution to business performance and the delivery of strategic priorities. STI awards are not provided in circumstances where individual performance is unsatisfactory.

The Board retains discretion to determine whether STI awards are appropriate based on the overall performance of the KMP Executive and the Group.

STI award

Typically, half of the STI award is delivered as a lump sum cash payment and the remaining half is delivered as share rights. Once granted, the share rights vest subject to continued employment over a two-year vesting period. For the FY20 award, the two-year vesting period commenced on 1 July 2020 and will conclude on 1 July 2022.

Further details on the deferred share rights under the STI plan are set out below.

STI Plan – Deferred Share Rights

Who will participate?	KMP Executives employed by the Group will have 50% of their STI award deferred into share rights in the Company.
What will be granted?	Subject to the achievement of KPIs for the relevant financial year, 50% of STI awards will be made as share rights which will be granted for nil consideration. Each right entitles the participant to one ordinary share in the Company, which vests at the end of the two-year period.
How many shares rights will be granted?	The number of share rights granted to each participating KMP Executive is equivalent to 50% of their STI award divided by the SGH five day VWAP (Volume Weighted Average Price) to 30 June prior to the commencement of the vesting period, adjusted for the value of expected dividends foregone.
What will be the vesting performance measures?	The share rights granted under the STI plan do not have any further performance hurdles and vest subject to continuous employment over a two-year vesting period.
Do the share rights carry dividend or voting rights?	The share rights do not carry dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company, any unvested share rights will vest.
What happens if the participant ceases employment?	If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested share rights will lapse. If the participant ceases employment other than for the reasons outlined above the share rights will not lapse, unless the Board determines otherwise.

B. LTI plan

The purpose of the LTI plan is to drive sustained performance and long-term shareholder value creation, encourage retention of the KMP Executive, and ensure alignment of executive remuneration outcomes with shareholder interests.

LTI opportunity

For FY20, the target opportunity under the LTI plan for each participating KMP Executive is 60% of FR.

Once granted, awards only vest if the performance hurdles over a three-year performance period are met. For the FY20 award, the three-year performance period commenced on 1 July 2019 and will conclude on 30 June 2022. Following vesting the shares are subject to a one-year trading restriction which means that under the terms of the LTI, executives will only be able to realise value from the awards at the end of a four-year period.

Performance Hurdles

Following feedback from shareholders in FY19, the Board reviewed the LTI structure and committed to the introduction of a second EPS performance measure in addition to relative TSR for the FY20 Award i.e. 50% based on relative TSR and 50% based on EPS. However, due to the ongoing impact of the COVID-19 pandemic and the uncertainty around long-term financial targets, the Board made a determination to retain relative TSR as the single measure for the FY20 and FY21 LTI grants. In making this determination, the Board considered the economic uncertainty, market response and stakeholder feedback, thereby concluding that relative TSR provided the strongest alignment between employee reward and shareholder experience.

Relative TSR is measured against a comparator group of ASX 100 (excluding financial services companies). As the Group's focus is to maximise returns to shareholders through long-term, sustainable value creation, the Board believes that the relative TSR metric most clearly aligns KMP Executives to this strategic objective. The ASX 100 (excluding financial services companies) was determined to be the most appropriate comparator group given the diversity of the Company's holdings across industrial services, media, energy and other investments.

The Board will reconsider the introduction of the dual measures for the LTI for subsequent awards when the uncertainty caused due to COVID-19 settles.

LTI Plan – Performance Right

What will be granted?	Performance rights are granted for nil consideration. Each right entitles the participant to one ordinary share in the Company, with vesting subject to the achievement of the performance hurdles.
How many performance rights will be granted?	The value of LTI granted annually is 60% of the KMP Executive's FR. The number of performance rights granted to each KMP Executive is equivalent to the face value of the LTI grant divided by an amount calculated based on closing share price at the commencement of the performance period adjusted for dividends foregone in accordance with the terms and conditions of the plan.
What will be the vesting performance measures?	The vesting of 100% of performance rights granted under the LTI plan will be dependent on a relative TSR measure.
Why was the TSR performance hurdle chosen, and how is performance measured?	Relative TSR provides an indicator of shareholder value creation by comparing the Company's return to shareholders relative to other companies of similar size. TSR provides an external, market-based hurdle and creates alignment of executive remuneration outcomes to shareholder returns. Participants will not derive any benefit from this portion of the grant unless the Company's performance is at or above the 51st percentile of the comparator group. The comparator group chosen for assessing the Company's relative TSR consists of constituents of the ASX 100 (excluding financial services companies). This comparator group was selected as it represents a broad base of companies against which investors may benchmark their investment. The comparator group is defined at the start of the performance period. The composition of the comparator group may change as a result of corporate events, such as mergers, acquisitions, de-listings etc. The Board has agreed guidelines for adjusting the comparator group following such events, and has the discretion to determine any adjustment to the comparator group. The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:

Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest
Equal to or above the 75th percentile	100%
Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%
At the 51st percentile	50%
Below 51st percentile	Nil

Remuneration Report

LTI Plan – Performance Right	
When will performance be tested?	Awards will be subject to a three-year performance period with an additional one-year trading restriction. The three-year performance period commences at the beginning of the financial year to which the award relates. In the case of the FY20 award, the performance period commenced on 1 July 2019. Immediately following the completion of the performance period, the performance hurdles are tested to determine whether, and to what extent, awards vest. Upon vesting of the rights, the Board has discretion to either issue new shares or acquire shares on market. Any performance rights that do not vest following testing of performance hurdles will lapse. There is no retest.
Do the performance rights carry dividend or voting rights?	Performance rights do not carry dividend or voting rights.
What happens in the event of a change in control?	In the event of a change of control of the Company the Board will have discretion to determine whether, and the extent to which, unvested performance rights vest. The Board will consider when making its decision the extent to which performance hurdles have been achieved to the date of the event.
What happens if the participant ceases employment?	If the participant ceases employment with the Company due to termination for cause or gross misconduct, or other reasons determined by the Board all unvested performance rights will lapse. If the participant ceases employment other than for the reasons outlined above the performance rights will not lapse, unless the Board determines otherwise.

It is important to note that accounting standards require that the expense relating to equity instruments (such as the performance shares and options allocated under the LTI plan) be reflected over the "performance period", notwithstanding that the executives may never receive any actual value from such a grant.

LTI awards are structured as rights to acquire ordinary shares in the Company at no cost to the participant and will only deliver benefits to participants if shareholder returns are achieved and the KMP Executive remains employed by the Company over the three-year performance period. For Mr R Stokes AO, who has an interest in shares in the Company which represents more than 10% of the Company's issued share capital, the LTI awards will be cash-settled, should the rights vest. Ms G Bhalla transitioned to equity-based incentives in FY20.

Prior LTI grants

Under the terms and conditions that applied to the LTI plan prior to FY17, grants under the LTI plan were only made where the statutory NPAT target was met. In FY17, the LTI plan was amended to remove the NPAT hurdle as a condition of grant and at the same time the Company introduced a four-year performance period for the FY17 grant only. Performance rights were awarded at the commencement of the performance period to eligible KMP for prior years:

Grant	Measurement Period	Performance Measures	Holding Lock
FY17	1 July 16 – 30 June 20 – *4 years*	50% TSR and 50% EPS	Nil
FY18	1 July 17 – 30 June 20 – *3 years*	100% TSR	1 year
FY19	1 July 18 – 30 June 21 – *3 years*	100 %TSR	1 year

The performance conditions for the FY17 grant are listed below. A similar EPS hurdle was in place for 50% of the FY20 grant until the Board determined that a 100% TSR hurdle for the FY20 grant was more appropriate.

The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:		The percentage of EPS performance rights that vest (if any) at the end of the performance period is based on the following schedule:	
Company's TSR ranking relative to comparator group companies	**Proportion of TSR performance rights that vest**	**Company's EPS over the performance period**	**Proportion of EPS performance rights that vest**
Equal to or above the 75th percentile	100%	Equal to or above the stretch EPS	100%
Between the 50th and up to 75th percentiles	50% vesting on a straight-line basis to 100%	Between the threshold EPS and stretch EPS	50% vesting on a straight-line basis to 100%
At the 50th percentile	50%	At the threshold EPS	50%
Below 50th percentile	Nil	Less than the threshold EPS	Nil

The Board has discretion to adjust the EPS for significant items as it considers appropriate.

The FY17 LTI award was tested following the end of the performance period on 30 June 2020 and the Company's relative TSR and Underlying EPS performance over the three-year period resulted in 100% of the grant vesting.

The performance condition for the FY18 and FY19 grants are listed below:

The percentage of TSR performance rights that vest (if any) at the end of the performance period will be based on the following schedule:

Company's TSR ranking relative to comparator group companies	Proportion of TSR performance rights that vest
Equal to or above the 75th percentile	100%
Between the 51st and up to 75th percentiles	50% vesting on a straight-line basis to 100%
At the 51st percentile	50%
Below 51st percentile	Nil

The FY18 LTI award was tested following the end of the performance period on 30 June 2020 and the Company's relative TSR performance over the three-year period resulted in 100% of the grant vesting. In accordance with the terms and conditions of the FY18 LTI offer, the vested awards are subject to a one-year holding lock.

Other awards

In FY19, the Board made an equity allocation of 45,000 share rights to the Group CFO, Mr R Richards. In making the allocation, the Board considered the criticality of his role, his performance, the need to retain his services in a tight talent market and other commercial considerations. Subject to continued employment, the share rights will vest in two tranches: 30,000 share rights in July 2020 and 15,000 share rights in July 2021 with an additional one-year holding lock for both tranches.

C. Managing Director & Chief Executive Officer remuneration

Mr R Stokes AO was appointed Managing Director & Chief Executive Officer on 1 July 2015. He is employed under an open-ended employment contract under which he may give six months' notice to terminate employment. The Company is also required to provide six months' notice to terminate his employment.

Fixed remuneration

The MD & CEO's FR is $1.6 million per annum inclusive of superannuation and has remained unchanged since his appointment as MD & CEO. It has been set in line with the Group's policy of positioning total reward for KMP Executives principally within a competitive range of its peers which includes Australian listed companies with characteristics most like Seven Group Holdings Limited when compared against a set of financial and qualitative metrics.

Variable (at-risk) remuneration

The MD & CEO is eligible to participate in performance-linked remuneration consistent with other KMP Executives under the Company's STI plan described at Section 5.A of the Remuneration Report and the Company's LTI plan described at Section 5.B of the Remuneration Report.

The MD & CEO's target opportunity under the STI plan is 75% of FR, with a maximum opportunity of 100% of FR. The MD & CEO's opportunity under the LTI plan is 60% of FR.

Impact of accounting for cash settled awards

Tax deferral on equity incentive plans is not permitted where an executive has an interest in shares in the Company which represents more than 10% of the Company's issued share capital. As such, an approach to achieve an equivalent outcome to other executives participating in the plan is to cash-settle the rights using the same terms and conditions as for the performance rights that are equity-settled under the LTI plan. As Mr R Stokes AO has an interest in shares in the Company which represents more than 10% of the Company's issued share capital, should the LTI award rights vest, they will be cash-settled.

Accounting Standard AASB 2: Share Based Payments requires the fair value of cash-settled equity plans to be re-measured each year, unlike equity-settled plans where the fair value is calculated at the start of the performance period. The fair value is re-measured taking into consideration a number of inputs including share price from date of grant. The re-measurement of the fair value of the cash-settled equity for Mr R Stokes AO has resulted in an approximate change of $449,023 over the period. If the awards had been equity-settled, the total remuneration reflected in the remuneration tables at Section 11.B would have been $3,662,975 as compared to $4,111,998 as currently stated in the table.

6. EXECUTIVE CHAIRMAN AND NON-EXECUTIVE DIRECTOR REMUNERATION FRAMEWORK

Non-Executive Director remuneration was reviewed by the Board in April 2019, taking into account the recommendations of the Committee based on external benchmarking of remuneration for Non-Executive Directors of comparable companies.

Approved fee pool

The aggregate pool available for the payment of fees to the Executive Chairman and Non-Executive Directors is $2.2 million per annum. The fee pool was last reviewed at the Company's 2017 AGM.

The available fee pool provides flexibility for the Company to appoint other suitably qualified Non-Executive Directors as required and to ensure that the Board remains comprised of high-calibre Directors with a mix of skills, strategic competencies, qualifications and experience to oversee the Company's diverse range of operations and investments.

Remuneration Report

Executive Chairman and Non-Executive Director fees

The Executive Chairman receives a fixed Director's fee which is paid in the form of cash and statutory superannuation contributions. The fees paid to the Executive Chairman are included in the approved fee pool. The Executive Chairman does not receive any additional fees for being the Chair or a member of a Board Committee.

Non-Executive Directors receive a fixed fee which includes a base fee and additional fees for being the Chair or member of a Board Committee. Board and Committee fees are paid in the form of cash and statutory superannuation contributions.

The Executive Chairman and the Non-Executive Directors do not receive any variable remuneration or other performance related incentives such as options or rights to shares, and no retirement benefits are provided.

The table below sets out the base and committee fee structure inclusive of superannuation as it applied in FY20. Following a market review in April 2019, the base fee for the Executive Chairman was increased marginally from $350,000 to $385,000 and for Non-Executive Directors from $160,000 to $170,000 in April 2019. There were no increases in fees in FY20.

	BASE FEES			COMMITTEE CHAIR FEES		COMMITTEE MEMBER FEES	
Role	2020	Apr to Jun 2019	Jul to Mar 2019	2020	2019	2020	2019
Executive Chairman	**$385,000**	$385,000	$350,000				
Non-Executive Director	**$170,000**	$170,000	$160,000				
Audit & Risk				**$ 80,000**	$80,000	**$20,000**	$20,000
Remuneration & Nomination				**$40,000**	$40,000	**$20,000**	$20,000
Independent & Related Party				**$40,000**	$40,000	**$20,000**	$20,000

7. LINK BETWEEN REMUNERATION AND GROUP PERFORMANCE

The remuneration framework of the Group is designed to reward superior performance including returns to shareholders.

Awards under the STI plan are based on performance against financial and non-financial measures. Group performance is linked to the STI plan through the Group underlying EBIT financial gateway and, where the financial gateway is exceeded, through measures set relevant to the responsibility of each Executive. Any resulting share rights delivered under the STI plan, which do not vest for two years, further aligns the outcomes of KMP Executives with the interests of shareholders. Group performance is linked to the LTI plan through the relative TSR target.

The table below shows the Group performance in key areas for the last five financial years.

	2020	2019[a]	2018	2017	2016
Statutory NPAT ($m)[b]	$118.0	$202.9	$415.6	$46.2	$197.8
NPAT (excluding significant items) ($m)[b][c]	$473.8	$460.8	$332.3	$215.4	$184.2
Significant items ($m)	$(355.8)	$(257.9)	$83.3	$(169.2)	$13.6
Profit before significant items, net finance costs and tax (Group underlying EBIT) ($m)	$739.9	$727.9	$514.1	$333.3	$302.8
Dividends declared per ordinary share	$0.42	$0.42	$0.42	$0.41	$0.40
Share price at financial year end	$17.18	$18.49	$19.03	$10.94	$6.01
Statutory basic EPS[b]	$0.34	$0.60	$1.27	$0.07	$0.60
EPS (excluding significant items)[b]	$1.39	$1.37	$1.00	$0.67	$0.56
Diluted EPS (excluding significant items)[b]	$1.39	$1.37	$0.98	$0.67	$0.56
Total Shareholder Return	(3.0)%	0.2%	81.3%	93.8%	2.4%
Relative Total Shareholder Return	5.3%	12.0%	69.1%	78.2%	(10.1)%
Short Term Incentive Outcomes KMP STI achievement against target (Average)	91.8%	91.9%	101.7%	79.5%	70.7%

(a) Amounts have be restated for 2019. Refer to Note 1 of the Financial Report for further detail.

(b) 2018 and 2017 figures are for continuing and discontinued operations.

(c) NPAT (excluding significant items) is a non-IFRS measure. This measure is applied consistently year on year and used internally by management to assess the performance of the business and hence is provided to enable an assessment of remuneration compared to Group performance. Refer to the Operating and Financial Review for a reconciliation to statutory net profit after tax.

Performance against FY20 KPIs

As detailed in the table above, FY20 was a solid year of performance for SGH:

- Resilient financial result with year on year increases in total revenue from operations of 12% and Underlying EBIT of 2%;
- Significant financial outperformance at WesTrac with key customer wins at Fortescue Metals Group's Eliwana and Iron Bridge projects and Newmont's Boddington goldmine;
- Significant improvement in safety performance across the Group with reductions in overall LTIFR and TRIFR which included an 11.5% increase in the total hours worked. WesTrac's cultural transformation program 'Built By Us' was selected as the winner of the Enterprise Safety Program Initiative Award for the Australian Workplace Health & Safety Awards 2020;
- Both WesTrac dealerships delivered record product support revenue, with parts lines shipped exceeding 6.6 million;
- Revenue and EBIT growth achieved across Coates Hire in an uncertain market, with increased revenue in Industrial Services, Government sector and in Western Australia.

A summary of FY20 Executive KPIs and performance against each is provided in the table below.

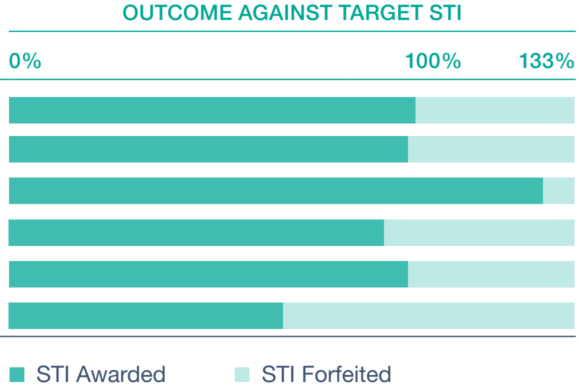
Performance category and weighting	Performance measure	Key rationale	Performance outcome highlights
Financial (50%)	Group – Underlying EBIT (UEBIT) – Cash flow targets – Capital efficiency Individual business performance against business drivers: UEBIT, cashflow, margins	The financial metrics outlined are key performance measures for the Group.	Solid performance across the Group despite the social and economic challenges. WesTrac UEBIT budget significantly overachieved with YOY growth of 22%. Coates Hire only partially achieved targets impacting FY20 STI.
Strategic (30%)	Performance of the investment portfolio Market and investor relationships Group operational efficiencies Delivery of customer focused initiatives Major contract wins	Company performance is determined based on the success of the overall portfolio at Group level, management of capital and the success of individual businesses which are wholly or significantly owned. Strategic objectives at the Group level focus on the delivery of the portfolio, capitalising on opportunities and drive the performance of complex elements which create long-term value. The strategic metrics within the businesses focus each executive on excellence and high performance within their business.	Acquisition of substantial holding in Boral providing additional exposure to infrastructure investment. USPPs completed providing increased balance sheet capacity to support investments. Considerable improvements in key operational metrics across all businesses resulting in strong revenue growth and key account wins (including increase in parts lines and component revenue). Construction of the WesTrac autonomous vehicle training facility. Strong improvement across key metrics in the WesTrac business resulting in the over achievement of financial and non-financial targets.
People and Safety (20%)	Engagement, leadership and diversity targets Safety indicators which include LTIFR and TRIFR as well as other lead metrics	Building a people culture that synonymously encourages engagement and performance that drives value for the company. Safety remains a key focus for executives, especially given the industries in which we operate. Ultimately, keeping our people safe is the Group's top priority.	Continued YOY improvement in LTIFR and TRIFR and other lead metrics across the Group. WesTrac 'Built By Us' program selected as the winner of the Enterprise Safety Program Initiative Award for the Australian Workplace Health & Safety Awards 2020. Continued progress on diversity and improvement in leadership development, talent management and succession. Enhanced EVP (Employee Value Proposition) driving improvement in engagement across the Group.

Remuneration Report

Individual performance against FY20 measure and STI Outcomes

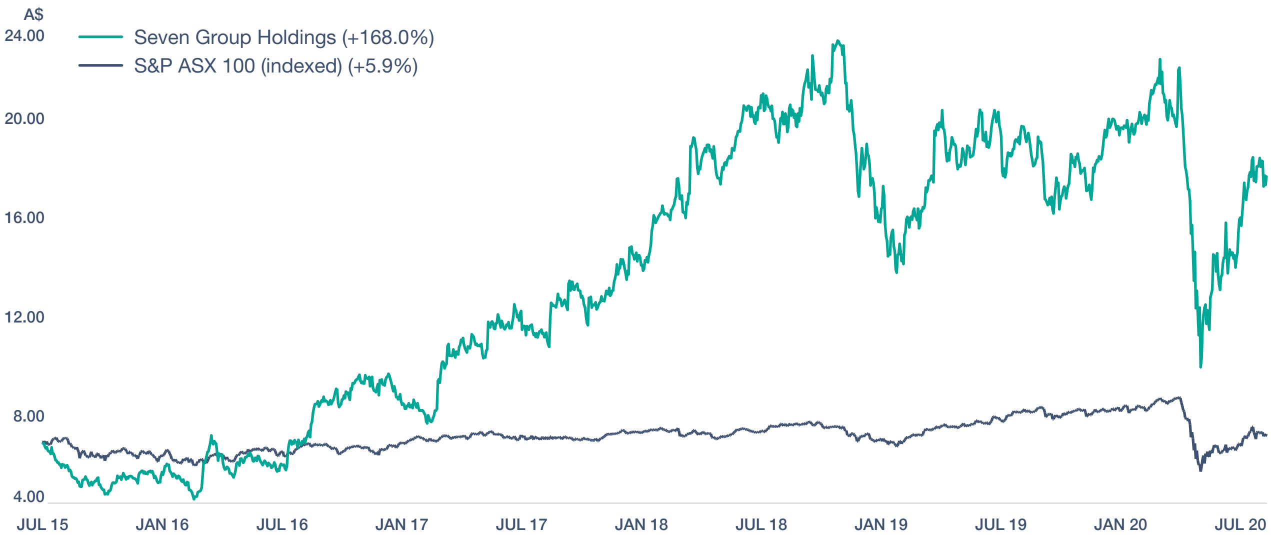
The table below provides details of the level of performance achieved against balanced scorecard KPIs and the resulting STI outcome awarded for FY20. In the table, a clear link is demonstrated between individual KMP Executive performance and STI outcome.

KMP Executive	Percentage of Target STI Awarded	Percentage of Maximum STI Forfeited
RK Stokes AO	94%	39%
G Bhalla	92%	41%
JE Croome	127%	6%
JN Goth	80%	53%
RJ Richards	93%	40%
MJ Vitlich	65%	68%



Long term performance

The following graph shows the Company's share price relative to the performance of the ASX 100 over the five-year period to 30 June 2020, highlighting the strong return to shareholders.



8. SUMMARY OF EXECUTIVE CONTRACTS

The key terms of the KMP Executives' contracts including the term of the contract, the period of notice required to terminate the contract (by either the Company or executive) and any contractual termination payments are set out below.

KMP Executive	Contract Term	Notice period required by the Company	Notice period required by the Executive	Contractual termination payments
RK Stokes AO	On-going	6 months	6 months	No contractual termination payments
G Bhalla	On-going	6 months	6 months	No contractual termination payments
JE Croome	On-going	6 months	6 months	No contractual termination payments
JN Goth	On-going	6 months	6 months	No contractual termination payments
RJ Richards	On-going	6 months	6 months	No contractual termination payments
MJ Vitlich	On-going	6 months	6 months	No contractual termination payments

There are no formal employment contracts for Non-Executive Directors that provide notice provisions or contractual termination payments. Each Non-Executive Director has a formal appointment letter agreed with the Company which confirms their appointment in accordance with the Constitution of the Company and provides information in relation to the structure and practices of the Board and the Company.

9. KMP EQUITY HOLDINGS

A. Equity granted as remuneration

Deferred share rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's deferred STI share rights plan in respect of performance and awarded KMP Executives deferred share rights that vest two-years after grant.

Details of the vesting profile of the deferred share rights held by KMP Executives during FY20 under the deferred STI plan are detailed below.

Deferred share rights

KMP	Grant date	Vesting date	Fair value per share at grant date	Held at 1 July 2019	Granted	Forfeited	Vested	Held at 30 June 2020
RK Stokes AO	1 Jul 19	1 Jul 21	$17.37	–	40,122	–	–	40,122
	1 Jul 18	1 Jul 20	$17.85	38,215	–	–	–	38,215
				38,215	**40,122**	**–**	**–**	**78,337**
JE Croome	1 Jul 19	1 Jul 21	$17.37	–	23,434	–	–	23,434
	1 Jul 18	1 Jul 20	$17.85	14,793	–	–	–	14,793
				14,793	**23,434**	**–**	**–**	**38,227**
JD Fraser	1 Jul 18	1 Jul 20	$17.85	15,129	–	(7,564)	–	7,565
				15,129	**–**	**(7,564)**	**–**	**7,565**
BI McWilliam	1 Jul 18	1 Jul 20	$17.85	3,236	–	–	–	3,236
				3,236	**–**	**–**	**–**	**3,236**
RJ Richards	1 Jul 19	1 Jul 21	$17.37	–	24,938	–	–	24,938
	10 Dec 18	1 Jul 21	$13.05	30,000	–	–	–	30,000
	10 Dec 18	1 Jul 22	$12.40	15,000	–	–	–	15,000
	1 Jul 18	1 Jul 20	$17.85	28,577	–	–	–	28,577
				73,577	**24,938**	**–**	**–**	**98,515**
MJ Vitlich	1 Jul 19	1 Jul 21	$17.37	–	13,258	–	–	13,258
	1 Jul 18	1 Jul 20	$17.85	11,094	–	–	–	11,094
				11,094	**13,258**	**–**	**–**	**24,352**
Deferred share rights (cash-settled)								
G Bhalla	1 Jul 19	1 Jul 21	$17.37	–	9,387	–	–	9,387
	1 Jul 18	1 Jul 20	$17.85	4,191	–	–	–	4,191
				4,191	**9,387**	**–**	**–**	**13,578**

Performance rights granted as remuneration

The Group offered certain KMP Executives the opportunity to participate in the Group's LTI plan. Until FY16, awards under the LTI plan were only made where the NPAT target for the relevant year had been achieved (Gateway Hurdle) and, once granted, awards only vested if the performance hurdles over a further three-year performance period (in addition to the initial one-year NPAT performance period) were met.

A summary of the LTI plans is provided below.

Grant	Gateway	Performance measure	Performance period	Vest date	Vesting outcome
FY15	Group NPAT	EPS & TSR	No grant awarded; gateway missed		
FY16	Group NPAT	EPS & TSR	1 Jul 16 to 30 Jun 19	2019 (3 years)	100%
FY17	Not applicable	EPS & TSR	1 Jul 16 to 30 Jun 20	2020 (4 years)	100%
FY18	Not applicable	TSR	1 Jul 17 to 30 Jun 20	2020 (3 years) *plus 1-year trading restriction*	100%
FY19	Not applicable	TSR	1 Jul 18 to 30 Jun 21	2021 (3 years) *plus 1-year trading restriction*	In progress
FY20	Not applicable	TSR	1 Jul 19 to 30 Jun 22	2022 (3 years) *plus 1-year trading restriction*	In progress

Remuneration Report

LTI awards are structured as rights to acquire ordinary shares in the Company or a cash-settled equivalent at no cost to the executive. Details of the vesting profiles of the performance rights held by KMP Executives during FY20 under the LTI plan are provided below.

Performance rights

			FAIR VALUE PER RIGHT AT GRANT DATE						
KMP	Grant date	Expiry date	TSR component	EPS component[(a)]	Held at 1 July 2019	Granted	Forfeited	Vested	Held at 30 June 2020
JE Croome	3 Aug 16	1 Sep 19	$4.52	$6.14	83,716	–	–	(83,716)	–
	1 Jul 16	1 Sep 20	$3.50	$4.98	120,087	–	–	–	120,087
	1 Jul 17	1 Sep 20	$5.95	–	47,479	–	–	–	47,479
	1 Jul 18	1 Sep 21	$10.27	–	31,874	–	–	–	31,874
	1 Jul 19	1 Sep 22	$10.53	$5.81	–	39,300	–	–	39,300
					283,156	**39,300**	**–**	**(83,716)**	**238,740**
JD Fraser	25 Oct 17	1 Sep 20	$7.77	–	36,370	–	(12,123)	–	24,247
	1 Jul 18	1 Sep 21	$10.27	–	28,977	–	(28,977)	–	–
					65,347	**–**	**(41,100)**	**–**	**24,247**
JN Goth	16 Mar 20	1 Sep 22	$4.34	$3.70	–	14,290	–	–	14,290
					–	**14,290**	**–**	**–**	**14,290**
BI McWilliam	1 Jul 18	1 Sep 21	$10.27	–	7,968	–	(7,968)	–	–
					7,968	**–**	**(7,968)**	**–**	**–**
RJ Richards	3 Aug 16	1 Sep 19	$4.52	$6.14	76,105	–	–	(76,105)	–
	1 Jul 16	1 Sep 20	$3.50	$4.98	109,170	–	–	–	109,170
	1 Jul 17	1 Sep 20	$5.95	–	43,163	–	–	–	43,163
	1 Jul 18	1 Sep 21	$10.27	–	34,772	–	–	–	34,772
	1 Jul 19	1 Sep 22	$10.53	$5.81	–	35,728	–	–	35,728
					263,210	**35,728**	**–**	**(76,105)**	**222,833**
MJ Vitlich	1 Jul 17	1 Sep 20	$5.95	–	35,609	–	–	–	35,609
	1 Jul 18	1 Sep 21	$10.27	–	23,906	–	–	–	23,906
	1 Jul 19	1 Sep 22	$10.53	$5.81	–	32,154	–	–	32,154
					59,515	**32,154**	**–**	**–**	**91,669**
Performance rights (cash-settled)									
RK Stokes AO	3 Aug 16	1 Sep 19	$4.52	$6.14	121,769	–	–	(121,769)	–
	1 Jul 16	1 Sep 20	$3.50	$4.98	174,672	–	–	–	174,672
	1 Jul 17	1 Sep 20	$5.95	–	69,061	–	–	–	69,061
	1 Jul 18	1 Sep 21	$10.27	–	55,636	–	–	–	55,636
	1 Jul 19	1 Sep 22	$10.53	$5.81	–	57,164	–	–	57,164
					421,138	**57,164**	**–**	**–**	**356,533**
G Bhalla	16 Oct 17	1 Sep 20	$7.62	–	18,991	–	–	–	18,991
	1 Jul 18	1 Sep 21	$10.27	–	14,024	–	–	–	14,024
	1 Jul 19	1 Sep 22	$10.53	$5.81	–	19,292	–	–	19,292
					33,015	**19,292**	**–**	**–**	**52,307**
BI McWilliam	3 Aug 16	1 Sep 19	$4.52	$6.14	20,929	–	–	(20,929)	–
	1 Jul 16	1 Sep 20	$3.50	$4.98	30,021	–	(3,753)	–	26,268
	1 Jul 17	1 Sep 20	$5.95	–	11,869	–	(1,979)	–	9,890
					62,819	**–**	**(5,732)**	**–**	**36,158**

(a) FY20 LTI performance measures were adjusted to be based solely on relative TSR effective 29 June 2020, with no other changes to the award terms and conditions. In accordance with the accounting standards it is now valued as a modification of the original LTI Plan. The incremental fair value is $4.18 as a result of the change for KMP Executives and $6.30 for the award to Mr J Goth.

No amount is paid or payable by KMP Executives in relation to these LTI grants.

Further details about the LTI plan are set out in Section 5.B of the Remuneration Report.

Equity granted as remuneration affecting future periods

The fair value of equity granted as remuneration is amortised over the service period and therefore remuneration in respect of equity grants may be reported in future years. The following table summarises the maximum value of these grants that will be reported in the remuneration tables in future years, assuming all vesting conditions are met. The minimum value of the grant is nil should vesting conditions not be satisfied.

Equity-settled

KMP	2021 $	2022 $
RK Stokes AO	807,183	384,441
G Bhalla	224,937	122,585
JE Croome	532,197	287,415
JN Goth	62,823	62,821
RJ Richards	586,846	251,415
MJ Vitlich	335,814	177,219

B. Shareholdings and transactions

Movements in the holdings of ordinary shares and by KMP held directly, indirectly, beneficially and including their personally-related entities are set out in the tables below.

Ordinary Shares

KMP	Held at 1 July 2019	Purchases and other changes during the year	Shares granted as remuneration during the year	Rights converted to shares during the year	Held at 30 June 2020
KM Stokes AC	207,304,349	–	–	–	207,304,349
SA Chaplain AM	31,339	–	–	–	31,339
TJ Davis	96,064	–	–	–	96,064
KL Farrar	2,750	2,816	–	–	5,566
CJ Mackay	10,000	–	–	–	10,000
DI McEvoy	31,339	–	–	–	31,339
WL Smith AO	40,800	(2,040)	–	–	38,760
RA Uechtritz	484,170	–	–	–	484,170
Executive KMP					
RK Stokes AO	423,397	–	–	–	423,397
G Bhalla	–	–	–	–	–
JE Croome	52,628	(40,000)	–	83,716	96,344
JD Fraser	–	–	–	–	–
JN Goth	–	–	–	–	–
BI McWilliam[(a)]	192,665	–	–	–	192,665
RJ Richards	41,688	(76,105)	–	76,105	41,688
MJ Vitlich	–	–	–	–	–

(a) The holding at 30 June 2020 for Mr B McWilliam is as at the date he ceased to be a KMP.

C. Hedging policy

The Company's Group Directors Share Trading Policy, and the Executive and Staff Share Trading Policy, prohibits employees (including KMP) from dealing in SGH shares, if the dealing is prohibited under the Corporations Act 2001. Therefore, in accordance with this policy, all KMP are prohibited from entering into arrangements in connection with Seven Group Holdings Limited shares which operate to limit the executives' economic risk under any equity-based incentive schemes.

The ability to deal with unvested rights is restricted in the relevant equity plan rules which apply to the options over shares in the Company which have been granted. The Company will continue to monitor the appropriateness of this approach.

Remuneration Report

D. Clawback provision

The Company maintains a clawback provision within the variable pay plans. If in the Board's opinion, an employee:

- acts fraudulently or dishonestly;
- is in breach of their obligations to the Company or another Group company; or
- received awards based on financial accounts which are later restated,

the Board may determine that unvested performance rights lapse and deem that any vested but unexercised performance rights also lapse.

10. KMP RELATED PARTY TRANSACTIONS

Key Management Personnel related party transactions

A number of Key Management Personnel, or their personally related entities, hold positions in other entities that can result in them having control or significant influence over those entities. A number of these entities transacted with the Company or its subsidiaries during the year.

The Group transacted with entities of which the Directors of the Company, Mr K Stokes AC and Mr R Stokes AO are or were Directors or Officers (excluding equity accounted investees, which are disclosed in Note 32 of the Financial Statements) or otherwise had an interest.

The aggregate value of the related party transactions with Director and director related entities was as follows:

	2020 $	2019 $
Revenue		
Equipment sales and hire	208,091	100,987
Total revenue	**208,091**	**100,987**
Expenses		
Lease of premises and related outgoings	6,532,094	6,542,663
Travel expenses	–	24,113
Consulting agreement	–	291,660
Other net expense reimbursements	6,852	4,316
Total expenses	**6,538,946**	**6,862,752**

Loans and other transactions with Key Management Personnel

During the year ended 30 June 2020, Mr K Stokes AC and Mr R Stokes AO were directors on the Board of Seven West Media Limited, representing Seven Group Holdings Limited. They are paid director's fees by Seven West Media Limited for their services provided. Mr R Stokes AO and Mr R Richards receive director's fees for their services provided to Beach Energy Limited. In the prior year, Mr W Smith AO received director's fees for his services provided to Flagship Property Holdings Pty Limited until his retirement in November 2018. As the amounts are not paid or payable by Seven Group Holdings Limited, they have not been included in the remuneration disclosures.

Other director fees (SGH Appointed)	2020 $	2019 $
KM Stokes AC	295,201	340,807
WL Smith AO	–	37,500
RK Stokes AO	264,376	270,000
RJ Richards	137,500	125,000

Other transactions with the Group

A number of Directors hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions not more favourable than those available on an arm's-length basis.

11. REMUNERATION IN DETAIL

A. Remuneration earned by KMP Executives in FY20 (non-statutory disclosures)

The remuneration detailed in this table is aligned to the current performance periods and therefore is particularly useful in assessing pay received in the current year and its alignment with long-term performance. The values in this table will not reconcile with those provided in the statutory disclosures in table 11.B. For example, table 11.B discloses the value of equity grants which may or may not vest in future years, whereas this table discloses the value of grants from previous years which vested in FY20.

KMP Executive	Year	Fixed Rem $[a]	STI Cash $[b]	STI Vesting $[c]	LTI Vesting $[d]	Total $
RK Stokes AO Managing Director & Chief Executive Officer	**2020**	**1,600,000**	**566,825**	**–**	**1,985,078**	**4,151,903**
	2019	1,600,000	696,850	732,507	–	3,029,357
G Bhalla Chief People Officer	**2020**	**540,000**	**149,679**	**–**	**–**	**689,679**
	2019	484,000	163,048	–	–	647,048
JE Croome Chief Executive, WesTrac	**2020**	**1,100,000**	**418,000**	**–**	**1,407,266**	**2,925,266**
	2019	1,100,000	407,000	489,217	–	1,996,217
JD Fraser Chief Executive, Coates Hire *(former)*	**2020**	**69,099**	**–**	**–**	**–**	**69,099**
	2019	1,000,000	75,000	–	–	1,075,000
JN Goth Chief Operating Officer	**2020**	**236,364**	**56,817**	**–**	**–**	**293,181**
	2019	–	–	–	–	–
BI McWilliam Commercial Director *(former)*	**2020**	**276,609**	**–**	**–**	**341,185**	**617,794**
	2019	525,000	47,438	–	–	572,438
RJ Richards Chief Financial Officer	**2020**	**1,000,000**	**350,372**	**–**	**1,279,325**	**2,629,697**
	2019	1,000,000	433,125	470,905	–	1,904,030
MJ Vitlich Chief Executive, Coates Hire	**2020**	**862,500**	**168,188**	**–**	**–**	**1,030,688**
	2019	825,000	230,278	–	–	1,055,278
Total KMP Executives	**2020**	**5,684,572**	**1,709,881**	**–**	**5,012,854**	**12,407,307**
	2019	6,534,000	2,052,739	1,692,629	–	10,279,368

(a) Fixed Rem is the contracted remuneration that includes base salary, superannuation and any amounts salary sacrificed.

(b) The STI Cash is for the year it has been earned, which is paid in the following year.

(c) Value is based on the date that the equity instrument is no longer subject to a vesting period and/or the default holding lock under the offer, and the closing share price on that day.

(d) LTI Vesting is for the FY16 LTI plan with performance based on the period 1 July 2016 to 30 June 2019, with vesting in August 2019. For Mr RK Stokes AO and Mr BI McWilliam the LTI Vesting is based on the actual payment for the cash settlement of their equity participation.

Remuneration Report

B. Remuneration earned by KMP Executives in FY20 (statutory disclosures)

The following table sets out the audited remuneration details for the KMP Executives for the year ended 30 June 2020, calculated in accordance with statutory accounting requirements.

		SHORT TERM BENEFITS			POST EMPLOYMENT BENEFITS	TERMINATION BENEFITS	OTHER LONG TERM BENEFITS		SHARE BASED PAYMENTS					
KMP Executive	Year	Salary & Fees $	STI Cash Bonus $	Non-monetary benefits $[(a)]	Super-annuation benefits $	Termination benefits $	Long service & annual leave $	Deferred incentives $	Perfor-mance rights $	Deferred shares/ share rights $	Cash settled equity – employee expense $[(b)]	Cash settled equity – re-fair value $[(c)]	Total $	Perfor-mance related rem %
RK Stokes AO MD & CEO	**2020**	**1,589,499**	**566,825**	**8,631**	**10,501**	**–**	**81,957**	**–**	**–**	**648,548**	**757,014**	**449,023**	**4,111,998**	**59%**
	2019	1,579,469	696,850	6,371	20,531	–	(10,240)	–	–	459,611	750,371	1,343,125	4,846,088	67%
G Bhalla CPO	**2020**	**515,000**	**149,679**	**5,862**	**25,000**	**–**	**11,906**	**–**	**52,532**	**132,206**	**97,753**	**44,378**	**1,034,316**	**46%**
	2019	459,469	163,048	3,602	24,531	–	(6,756)	–	–	82,473	106,798	55,214	888,379	46%
JE Croome CE, WesTrac	**2020**	**1,078,997**	**418,000**	**10,742**	**21,003**	**–**	**8,300**	**–**	**471,229**	**362,998**	**–**	**–**	**2,371,269**	**53%**
	2019	1,079,469	407,000	8,396	20,531	–	53,973	–	494,052	223,666	–	–	2,287,087	49%
JD Fraser[(d)] CE, Coates *(former)*	**2020**	**63,848**	**–**	**695**	**5,251**	**500,000**	**7,888**	**(171,111)**	**(87,421)**	**(44,990)**	**–**	**–**	**274,160**	**0%**
	2019	979,469	75,000	8,639	20,531	–	37,561	202,667	205,171	89,997	–	–	1,619,035	23%
JN Goth COO	**2020**	**231,113**	**56,817**	**1,954**	**5,251**	**–**	**17,746**	**–**	**8,206**	**8,117**	**–**	**–**	**329,204**	**22%**
	2019	–	–	–	–	–	–	–	–	–	–	–	–	–
BI McWilliam[(e)] Comm. Dir. *(former)*	**2020**	**260,937**	**–**	**–**	**15,672**	**–**	**2,235**	**–**	**(27,277)**	**3,437**	**42,041**	**55,836**	**352,881**	**21%**
	2019	521,385	47,438	–	3,615	–	–	–	27,277	35,063	96,233	238,784	969,795	46%
RJ Richards CFO	**2020**	**978,997**	**350,372**	**5,862**	**21,003**	**–**	**68,255**	**–**	**448,232**	**750,414**	**–**	**–**	**2,623,135**	**59%**
	2019	979,469	433,125	3,602	20,531	–	28,167	–	468,978	500,601	–	–	2,434,473	58%
MJ Vitlich CE, Coates	**2020**	**841,497**	**168,188**	**3,520**	**21,003**	**–**	**(37,523)**	**–**	**240,018**	**198,813**	**–**	**–**	**1,435,516**	**42%**
	2019	804,469	230,278	3,602	20,531	–	27,823	–	152,462	142,754	–	–	1,381,919	38%
Total KMP Executives	**2020**	**5,559,888**	**1,709,881**	**37,266**	**124,684**	**500,000**	**160,764**	**(171,111)**	**1,105,519**	**2,059,543**	**896,808**	**549,237**	**12,532,479**	
	2019	6,403,199	2,052,739	34,212	130,801	–	130,528	202,667	1,347,940	1,534,165	953,402	1,637,123	14,426,776	

(a) Non-monetary benefits include costs relating to company events and the associated fringe benefits tax.

(b) These values have been calculated under accounting standards. The values may not represent the future value that the KMP Executive will receive, as the vesting of the performance rights and cash-settled equity is subject to the Company achieving pre-defined performance hurdles.

(c) Under AASB 2: Share Based Payments, the fair value of cash settled equity awards is re-measured each reporting period. The increase in the fair value of the cash settled equity awards is driven by the increase in share price since grant date. As a result, the fair value of the cash settled equity awards for Mr R Stokes AO increased by $449,023. If the awards had been equity settled, the total remuneration reflected in the remuneration table would be $3,662,975 compared to $4,111,998.

(d) Mr J Fraser ceased as a KMP Executive on 31 July 2019 following his retirement. Mr J Fraser received a $200,000 bonus subject to meeting additional conditions, relating to his role as both the CFO and CEO as disclosed in FY18 and FY19. The award of $308,000 relating to FY17 lapsed in July 2019.

(e) Mr B McWilliam ceased as a KMP on 15 January 2020.

C. Remuneration for Non-Executive Directors in FY20

The following table sets out the audited remuneration details for the Non-Executive Directors for the year ended 30 June 2020, calculated in accordance with statutory accounting requirements.

Non-Executive Director	Year	Salary & fees $	Non-monetary benefits $	Superannuation benefits $	Total $
KM Stokes AC	**2020**	**363,997**	**797**	**21,003**	**385,797**
(Executive Chairman)	2019	338,219	1,858	20,531	360,608
SA Chaplain AM	**2020**	**268,997**	**–**	**21,003**	**290,000**
(Non-Executive Director)	2019	261,969	–	20,531	282,500
TJ Davis	**2020**	**228,997**	**–**	**21,003**	**250,000**
(Non-Executive Director)	2019	221,969	–	20,531	242,500
KL Farrar	**2020**	**187,353**	**–**	**17,799**	**205,152**
(Non-Executive Director)	2019	56,469	–	5,365	61,834
CJ Mackay	**2020**	**200,890**	**–**	**9,110**	**210,000**
(Non-Executive Director)	2019	184,931	–	17,569	202,500
DI McEvoy	**2020**	**191,781**	**–**	**18,219**	**210,000**
(Non-Executive Director)	2019	184,931	–	17,569	202,500
WL Smith AO	**2020**	**191,781**	**–**	**18,219**	**210,000**
(Non-Executive Director)	2019	184,931	–	17,569	202,500
RA Uechtritz	**2020**	**191,781**	**–**	**18,219**	**210,000**
(Non-Executive Director)	2019	184,931	–	17,569	202,500
Total Non-Executive Directors	**2020**	**1,825,577**	**797**	**144,575**	**1,970,949**
	2019	1,618,350	1,858	137,234	1,757,442

End of audited Remuneration Report.

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Remuneration Report

INDEMNITY

The Constitution of the Company provides an indemnity to any current or former Director and secretary of the Company against any liabilities incurred by that person, or arising out of, the discharge of duties as an officer of the Company or the conduct of the business of the Company, including associated legal costs defending any proceedings relating to that person's position with the Company in specified circumstances.

As permitted by the Constitution of the Company, the Company has entered into deeds of access, insurance and indemnity with each Director as at the end of the financial year.

No amounts were paid and no actions taken pursuant to these indemnities during the year.

INSURANCE PREMIUMS

The Company has paid insurance premiums in respect of a directors' and officers' liability insurance contract insuring against certain liabilities (subject to exclusions) of all current and former officers of the Company and its subsidiaries, including all Directors named in this report, the Company Secretary and all persons concerned in, or taking part in the management of, the Company and its controlled entities, and former Directors and officers who have retired or relinquished their positions.

The insurance policies prohibit disclosure of the premiums paid in respect of those policies and the nature of the liabilities insured by the policies.

NON-AUDIT SERVICES

During the year Deloitte Touche Tohmatsu, the Company's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with the advice received from the Audit & Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Company and have been reviewed by the Board in terms of the Company's formal Auditor Independence Policy to ensure that they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Company, acting as an advocate for the Company or jointly sharing risks and rewards.

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 101.

Amounts paid or payable by the Group to the auditor, Deloitte Touche Tohmatsu, for non-audit services provided during the year are set out in Note 34 of the Financial Report.

ROUNDING OFF

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the consolidated financial statements and Directors' Report have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Signed for and on behalf of the Board of Directors and in accordance with a resolution of the Directors.

KM Stokes AC
Executive Chairman

SA Chaplain AM
Chair of the Audit & Risk Committee

Sydney
26 August 2020

Auditor's Independence Declaration

Deloitte.

Deloitte Touche Tohmatsu
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The Board of Directors
Seven Group Holdings Limited
Level 30
175 Liverpool Street
Sydney NSW 2000

26 August 2020

Dear Board Members

Seven Group Holdings 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 Seven Group Holdings Limited.

As lead audit partner for the audit of the financial statements of Seven Group Holdings Limited for the year ended 30 June 2020, 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.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J L Gorton

J L Gorton
Partner
Chartered Accountant

Financial Report

Primary Statements

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2020

	Note	2020 $m	Restated^ 2019 $m
Revenue	4	4,562.6	4,084.0
Other income			
Dividend income		8.7	19.5
Other		54.0	34.0
Total other income		**62.7**	**53.5**
Share of results from equity accounted investees	11	80.6	29.1
Gain on conversion of convertible notes	3	–	28.9
Impairment of equity accounted investee	3	(162.3)	(106.8)
Impairment of producing and development asset	3	(116.7)	–
Expenses excluding depreciation and amortisation	4	(3,780.5)	(3,346.1)
Profit before depreciation, amortisation, net finance expense and income tax		**646.4**	**742.6**
Depreciation and amortisation		(264.7)	(271.9)
Profit before net finance expense and income tax		**381.7**	**470.7**
Finance income	5	1.3	2.7
Finance expense	5	(151.4)	(164.4)
Net finance expense		**(150.1)**	**(161.7)**
Profit before income tax		**231.6**	**309.0**
Income tax expense	6	(113.6)	(106.1)
Profit for the year		**118.0**	**202.9**
Profit for the year attributable to:			
Equity holders of the Company		115.8	201.0
Non-controlling interest		2.2	1.9
Profit for the year		**118.0**	**202.9**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Net change in fair value of financial assets at fair value through other comprehensive income	26	30.6	92.0
Impact of transition to new accounting standards		–	(0.7)
Income tax relating to items that will not be reclassified subsequently to profit or loss	26	(5.6)	(27.3)
Total items that will not be reclassified subsequently to profit or loss		**25.0**	**64.0**
Items that may be reclassified subsequently to profit or loss			
Cash flow hedges: effective portion of changes in fair value	26	3.0	1.9
Foreign currency differences for foreign operations		(0.2)	3.3
Income tax relating to items that may be reclassified subsequently to profit or loss	26	(0.9)	(1.6)
Total items that may be reclassified subsequently to profit or loss		**1.9**	**3.6**
Total comprehensive income for the year		**144.9**	**270.5**
Total comprehensive income for the year attributable to:			
Equity holders of the Company		142.7	268.6
Non-controlling interest		2.2	1.9
Total comprehensive income for the year		**144.9**	**270.5**

Statutory earnings per share (EPS)		**$**	**$**
Basic earnings per share	7	0.34	0.60
Diluted earnings per share	7	0.34	0.60

^ Amounts have been restated. Refer to Note 1 for further detail.

The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Statement of Financial Position

As at 30 June 2020

	Note	2020 $m	Restated^ 2019 $m
Current assets			
Cash and cash equivalents	19	119.8	78.1
Trade and other receivables	8	775.4	700.4
Inventories	10	836.8	803.6
Other current assets		60.2	29.2
Derivative financial instruments	24	2.9	0.7
Assets held for sale		4.7	2.1
Total current assets		**1,799.8**	**1,614.1**
Non-current assets			
Investments accounted for using the equity method	11	1,000.0	1,086.6
Other receivables		–	2.5
Other financial assets	23	853.6	376.2
Right of use assets	12	636.6	658.5
Property, plant and equipment	13	981.9	910.3
Producing and development assets	14	112.2	227.3
Exploration and evaluation assets	15	235.7	226.9
Intangible assets	16	1,624.9	1,624.4
Derivative financial instruments	24	206.9	172.5
Total non-current assets		**5,651.8**	**5,285.2**
Total assets		**7,451.6**	**6,899.3**
Current liabilities			
Trade and other payables	9	448.7	403.0
Lease liabilities	12	52.8	47.5
Interest bearing loans and borrowings	21	57.5	30.3
Deferred income		216.0	128.1
Current tax liability		23.2	79.3
Provisions	17	30.8	24.6
Employee benefits	18	86.7	80.4
Derivative financial instruments	24	1.2	0.4
Total current liabilities		**916.9**	**793.6**
Non-current liabilities			
Other payables		0.5	4.7
Lease liabilities	12	810.8	813.1
Interest bearing loans and borrowings	21	2,426.6	2,043.9
Deferred tax liabilities	6	273.7	238.9
Deferred income		–	2.0
Provisions	17	66.2	63.5
Employee benefits	18	7.2	8.3
Derivative financial instruments	24	82.7	62.0
Total non-current liabilities		**3,667.7**	**3,236.4**
Total liabilities		**4,584.6**	**4,030.0**
Net assets		**2,867.0**	**2,869.3**
Equity			
Contributed equity	25	2,878.4	2,883.4
Reserves	26	(788.6)	(816.1)
Retained earnings		763.0	789.7
Total equity attributable to equity holders of the Company		**2,852.8**	**2,857.0**
Non-controlling interest		14.2	12.3
Total equity		**2,867.0**	**2,869.3**

^ Amounts have been restated. Refer to Note 1 for further detail.

The consolidated statement of financial position is to be read in conjunction with the notes to the financial statements.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2020

Year ended 30 June 2020	Note	Contri-buted equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interest $m	Total equity $m
Balance as at 1 July 2019 (reported)		**2,883.4**	**(816.1)**	**932.1**	**2,999.4**	**12.3**	**3,011.7**
Impact of transition to AASB 16	1(G)	–	–	(142.4)	(142.4)	–	(142.4)
Balance as at 1 July 2019 (restated)^		**2,883.4**	**(816.1)**	**789.7**	**2,857.0**	**12.3**	**2,869.3**
Profit for the year		–	–	115.8	115.8	2.2	118.0
Net change in fair value of financial assets measured at fair value through OCI	26	–	30.6	–	30.6	–	30.6
Cash flow hedges: effective portion of changes in fair value	26	–	3.0	–	3.0	–	3.0
Foreign currency differences for foreign operations	26	–	(0.2)	–	(0.2)	–	(0.2)
Income tax on items of OCI	26	–	(6.5)	–	(6.5)	–	(6.5)
Total comprehensive income for the year		**–**	**26.9**	**115.8**	**142.7**	**2.2**	**144.9**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	27	–	–	(142.5)	(142.5)	(0.3)	(142.8)
Own shares acquired	25	(9.5)	–	–	(9.5)	–	(9.5)
Shares vested and transferred to employees	25	4.5	(4.5)	–	–	–	–
Share based payments		–	5.1	–	5.1	–	5.1
Total contributions by and distributions to owners		**(5.0)**	**0.6**	**(142.5)**	**(146.9)**	**(0.3)**	**(147.2)**
Total movement in equity for the year		**(5.0)**	**27.5**	**(26.7)**	**(4.2)**	**1.9**	**(2.3)**
Balance as at 30 June 2020		**2,878.4**	**(788.6)**	**763.0**	**2,852.8**	**14.2**	**2,867.0**

Year ended 30 June 2019	Note	Contri-buted equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interest $m	Total equity $m
Balance as at 1 July 2018 (reported)		**2,858.6**	**(887.8)**	**853.2**	**2,824.0**	**11.3**	**2,835.3**
Impact of transition to AASB 16	1(G)	–	–	(126.1)	(126.1)	–	(126.1)
Balance as at 1 July 2018 (restated)^		**2,858.6**	**(887.8)**	**727.1**	**2,697.9**	**11.3**	**2,709.2**
Profit for the year (restated)^		–	–	201.0	201.0	1.9	202.9
Impact of transition to new accounting standards		–	–	(0.7)	(0.7)	–	(0.7)
Net change in fair value of financial assets measured at fair value through OCI	26	–	92.0	–	92.0	–	92.0
Cash flow hedges: effective portion of changes in fair value	26	–	1.9	–	1.9	–	1.9
Foreign currency differences for foreign operations	26	–	3.3	–	3.3	–	3.3
Income tax on items of other OCI	26	–	(28.9)	–	(28.9)	–	(28.9)
Total comprehensive income for the year		**–**	**68.3**	**200.3**	**268.6**	**1.9**	**270.5**
Transactions with owners recognised directly in equity							
Ordinary dividends paid	27	–	–	(137.7)	(137.7)	(0.9)	(138.6)
Share conversion – convertible notes and TELYS4	25	31.8	–	–	31.8	–	31.8
Own shares acquired	25	(9.1)	–	–	(9.1)	–	(9.1)
Shares vested and transferred to employees	25	2.1	(2.1)	–	–	–	–
Share based payments		–	5.5	–	5.5	–	5.5
Total contributions by and distributions to owners		**24.8**	**3.4**	**(137.7)**	**(109.5)**	**(0.9)**	**(110.4)**
Total movement in equity for the year		**24.8**	**71.7**	**62.6**	**159.1**	**1.0**	**160.1**
Balance as at 30 June 2019		**2,883.4**	**(816.1)**	**789.7**	**2,857.0**	**12.3**	**2,869.3**

^ Amounts have been restated. Refer to Note 1 for further detail.

The consolidated statement of changes in equity is to be read in conjunction with the notes to the financial statements.

Primary Statements

Consolidated Cash Flow Statement

For the year ended 30 June 2020

	Note	2020 $m	Restated^ 2019 $m
Cash flows related to operating activities			
Receipts from customers		5,270.8	4,497.6
Payments to suppliers and employees		(4,505.8)	(3,904.1)
Dividends and distributions received from equity accounted investees		13.8	12.8
Other dividends received		38.6	33.6
Interest and other items of a similar nature received		0.5	2.8
Interest and other costs of finance paid		(134.9)	(146.3)
Income taxes paid		(143.4)	(28.2)
Net operating cash flows	20	**539.6**	**468.2**
Cash flows related to investing activities			
Payments for purchases of property, plant and equipment		(276.3)	(273.7)
Proceeds from sale of property, plant and equipment		34.4	29.9
Payments for purchase of intangible assets		(6.7)	(8.4)
Proceeds from sale of land and buildings		0.6	–
Payment for production, development and exploration expenditure		(9.7)	(9.7)
Payments for other investments		(435.2)	(12.0)
Proceeds from sale of other financial assets		6.3	200.2
Consideration for business combinations, net of cash acquired		(0.2)	(4.6)
Acquisition of equity accounted investees		–	(111.4)
Proceeds from sale of shares in equity accounted investees		–	1.0
Loans and deposits received/(paid)		7.2	(0.2)
Net investing cash flows		**(679.6)**	**(188.9)**
Cash flows related to financing activities			
Ordinary dividends paid	27	(142.5)	(137.7)
Dividend paid to non-controlling interests		(0.3)	(0.9)
Proceeds from borrowings		1,317.6	403.1
Repayment of borrowings		(933.6)	(513.0)
Repayment of lease liabilities		(54.1)	(48.5)
Purchase of own shares		(9.5)	(9.1)
Transaction costs on equity conversion		–	(0.3)
Net financing cash flows		**177.6**	**(306.4)**
Net increase/(decrease) in cash and cash equivalents		**37.6**	**(27.1)**
Cash and cash equivalents at beginning of the year		78.1	104.6
Effect of exchange rate changes on cash and cash equivalents		4.1	0.6
Cash and cash equivalents at end of the year	19	**119.8**	**78.1**

^ Amounts have been restated. Refer to Note 1 for further detail.

The consolidated cash flow statement is to be read in conjunction with the notes to the financial statements.

Basis of Preparation

1. BASIS OF PREPARATION

Seven Group Holdings Limited (the Company) is a for profit company limited by shares and the shares are publicly traded on the Australian Securities Exchange (ASX). The Company is domiciled in Australia. These consolidated financial statements cover the year ended 30 June 2020 and comprise the Company and its subsidiaries (together referred to as the Group), and the Group's interest in equity accounted investees.

The financial report was authorised for issue in accordance with a resolution of the Directors on 26 August 2020.

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The financial report is prepared on the historical cost basis except for the following items:

- financial instruments that are measured at amortised cost or fair value through other comprehensive income;
- derivative financial instruments are measured at fair value through profit or loss; and
- liabilities for cash-settled share based payments are measured at fair value through profit or loss.

The Company is of a kind referred to in ASIC Instrument 2016/191 and in accordance with that Instrument, amounts in the Directors' Report and consolidated financial statements have been rounded off to the nearest whole number of millions of dollars and one place of decimals representing hundreds of thousands of dollars.

Certain comparative amounts in this financial report have been reclassified to conform to the current period's presentation. In particular:

- the Group has applied AASB 16: Leases under the full retrospective approach with an effective date of 1 July 2019. Comparative information is restated as at 1 July 2018 as if the standard always applied. Refer to Note 1(G)(i) for further detail.
- Management have reassessed the methodology associated with prior period calculations of work-in-progress. This has resulted in an increase of $128.2 million in the valuation of Contract Assets (within Trade and other receivables) and a corresponding $128.2 million decrease in the valuation of Inventory. The net impact of these adjustments is nil.
- Management have reassessed the methodology associated with the classification of long-service leave. This has resulted in a reclassification of $7.5 million from non-current to current employee benefits to align with current period presentation. The net impact of this adjustment is nil.
- Seven West Media (SWM) have recognised a deferred tax liability on their indefinite life intangibles in accordance with AASB 112: Income Taxes. The change has been applied retrospectively by SWM and comparatives restated. The Group has recognised its share of this restatement, resulting in a reduction in retained earnings of $117.6 million as at 30 June 2018, and a corresponding restatement of profit and loss to reflect the Group's share of losses of and reduction in impairment in the prior year. Seven West Media's accounting policies are now aligned with the Group for the recognition of deferred tax liabilities. Refer to Note 1(G)(ii) for further detail.

(A) Accounting policies

Note 1 sets out the Group's accounting policies that relate to the financial statements as a whole. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. This note also outlines new accounting policies and the expected impact on the financial position and performance of the Group.

The accounting policies set out in this financial report have been consistently applied by group entities and equity accounted investees.

(B) Dividend income

Dividend income is recognised net of any related taxes. Dividend income is recognised when the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

(C) Principles of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Where there is loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary and any related non-controlling interest and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

All inter-company balances and transactions, including unrealised gains arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

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

Basis of Preparation

1. BASIS OF PREPARATION (CONTINUED)

(D) Critical accounting estimates and judgements

The preparation of financial statements requires that management make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are incorporated and in any future periods affected.

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are outlined in the relevant note.

(E) Foreign currency translation

Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial report is presented in Australian Dollars, which is the Company's functional and presentation currency.

Transactions

Foreign currency transactions are translated into the respective functional currencies of Group entities using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity such as for qualifying cash flow hedges and qualifying net investment hedges.

Translation differences on financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets are included in the fair value through other comprehensive income reserve in equity.

Foreign group entities

The results and financial position of all the Group entities (none of which have the currency of a hyperinflationary economy) that have a functional currency different from Australian Dollars are translated into Australian Dollars as follows:

- assets and liabilities are translated at the closing rate at the balance date;
- income and expenses of foreign entities are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the date of the transaction); and
- all resulting exchange differences are recognised in other comprehensive income and presented in the foreign currency translation reserve.

Borrowings and other financial instruments designated as hedges of any net investment in a foreign entity are recognised in other comprehensive income and presented in the foreign currency translation reserve. When a foreign entity is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are transferred to profit or loss as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(F) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included within other receivables or payables in the consolidated statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flow.

(G) New Accounting Standards or Policies

(i) AASB 16: Leases

The Group has applied AASB 16 on a full retrospective basis.

AASB 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right of use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new requirements are described in Note 12. The impact of the adoption of AASB 16 on the Group's consolidated financial statements is described below.

Prior period re-classifications

AASB 16 is effective for the accounting period commencing 1 July 2019. The Group applied AASB 16 using the full retrospective approach, with comparatives restated from the transition date of 1 July 2018. At the transition date, any difference between the right of use asset and lease liability after accounting for tax, is recognised in opening retained earnings.

Following the adoption of AASB 16, the Group now presents right of use assets and lease liabilities on the face of the consolidated statement of financial position. Assets previously held under finance leases have been reclassified from 'Property, plant and equipment' to 'Right of use' assets and the associated Lease liability has been reclassified from 'Borrowings' to 'Lease liability'.

Impact on application

AASB 16 requires lessees to recognise right of use assets and lease liabilities on balance sheet for all leases, except short term and low value asset leases. At commencement of the lease, the lease liability equals the present value of future lease payments and the right of use asset equals the lease liability adjusted for any payments already made, lease incentives, initial direct costs and any provision for dilapidation or makegood costs.

The Group applied the practical expedient in AASB 16 that enables the Group to grandfather its previous assessments made as to whether a lease met the definition of a lease in terms of the previous leases standard (AASB 117) and related interpretations, and therefore that it would not be required to reassess whether contracts were, or contained leases under AASB 16 at the date of transition on 1 July 2019. The Group has elected to recognise payments for short term leases and leases of low value AASB 16 assets on a straight-line basis as an expense in the profit or loss.

AASB 16 has a significant impact on reported assets, liabilities and the income statement of the Group, as well as the classification of cash flows relating to lease contracts. The standard impacts a number of key measures such as net profit after tax, earnings per share, earnings before interest and tax and cash generated from operations.

The rental charge for operating leases under AASB 117 Leases is replaced by depreciation of the right of use asset and interest on the lease liability under AASB 16. The depreciation charge on the right of use asset is therefore reported as part of earnings before interest and tax with the finance expense on the lease liability being reported below this line, increasing earnings before interest and tax.

Depreciation is charged on a straight line basis, however, interest is charged on outstanding lease liabilities and therefore reduces over the life of the lease. As a result the impact on the income statement is highly dependent on average lease maturity. For an immature portfolio depreciation and interest are higher than the rental charge they replace resulting in a decrease to net profit after tax. For a mature portfolio, they are lower resulting in an increase to net profit after tax. The Group's property leases which represents, by value, the largest part of the Group's lease portfolio, on transition is relatively immature. AASB 16 therefore results in a decrease to the Group's net profit after tax and earnings per share.

AASB 16 has no impact on total cash flow or cash and cash equivalents at the end of any period. Cash generated from operations and free cash flow measures increase as operating lease rental payments are no longer recognised as operating cash outflows. Cash outflows are instead split between interest paid (within operating cash flows) and repayments of obligations under leases (within financing cash flows), which both increase.

	2020 $m	2019 $m
IMPACT ON PROFIT FOR THE YEAR		
Decrease in share of results from equity accounted investees	(1.1)	(1.8)
Increase in depreciation	(75.8)	(71.8)
Increase in finance expense	(56.4)	(57.9)
Decrease in other expenses	110.5	106.4
Increase in impairment of equity accounted investee	1.1	1.8
Income tax	6.5	7.0
Decrease in profit for the year	**(15.2)**	**(16.3)**

The impact on the share of results from equity accounted investees in the current year was a decrease of $1.1 million (2019: decrease of $1.8 million). Due to the valuation of the Group's equity accounted investments this results in a corresponding decrease in the impairment of equity accounted investee. The net impact on Group's profit or loss for the year is nil (2019: nil).

	2020 $	2019 $
IMPACT ON EARNINGS PER SHARE		
Basic	(0.05)	(0.05)
Diluted	(0.05)	(0.05)

Basis of Preparation

1. BASIS OF PREPARATION (CONTINUED)

(G) New Accounting Standards or Policies (continued)

(i) AASB 16: Leases

	Previously reported $m	Adjustment $m	Restated $m
IMPACT ON BALANCE SHEET AS AT 1 JULY 2018			
Right of use assets	–	689.4	689.4
Property, plant and equipment	835.6	(0.9)	834.7
Other current assets	27.5	(2.7)	24.8
Net impact on total assets		**685.8**	
Trade and other payables	427.7	(3.0)	424.7
Lease liabilities	–	869.7	869.7
Interest bearing loans and borrowings	2,140.7	(0.8)	2,139.9
Deferred tax liabilities	259.3	(54.0)	205.3
Net impact on total liabilities		**811.9**	
Retained earnings		**(126.1)**	
IMPACT ON BALANCE SHEET AS AT 30 JUNE 2019			
Right of use assets	–	658.5	658.5
Property, plant and equipment	911.9	(1.6)	910.3
Other current assets	32.1	(2.9)	29.2
Net impact on total assets		**654.0**	
Trade and other payables	409.4	(1.7)	407.7
Lease liabilities	–	860.6	860.6
Interest bearing loans and borrowings	2,075.7	(1.5)	2,074.2
Deferred tax liabilities	299.9	(61.0)	238.9
Net impact on total liabilities		**796.4**	
Retained earnings		**(142.4)**	

	As if AASB 117 still applied $m	Adjustment $m	Presented $m
IMPACT ON BALANCE SHEET AS AT 30 JUNE 2020			
Right of use assets	–	636.6	636.6
Property, plant and equipment	983.6	(1.7)	981.9
Other current assets	63.0	(2.8)	60.2
Net impact on total assets		**632.1**	
Trade and other payables	450.6	(1.4)	449.2
Lease liabilities	–	863.6	863.6
Interest bearing loans and borrowings	2,482.6	(1.5)	2,484.1
Deferred tax liabilities	341.8	(68.1)	273.7
Net impact on total liabilities		**792.6**	
Retained earnings		**(160.5)**	

(ii) Restatement of the Group's investment in Seven West Media

As disclosed in Note 1(A) of the 2019 Annual Report, the Group has historically applied a different accounting policy for the recognition of deferred tax liabilities on indefinite life intangible assets to that of its equity accounted investment, Seven West Media Limited (SWM). The IFRS Interpretation Committee issued an agenda decision Multiple Tax Consequences of Recovering an Asset (AASB 112: Income Taxes). This considers how an entity determines the tax base of an asset with two distinct tax consequences over its life (taxable economic benefits from use and capital gains on disposal or expiry). As a result of this decision, SWM has changed its accounting policy with respect to the recognition of deferred tax liabilities on indefinite life intangible assets and has applied this change retrospectively. In addition, SWM has adopted AASB 16: Leases on a full retrospective basis.

Impact on year ended 30 June 2018

The impact of the accounting policy change on SWM's retained earnings as at 30 June 2018 is a loss of $286.6 million, the Group's share of this is $117.6 million. The impact of the adoption of AASB 16 on SWM's retained earnings as at 30 June 2018 is a loss of $23.7 million, the Group's share of this is $9.7 million. As the Group's investment in SWM was carried at a recoverable amount based on observable market value, a corresponding impairment reversal of $127.3 million has been recognised. As a result, the net impact to the Group's retained earnings for the year ended 30 June 2018 is nil and the closing carrying value of the investment at 30 June 2018 is unchanged.

Impact on year ended 30 June 2019

The impact of the accounting policy change on SWM's result for the year ended 30 June 2019 is a gain of $124.5 million, the Group's share of this is $51.1 million. The impact of the adoption of AASB 16 on SWM's result for the year ended 30 June 2019 is a loss of $4.3 million, the Group's share of this is $1.8 million. As the Group's investment in SWM was carried at a recoverable amount based on observable market value, a corresponding impairment of $49.3 million has been recognised and the closing carrying value of the investment at 30 June 2019 is unchanged. The reconciliation below shows the impact on the FY19 Statement of Profit or Loss for the impact of AASB 16 and the above accounting policy change.

	PREVIOUSLY REPORTED	ADJUSTMENTS		RESTATED
	2019 $m	**AASB 112 $m**	**AASB 16 $m**	**2019 $m**
Share of results increase on AASB 112	–	51.1	–	–
Share of results decrease on AASB 16	–	–	(1.8)	–
Share of results from equity accounted investees	**(20.2)**	**51.1**	**(1.8)**	**29.1**
(Impairment) on AASB 112	–	(51.1)	–	–
Impairment reversal on AASB 16	–	–	1.8	–
(Impairment)/impairment reversal of equity accounted investee	(57.5)	(51.1)	1.8	(106.8)
Net impact on profit for the year	**(77.7)**	**–**	**–**	**(77.7)**

The impact of the restatement of SWM's FY19 result on the Group's statutory net profit after tax was nil. The impact to underlying net profit after tax was a reduction of $1.8 million.

(iii) AASB Interpretation 23: *Uncertainty over income tax treatment (Interpretation 23)*

Interpretation 23 addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of AASB 112: Income Taxes. It does not apply to taxes or levies outside the scope of AASB 112, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments.

The Group considered whether it has any uncertain tax positions on adoption of the Interpretation. The Group determined, based on its tax compliance, that it is probable that its tax treatments will be accepted by the taxation authorities. The Interpretation did not have an impact on the consolidated financial statements of the Group.

(iv) Amendments to Australian Accounting Standards

A number of new standards, amendments to standards and interpretations are effective for future reporting periods.

These have not been applied in preparing this financial report. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures; and
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015-2017 Cycle.

While these Amendments introduce new disclosure requirements, they do not materially affect the Group's accounting policies or any of the amounts recognised in the financial statements.

Results for the Year

2. OPERATING SEGMENTS

Recognition and measurement

Identification of reportable segments

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

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are regularly reviewed by the Group's executive management team and Board to make decisions about resources to be allocated to the segment and to assess its performance.

Segment results that are reported to the executive management team and Board include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, cash and cash equivalents, derivatives, interest bearing loans and borrowings and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, producing and development assets, exploration and evaluation assets and intangible assets other than goodwill.

The operating segments are identified by management based on the manner in which products are sold, the nature of services provided and country of origin.

WesTrac	WesTrac is the authorised Caterpillar dealer (including Bucyrus/Expanded Mining Products) in Western Australia, New South Wales and the Australian Capital Territory, providing heavy equipment sales and support to customers.
Coates Hire	Coates Hire is Australia's largest general equipment hire company and provides a full range of general and specialist equipment to a wide variety of markets including engineering, building construction and maintenance, mining and resources, manufacturing, government and events.
AllightSykes	AllightSykes represents the Group's operations in the manufacture, assembly, sales and support of lighting towers, FG Wilson power generation and dewatering equipment as well as distribution of Perkins engines.
Energy	Energy relates to the Group's joint operation in the Bivins Ranch basin in Texas USA, the Group's wholly-owned interest in SGH Energy Pty Limited and the Group's equity accounted investment in Beach Energy Limited (Beach Energy).
Media investments	Media investments relate to investments in listed and unlisted media organisations, including but not limited to, Seven West Media Limited.
Other investments	Other investments incorporates listed investments and property.

The Group is domiciled in Australia and operates predominantly in Australia. Further details of other countries in which the Group operates is provided in this Note.

COVID-19

For the impact of COVID-19 on reportable segments refer to the Operating and Financial Review.

	WESTRAC(a) 2020 $m	WESTRAC(a) Restated^ 2019 $m	COATES HIRE(a)(f) 2020 $m	COATES HIRE(a)(f) Restated^ 2019 $m	ALLIGHTSYKES(a) 2020 $m	ALLIGHTSYKES(a) Restated^ 2019 $m	ENERGY 2020 $m	ENERGY Restated^ 2019 $m	MEDIA INVESTMENTS(b) 2020 $m	MEDIA INVESTMENTS(b) Restated^ 2019 $m	OTHER INVESTMENTS 2020 $m	OTHER INVESTMENTS Restated^ 2019 $m	TOTAL 2020 $m	TOTAL Restated^ 2019 $m
Segment revenue														
Product sales	1,098.7	874.8	0.7	0.5	65.3	52.8	–	–	–	–	–	–	1,164.7	928.1
Product support	2,378.6	2,153.7	10.2	7.1	23.2	24.2	–	–	–	–	–	–	2,412.0	2,185.0
Hire of equipment	14.5	12.8	963.8	948.9	0.5	0.6	–	–	–	–	–	–	978.8	962.3
Oil, gas and condensate sales	–	–	–	–	–	–	3.2	6.5	–	–	–	–	3.2	6.5
Other revenue	–	–	–	–	–	–	–	–	–	–	3.9	2.1	3.9	2.1
Sales to external customers	3,491.8	3,041.3	974.7	956.5	89.0	77.6	3.2	6.5	–	–	3.9	2.1	**4,562.6**	**4,084.0**
by geographic segment														
Australia	3,491.8	3,041.3	957.0	936.5	69.9	42.1	–	–	–	–	3.9	2.1	4,522.6	4,022.0
International	–	–	17.7	20.0	19.1	35.5	3.2	6.5	–	–	–	–	40.0	62.0
Segment result														
Segment earnings before interest, tax, depreciation and amortisation (EBITDA)(c)	435.5	383.6	399.9	386.1	(1.1)	4.1	127.9	159.1	48.1	64.1	18.4	21.4	1,028.7	1,018.4
Depreciation and amortisation	(64.5)	(80.6)	(196.2)	(185.3)	(2.4)	(2.8)	(1.3)	(2.5)	–	–	–	–	(264.4)	(271.2)
Segment earnings before interest and tax (EBIT)(d)	**371.0**	**303.0**	**203.7**	**200.8**	**(3.5)**	**1.3**	**126.6**	**156.6**	**48.1**	**64.1**	**18.4**	**21.4**	**764.3**	**747.2**
Other segment information														
Share of results of equity accounted investees included in segment EBIT (excluding significant items)(e)	(0.3)	2.9	–	–	–	–	130.6	158.4	17.6	48.8	3.8	(1.7)	151.7	208.4
Impairment of assets	–	–	–	–	–	–	(116.7)	–	(162.3)	(106.8)	–	–	(279.0)	(106.8)
Restructuring and redundancies	–	–	(7.9)	–	(0.2)	–	–	–	–	–	–	–	(8.1)	–
Share of results from equity accounted investees attributable to significant items	–	–	–	–	–	–	11.4	2.6	(82.5)	(181.9)	–	–	(71.1)	(179.3)
Capital expenditure	(24.5)	(61.8)	(256.7)	(218.7)	(1.2)	(0.9)	(9.7)	(9.7)	–	–	–	–	(292.1)	(291.1)
Investments accounted for using the equity method	32.7	33.8	–	–	–	–	880.6	741.6	56.3	284.6	30.4	26.6	**1,000.0**	1,086.6
Other segment assets	2,419.5	2,290.5	2,410.6	2,353.5	58.5	55.8	348.2	454.5	148.0	179.8	733.0	222.9	**6,117.8**	5,557.0
Segment assets	**2,452.2**	**2,324.3**	**2,410.6**	**2,353.5**	**58.5**	**55.8**	**1,228.8**	**1,196.1**	**204.3**	**464.4**	**763.4**	**249.5**	**7,117.8**	**6,643.6**
Segment liabilities	**(1,108.1)**	**(980.0)**	**(439.0)**	**(453.9)**	**(18.2)**	**(22.5)**	**(67.6)**	**(64.5)**	**–**	**–**	**(35.3)**	**(1.8)**	**(1,668.2)**	**(1,522.7)**

^ Amounts have been restated. Refer to Note 1 for further detail.

(a) Segment results above have been reduced in relation to the elimination of sales between Group entities.
(b) Media investments comprise investments accounted for using the equity method and financial assets fair valued through other comprehensive income.
(c) Segment EBITDA comprises profit before depreciation and amortisation, net finance expense, income tax and significant items.
(d) Segment EBIT comprises profit before net finance expense, income tax and significant items.
(e) Segment EBITDA, EBIT and share of results of equity accounted investees excludes the share of results from equity accounted investees attributable to significant items.
(f) Coates Hire segment assets includes assets held for sale of $4.7 million (2019: $2.1 million). These assets relate to hire fleet available for immediate sale and are expected to be disposed of within 12 months.

Refer to Note 3: Significant Items for further details on significant items.

Results for the Year

2. OPERATING SEGMENTS (CONTINUED)

Analysis by geographical area

Revenue and non-current assets by geographical area	SEGMENT REVENUE 2020 $m	SEGMENT REVENUE 2019 $m	NON-CURRENT ASSETS 2020 $m	NON-CURRENT ASSETS Restated^ 2019 $m
Australia	4,522.6	4,022.0	3,572.7	3,515.9
United Arab Emirates	9.1	22.8	3.9	4.0
Indonesia	17.7	20.0	13.8	13.8
United States of America	10.3	15.2	0.2	115.3
New Zealand	2.9	4.0	0.7	0.9
Total revenue and non-current assets	**4,562.6**	**4,084.0**	**3,591.3**	**3,649.9**

^ Amounts have been restated. Refer to Note 1 for further detail.

Non-current assets other than financial instruments and deferred tax assets (there are no employment benefit assets and rights arising under insurance contracts) is outlined above. Segment assets are allocated to countries based on where the assets are located.

Major customer

The Group derived $530.3 million of revenue from a single major customer, which is greater than 10 per cent of the Group's revenue for the year. This revenue is included within the WesTrac, Coates Hire and AllightSykes segments.

Segment reconciliations

Reconciliation of segment EBIT to net profit before tax per consolidated income statement	2020 $m	Restated^ 2019 $m
Segment net operating profit before net finance expense and tax (EBIT)	764.3	747.2
Corporate operating costs	(24.4)	(19.3)
Gain on conversion of convertible notes	–	28.9
Share of significant items relating to results from equity accounted investee	(71.1)	(179.3)
Impairment of equity accounted investee	(162.3)	(106.8)
Impairment of producing and development asset	(116.7)	–
Restructuring and redundancy costs	(8.1)	–
Net finance expense	(150.1)	(161.7)
Profit before income tax per consolidated income statement	**231.6**	**309.0**

Reconciliation of segment operating assets to total assets per consolidated statement of financial position	2020 $m	Restated^ 2019 $m
Segment operating assets	7,117.8	6,643.6
Corporate cash holdings	119.8	78.1
Derivative financial instruments	209.8	173.2
Assets held at corporate level	4.2	4.4
Total assets per consolidated statement of financial position	**7,451.6**	**6,899.3**

Reconciliation of segment operating liabilities to total liabilities per consolidated statement of financial position	2020 $m	Restated^ 2019 $m
Segment operating liabilities	(1,668.2)	(1,522.7)
Derivative financial instruments	(83.9)	(62.4)
Interest bearing loans and borrowings – current	(57.5)	(30.3)
Interest bearing loans and borrowings – non-current	(2,426.6)	(2,043.9)
Current tax liability	(23.2)	(79.3)
Deferred tax liabilities	(273.7)	(238.9)
Liabilities held at corporate level	(51.5)	(52.5)
Total liabilities per consolidated statement of financial position	**(4,584.6)**	**(4,030.0)**

^ Amounts have been restated. Refer to Note 1 for further detail.

3. SIGNIFICANT ITEMS

Profit before income tax includes the following income and expenses for which disclosure is relevant in explaining the underlying financial performance of the Group.

	2020 $m	Restated^ 2019 $m
Gain on conversion of convertible notes	–	28.9
Share of results from equity accounted investees attributable to significant items	(71.1)	(179.3)
Impairment of equity accounted investee	(162.3)	(106.8)
Impairment of producing and development asset	(116.7)	–
Restructuring and redundancy costs	(8.1)	–
Significant items in finance expense	–	(1.0)
Total significant items before income tax	**(358.2)**	**(258.2)**
Income tax benefit on significant items	2.4	0.3
Total significant items – continuing operations	**(355.8)**	**(257.9)**

^ Amounts have been restated. Refer to Note 1 for further detail.

Gain on conversion of convertible notes relates to the fair value gain recognised in the prior year on the conversion of the convertible note following shareholder approval at the 2018 Annual General Meeting.

Share of results from equity accounted investees attributable to significant items relates to the Group's share of significant items included in the results of equity accounted investees, such as the gain or loss on the sale of properties or investments, redundancy and acquisition costs, impairment of assets and onerous contracts. In the current year, it includes the impact of the Group's share of the impairment of Seven West Media's intangible assets and investments, offset by gains recognised in Seven West Media on the disposal of assets.

Impairment of equity accounted investee relates to the impairment of the Group's investment in the ordinary equity of Seven West Media Limited. Refer also to Note 11: Investments Accounted for Using the Equity Method.

Impairment of producing and development asset relates to the impairment of the Group's joint operation in Bivins Ranch. Refer to Note 14: Producing and Development Assets for further detail.

Restructuring and redundancy costs relates to restructuring programs undertaken by Group subsidiaries, including impairment of right of use assets of $0.3 million.

Results for the Year

4. REVENUE AND EXPENDITURE

Accounting policy

Revenues from contracts with customers are recognised at the amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring control of goods or services to a customer. Revenue is recognised net of goods and services tax (GST).

Sales revenue is recognised at the point in time that control of the good or service has passed to the customer and performance obligations have been met. Where required, amounts relating to future performance obligations are deferred and recognised over time as the obligation is performed. Amounts are estimated using judgement, historical experience and the specific terms of the agreement with the customer to determine the amount and timing of revenue recognised.

Revenue from contracts with customers

Revenue from product sales	Revenue associated with the sale of goods is recognised at the point in time when each performance obligation of the sale has been fulfilled and control of the goods has passed to the customer. Product and service warranties and training provided on new product sales are distinct performance obligations and part of the sale consideration is deferred and recognised over time as the performance obligation is met.
Revenue from product support	Revenue from product support is recognised in the accounting period in which the services are rendered. Revenue from contracts is recognised when distinct performance obligations under the contract are met. For maintenance and repair contracts (MARCs), an assessment is made on a contract by contract basis, except where a portfolio approach is adopted. The portfolio approach is applied to a group of contracts (or performance obligations) with similar characteristics where it is reasonably expected that the effects on the financial results are not materially different to the effects of applying the standard on a contract by contract basis. Under the portfolio approach, the MARCs have been deemed as a distinct performance obligation to continuously make available a fleet of machinery to a customer. WesTrac's MARCs are assessed to consider whether modifications or extensions create a separate contract for services. These obligations are recognised in deferred income and taken to revenue as the future service is provided. MARCs continue to have critical assessment and judgement by management in preparing the assessment.
Revenue from hire of equipment	Hire of equipment revenue is recognised on receipt of equipment by the customer which is when control passes and the performance obligations are met. Revenue is recognised over the period of the hire agreement, which in the majority of cases is on a daily basis.
Revenue from sale of oil, gas and condensate	Revenue is derived from the sale of oil, gas and condensate and is recognised based on volumes sold under contracts with customers at the point in time where performance obligations are considered to be met. Generally, the performance obligation will be met when the product is delivered to specified measurement point (gas) or point of loading/unloading (liquids).
Other revenue	Other revenue is recognised at the point in time that all performance obligations have been met. In the case of property sales, it is on completion of the contract and transfer of title.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Revenue recognition – MARCs

Contract revenues and expenses are recognised over time for each identified component. In determining revenue and expense for MARCs, management makes assumptions and estimates regarding the work performed to date as a percentage of the total work to be performed and estimated revenues and expenses over the life of the contract. Contract variations are accounted for as modifications when they have been approved by the customer. Depending on the nature of the modification they are treated as either a separate performance obligation or a modification of an existing performance obligation.

	2020 $m	Restated^ 2019 $m
REVENUE FROM CONTRACTS WITH CUSTOMERS		
Product sales	1,164.7	928.1
Product support	2,412.0	2,185.0
Hire of equipment	978.8	962.3
Oil, gas and condensate	3.2	6.5
Other revenue	3.9	2.1
Total revenue	**4,562.6**	**4,084.0**
EXPENDITURE EXCLUDING DEPRECIATION AND AMORTISATION		
Materials cost of inventory sold and used in product sales and product support	(2,418.1)	(2,083.1)
Repairs, maintenance and consumables used on equipment hire	(130.6)	(146.7)
Employee benefits	(862.4)	(789.8)
Other expenses	(369.4)	(326.5)
Total expenses excluding depreciation and amortisation	**(3,780.5)**	**(3,346.1)**

^ Amounts have been restated. Refer to Note 1 for further detail.

The Group disaggregates revenue by operating segment. Refer to Note 2: Operating Segments for revenue by operating segment and geographical split.

As at 30 June 2020, the Group has remaining performance obligations to be recognised on MARCs with a duration of more than 12 months. The aggregate amount of the transaction price allocated to the remaining performance obligations is $240.9 million. The Group will recognise this revenue when the performance obligations are satisfied. Approximately 25 per cent of remaining performance obligations are expected to occur within the next 12 months, with the remaining expected to occur over a period of up to six years.

Other expenses includes $3.4 million (2019: $1.7 million) in relation to the net impairment loss on trade receivables. Refer to Note 22: Financial Risk Management for further detail.

5. NET FINANCE EXPENSE

Accounting policy

Interest income includes interest on funds invested and is recognised in profit or loss as they accrue.

Finance expense comprises interest payable on borrowings and lease liabilities calculated using the effective interest method, including borrowing costs, unwinding of discount on provisions and deferred consideration.

Interest expense also includes the net fair value adjustment for cash-settled share-based payments.

	2020 $m	Restated^ 2019 $m
FINANCE INCOME		
Interest income on bank deposits	1.2	1.8
Other	0.1	0.9
Total finance income	**1.3**	**2.7**
FINANCE EXPENSE		
Interest expense	(86.0)	(98.2)
Interest expense on lease liabilities	(56.4)	(57.9)
Borrowing costs	(6.1)	(5.5)
Unwind of discount on provisions	(2.9)	(2.8)
Total finance expense	**(151.4)**	**(164.4)**
Net finance expense	**(150.1)**	**(161.7)**

^ Amounts have been restated. Refer to Note 1 for further detail.

Interest expense includes $0.6 million (2019: $1.6 million) in relation to the fair value movement for cash settled share-based payments.

Results for the Year

6. INCOME TAX

Accounting policy

Income tax expense comprises current and deferred tax expense. Income tax expense is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income. Current tax expense for the period is the expected tax payable on the current period's taxable income based on the enacted or substantively enacted income tax rate for each jurisdiction adjusted by changes to tax payable in respect of previous years.

Deferred income tax is recognised on temporary differences arising between the expected tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities and when they relate to income taxes levied by the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Tax exposures

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities that will impact tax expense in the period if such a determination is made.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Seven Group Holdings Limited.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Judgement is required in determining the provision for income taxes and the tax cost base of assets and liabilities.

Management judgement is also applied in assessing the recoverability of revenue and capital losses recognised as deferred tax assets by the Group. Deferred tax assets have been recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities and joint ventures where the parent entity is able to control the timing of the reversal of the temporary differences and/or it is probable that the differences will not reverse in the foreseeable future.

Assumptions are made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectations which may impact the amount of deferred tax assets, liabilities and provision for income taxes recorded in the statement of financial position. In these circumstances the carrying amount of deferred tax assets, liabilities and provision for income taxes may change impacting the profit or loss of the Group.

	Note	2020 $m	Restated^ 2019 $m
INCOME TAX EXPENSE			
Current tax expense		(89.5)	(85.9)
Deferred tax expense		(28.3)	(11.7)
Adjustment for prior years		4.2	(8.5)
Total income tax expense		**(113.6)**	**(106.1)**
RECONCILIATION BETWEEN TAX EXPENSE AND PRE-TAX STATUTORY PROFIT:			
Income tax using the domestic corporation tax rate 30%		(69.5)	(92.7)
Franked dividends		2.6	5.9
Share of equity accounted investee's net profit		24.2	8.7
Non-assessable income		9.0	12.8
Non-deductible expenses		(0.9)	(0.2)
Impairment of assets		(83.7)	(32.1)
Recognition of deferred tax assets on revenue losses		0.1	–
Over/(under) provided in prior years		4.2	(8.5)
Difference in overseas tax rates		0.4	–
Income tax expense		**(113.6)**	**(106.1)**
DEFERRED INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME			
Relating to financial assets at fair value through other comprehensive income	26	(5.6)	(20.3)
Relating to cash flow hedge reserve	26	(0.9)	(1.6)
Total deferred income tax recognised directly in equity		**(6.5)**	**(21.9)**

^ Amounts have been restated. Refer to Note 1 for further detail.

YEAR ENDED 30 JUNE 2020	Restated^ Opening balance $m	Recognised in profit $m	Recognised in OCI $m	Restated^ Closing balance $m
DEFERRED TAX ASSETS AND LIABILITIES				
Investments	(134.7)	2.2	(5.6)	(138.1)
Derivative financial instruments	7.9	(0.1)	(0.9)	6.9
Inventories and receivables	–	–	–	–
Property, plant and equipment	(95.2)	(18.1)	–	(113.3)
Intangible assets	(135.3)	(0.1)	–	(135.4)
Trade and other payables	17.1	(3.2)	–	13.9
Provisions	38.0	(14.0)	–	24.0
Lease liabilities (net of right of use assets)	60.6	7.4	–	68.0
Tax losses	–	–	–	–
Transaction costs deducted over five years	1.6	(0.5)	–	1.1
Other	1.1	(1.9)	–	(0.8)
Net deferred tax liability	**(238.9)**	**(28.3)**	**(6.5)**	**(273.7)**

YEAR ENDED 30 JUNE 2019	Reported Opening balance $m	Restated^ Adoption of AASB 16 $m	Recognised in profit $m	Recognised in OCI $m	Restated^ Closing balance $m
DEFERRED TAX ASSETS AND LIABILITIES					
Investments	(88.3)	–	(26.1)	(20.3)	(134.7)
Derivative financial instruments	9.2	–	0.3	(1.6)	7.9
Inventories and receivables	2.2	–	(2.2)	–	–
Property, plant and equipment	(93.2)	0.8	(2.8)	–	(95.2)
Intangible assets	(155.6)	–	20.3	–	(135.3)
Trade and other payables	21.8	–	(4.7)	–	17.1
Provisions	39.1	(0.9)	(0.2)	–	38.0
Lease liabilities (net of right of use assets)	–	54.1	6.5	–	60.6
Tax losses	10.4	–	(10.4)	–	–
Transaction costs deducted over five years	(0.2)	–	1.8	–	1.6
Other	(4.7)	–	5.8	–	1.1
Net deferred tax liability	**(259.3)**	**54.0**	**(11.7)**	**(21.9)**	**(238.9)**

^ Amounts have been restated. Refer to Note 1 for further detail.

Results for the Year

6. INCOME TAX (CONTINUED)

There are no uncertain tax positions as at 30 June 2020.

As at 30 June 2020, the Group had not recognised:

- deferred tax assets of $408.8 million (2019: $343.4 million) for deductible temporary differences relating to unrealised tax benefits as it is not probable that future gains will be realised against which it could utilise the benefits;
- deferred tax asset of $560.2 million (2019: $488.6 million) for deductible temporary differences relating to Petroleum Resource Rent Tax credits;
- deferred tax assets of $15.4 million (2019: $15.4 million) for foreign tax losses substantiated in 2016 with $14.5 million due to expire by 2034; and
- deferred tax liabilities of $44.1 million (2019: $7.3 million) in respect of assessable temporary differences in relation to investments where management controls the timing of the reversal of the temporary difference and the temporary difference is not expected to reverse in the foreseeable future.

7. EARNINGS PER SHARE

Accounting policy

Basic earnings per share (EPS) is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Underlying earnings per share is statutory earnings per share adjusted for significant items. The weighted average number of shares used to calculate underlying earnings per share is the same as the weighted average number of used to calculate statutory earnings per share.

In the prior year, profit or loss attributable to ordinary shareholders is stated after allocation of the portion of profit or loss attributable to holders of Transferable Extendable Listed Yield Shares (TELYS4).

	2020 $	Restated^ 2019 $
STATUTORY EARNINGS PER SHARE		
Basic	0.34	0.60
Diluted	0.34	0.60

^ Amounts have been restated. Refer to Note 1 for further detail.

	2020 $m	Restated^ 2019 $m
EARNINGS RECONCILIATION BY CATEGORY OF SHARE		
Ordinary shares	115.8	201.0
Net profit attributable to equity holders of the Company	**115.8**	**201.0**

^ Amounts have been restated. Refer to Note 1 for further detail.

	Note	2020 Million	2019 Million
WEIGHTED AVERAGE NUMBER OF SHARES			
Ordinary shares for basic earnings per share			
Issued shares as at 1 July		339.4	316.5
Conversion of TELYS4 shares into ordinary shares		–	22.9
Issued shares as at 30 June	25	**339.4**	**339.4**
Weighted average number of shares (basic) as at 30 June		**339.0**	**333.8**
Weighted average number of shares (diluted) as at 30 June[(a)]		**339.6**	**334.9**
TELYS4			
Issued shares at as 1 July		–	5.0
Conversion of TELYS4 shares into ordinary shares		–	(5.0)
Issued shares as at 30 June		**–**	**–**
Weighted average number of shares (basic and diluted) as at 30 June		**–**	**–**

(a) Weighted average number of shares adjusted for effect of share options issued under employee share plans net of treasury shares and convertible notes issued 5 March 2018. At 30 June 2020, there were 0.6 million options that were dilutive (2019: 1.1 million).

	2020 $	Restated^ 2019 $
UNDERLYING EARNINGS PER SHARE (NON-IFRS MEASURE)		
Basic	1.39	1.37
Diluted	1.39	1.37

^ Amounts have been restated. Refer to Note 1 for further detail.

Underlying earnings per share is a non-IFRS measure and is reconciled to statutory profit or loss as follows:

	Note	2020 $m	Restated^ 2019 $m
UNDERLYING EARNINGS RECONCILIATION BY CATEGORY OF SHARE			
Net profit attributable to equity holders of the Company		115.8	201.0
Less: significant items	3	355.8	257.9
Underlying net profit attributable to equity holders of the Company		471.6	458.9
Allocated underlying earnings to category of share			
Ordinary shares		471.6	458.9
Net underlying earnings attributable to equity holders of the Company		**471.6**	**458.9**

^ Amounts have been restated. Refer to Note 1 for further detail.

Operating Assets and Liabilities

8. TRADE AND OTHER RECEIVABLES

Accounting policy

Trade receivables are initially recognised at the fair value of the invoice sent to the customer and subsequently at the amounts considered recoverable (amortised cost) less provision for expected credit loss allowance. Trade receivables are generally due for settlement no more than 30 days from the date of recognition with the exception of certain WesTrac and Coates Hire customers with alternative settlement terms.

The Group has an established credit policy under which new customers are analysed individually for creditworthiness before the Group's standard payment, delivery terms and conditions are offered. The Group's review includes external ratings, when available. Purchase limits are established for each customer and these limits are reviewed annually or upon request. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group upon lodging of a bank guarantee as a security document or on a strictly pre-paid (cleared funds) only basis.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. Under the expected credit loss model, an impairment provision for receivables is established based on the expected credit losses over the lifetime of expected credit losses for the financial asset. The calculation of expected credit loss considers the impact of past events and exercises judgement over the impact of current and future economic conditions. The amount of the provision is recognised in profit or loss as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

	2020 $m	Restated^ 2019 $m
Trade receivables	536.9	496.5
Loss allowance	(9.9)	(8.8)
Contract assets	152.8	122.7
Other receivables	95.6	90.0
Total trade and other receivables – current	**775.4**	**700.4**

^ Amounts have been restated. Refer to Note 1 for further detail.

Due to the short term nature of these receivables their carrying value is assumed to approximate their fair value. The creation and release of the provision for expected credit loss has been included in other expenses in profit or loss. For further detail on the Group and the Company's expected exposure to credit risk refer to Note 22: Financial Risk Management.

Contract assets relate to revenue earned from ongoing service contracts in the FlexiParts business. As such, the balances of this account vary and depend on the number of ongoing refurbishment services at the end of the year. At 30 June 2020, $1.2 million (2019: $1.3 million) was recognised as a provision for expected credit loss on contract assets.

9. TRADE AND OTHER PAYABLES

Accounting policy

Trade payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within normal trading terms.

	2020 $m	Restated^ 2019 $m
Trade payables	260.6	250.6
Other payables	82.9	24.1
Accruals	100.1	126.0
Accruals – cash settled share based payments	5.1	2.3
Total trade and other payables – current	**448.7**	**403.0**

^ Amounts have been restated. Refer to Note 1 for further detail.

The Group's trade and other payables (excluding accruals) are due to mature within one year. Due to the short term nature of these payables their carrying value is assumed to approximate their fair value.

The Company has entered into a Deed of Cross Guarantee with certain subsidiaries as described in Note 32: Controlled Entities. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event that any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and parties to the Deed are set out in Note 32.

10. INVENTORIES

Accounting policy

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

Cost is based on the actual costs, with the exception of exchange component inventory and parts inventory for which cost is based on weighted average cost, and includes expenditure incurred in acquiring the inventories and bringing them to their existing condition and location. Net realisable value is determined on the basis of the Group's normal selling pattern. Expenses for marketing, selling and distribution to customers are estimated and are deducted to establish net realisable value.

CRITICAL ACCOUNTING ESTIMATE AND JUDGEMENT

Management is required to make judgements regarding writedowns to determine the net realisable value of inventory. These writedowns consider factors such as the age and condition of goods as well as recent market data to assess the estimated future demand for the goods.

To date, COVID-19 has not had a material impact on the Group's assessment of the net realisable value of inventory, with inventory turn increasing since the commencement of the pandemic.

	2020 $m	Restated^ 2019 $m
Raw materials – at cost	23.5	18.1
Work-in-progress – at cost	6.5	9.5
Finished goods		
– at cost	715.0	735.7
– at net realisable value	91.8	40.3
Total finished goods	806.8	776.0
Total inventories	**836.8**	**803.6**

^ Amounts have been restated. Refer to Note 1 for further detail.

Work-in-progress includes $4.1 million (2019: $6.1 million) in relation to the development of residential properties at Seven Hills, Western Australia.

Operating Assets and Liabilities

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Accounting policy

Investments accounted for using the equity method comprise investments in associates and joint ventures (equity accounted investees). Investments in equity accounted investees are initially recognised at cost and subsequently accounted for using the equity method.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence generally exists when the Group holds between 20 and 50 per cent of the voting rights of another entity, unless it can be clearly demonstrated that this is not the case.

Joint ventures are those entities over whose activities the Group has joint control and rights to the net assets of the arrangement, rather than rights to the assets and obligations for its liabilities.

The Group's investments includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of post acquisition income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group. When the Group's share of losses equals or exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Dividends received or receivable from equity accounted investees are recognised as a reduction in the carrying amount of the investment.

Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in that investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Control, joint control or significant influence

Significant judgement and assumptions are made in determining whether an entity has control, joint control or significant influence over another entity and the type of the joint arrangement. In considering the classification, management considers whether control, significant influence or joint control exists, the nature and structure of the relationship and other facts and circumstances.

Beach Energy Limited (Beach Energy)

The Group holds a 28.5 per cent (2019: 28.6 per cent) interest in Beach Energy and continues to classify its investment as an associate. The Group has the ability to significantly influence, but not control or jointly control, the financial and operating decisions through its investment and board representation.

Seven West Media Limited (Seven West Media)

The Group has classified its investment in Seven West Media as an associate. The Group, through its 40.2 per cent (2019: 41.0 per cent) ownership interest and equivalent voting rights, has the ability to significantly influence, but not control or jointly control the financial and operating decisions of Seven West Media. Given the 40.2 per cent ownership interest, management continue to assess that the Group has significant influence, but not control, over Seven West Media. This reflects the conclusion that significant uncertainty exists in determining whether the Group's Key Management Personnel exerts de facto control over the significant operational decisions of Seven West Media given the historical level of non-SGH related vote participation at AGMs and its majority independent board (the Group only has 2 out of 9 directors), the Group does not control Seven West Media and is therefore not required to consolidate Seven West Media at 30 June 2020.

Impairment of investments accounted for using the equity method

In accordance with AASB 136: Impairment of Assets, the recoverable amount of assets is the greater of its value-in-use and its fair value less cost of disposal. In the absence of quoted market prices, an asset's value-in-use is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

In determining the amount of impairment for equity accounted investees that are listed, management has made judgements in identifying financial assets that are impaired due to industry factors or whose decline in fair value below original cost is considered significant or prolonged. A significant decline is assessed based on the percentage decline from acquisition cost of the share, while a prolonged decline is based on the length of the time over which the share price has been depressed below cost. Management considers a decline of 30 per cent to be significant and a period of 12 months to be prolonged.

Investee	Principal activities	Country of incorporation	Balance date	OWNERSHIP INTEREST 2020 %	2019 %
ASSOCIATES					
Beach Energy Limited[(a)]	Oil and gas exploration, development, production	Australia	30 Jun	28.5%	28.6%
Energy Power Systems Australia Pty Ltd	Distribution and rental of CAT engine products	Australia	30 Jun	40.0%	40.0%
Impulse Screen Media Pty Ltd[(b)]	Technology	Australia	30 Jun	–	36.0%
iSeekplant Pty Ltd[(c)]	Online services	Australia	30 Jun	–	19.9%
Mo's Mobiles Pty Limited	Mobile phone retailer	Australia	30 Jun	25.0%	25.0%
Seven West Media Limited[(d)]	Media	Australia	27 Jun	40.2%	41.0%
JOINT VENTURES					
Flagship Property Holdings Pty Limited	Property management	Australia	31 Dec	45.8%	45.8%
Kings Square Pty Ltd	Property development	Australia	30 Jun	50.0%	50.0%
Kings Square No. 4 Unit Trust	Property development	Australia	30 Jun	50.0%	50.0%

(a) During the year, Beach Energy Limited issued 2.6 million new shares to settle share plan obligations. This diluted the Group's ownership in Beach Energy by 0.1 per cent.

(b) During the year, the Group's interest in Impulse Screen Media Pty Limited declined to 5.4 per cent. The Group no longer has significant influence and has discontinued equity accounting for the investment in Impulse Screen Media.

(c) During the year, the Group's interest in iSeekplant Pty Limited declined to 15.6 per cent following the issue of further shares by iSeekplant. The Group no longer has significant influence and has discontinued equity accounting for the investment in iSeekplant.

(d) On 19 December 2019, Seven West Media Limited issued 30 million new shares as consideration for the acquisition of 14.9 per cent in Prime Media Group. This diluted the Group's ownership interest in Seven West Media by 0.8 per cent.

The country of incorporation of the above associates and joint ventures is also their principal place of business.

	2020 $m	2019 $m
Investments in associates		
Beach Energy Limited	880.6	741.6
Seven West Media Limited	56.3	284.6
Individually immaterial associates	32.7	33.8
Investments in joint ventures		
Individually immaterial joint ventures	30.4	26.6
Total investments accounted for using the equity method	**1,000.0**	**1,086.6**

Beach Energy is a listed oil and gas exploration, development and production company based in Australia with investments in the resource industry. The Group's investment in Beach Energy is held for strategic purposes and is disclosed within the Energy segment.

Seven West Media is a leading listed national multi-platform media business based in Australia. The Group's investment in Seven West Media is held for strategic purposes and disclosed within the Media investments segment.

Operating Assets and Liabilities

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (CONTINUED)

	2020 $m	Restated^ 2019 $m
SHARE OF INVESTEES' NET PROFIT/(LOSS)		
Investments in associates		
Beach Energy Limited[(a)]	142.9	161.0
Seven West Media Limited[(a)]	(65.8)	(133.1)
Individually immaterial associates	(0.3)	3.0
Investments in joint ventures		
Individually immaterial joint ventures	3.8	(1.8)
Total share of net profit/(loss) of equity accounted investees	**80.6**	**29.1**

^ Amounts have been restated. Refer to Note 1 for further detail.

(a) Total share of net profit/(loss) of equity accounted investees does not include the gain or loss on dilution events that occurred during the year. A dilution gain of $0.9 million and a dilution loss of $0.9 million were recognised on Seven West Media and Beach Energy respectively. These gains/(losses) are included within the equity accounted result of the relevant Operating Segment in Note 2.

	2020 $m	Restated^ 2019 $m
MARKET VALUES OF LISTED INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD		
Beach Energy Limited		
Book value	880.6	741.6
Market value	988.8	1,281.6
Seven West Media Limited		
Book value	56.3	284.6
Market value	56.3	284.6

An impairment of $162.3 million (2019 restated: impairment of $106.8 million) relating to the Group's investment in Seven West Media was recognised in profit or loss during the year.

The summarised financial information for the Group's material associates is detailed below. The information disclosed reflects the amounts presented in the financial statements of the relevant associate and not the Group's share of those amounts.

	ASSOCIATE BEACH ENERGY		ASSOCIATE SEVEN WEST MEDIA	
	2020 $m	2019 $m	2020 $m	Restated^ 2019 $m
SUMMARISED FINANCIAL INFORMATION OF INVESTEES (100%)				
Summarised Statement of Financial Position				
Current assets				
Cash and cash equivalents	109.9	171.9	352.0	90.5
Other current assets	397.7	426.6	309.6	472.0
Total current assets	507.6	598.5	661.6	562.5
Non-current assets				
Goodwill	57.1	57.1	–	–
Intangible assets	–	–	483.5	565.5
Other non-current assets	3,650.5	3,258.3	280.9	340.0
Total non-current assets	3,707.6	3,315.4	764.4	905.5
Current liabilities				
Financial liabilities[(a)]	26.8	–	9.4	7.7
Other current liabilities	429.4	613.3	392.8	407.2
Total current liabilities	456.2	613.3	402.2	414.9
Non-current liabilities				
Financial liabilities[(a)]	35.3	–	963.6	818.2
Other non-current liabilities	903.9	926.2	296.3	322.0
Total non-current liabilities	939.2	926.2	1,259.9	1,140.2
Net assets	**2,819.8**	**2,374.4**	**(236.1)**	**(87.1)**
Group's share (%)	28.52%	28.60%	40.23%	41.03%
Group's share of net assets	804.2	679.1	(95.0)	(35.7)
Share of impairment not recognised as previously impaired	–	–	571.0	571.0
Adjustment to align accounting policies	–	–	(18.5)	(18.5)
Share of rights issue not taken up	–	–	(125.2)	(125.2)
Change in ownership interest	76.4	62.5	171.1	177.8
Impairment	–	–	(447.1)	(284.8)
Carrying amount	**880.6**	**741.6**	**56.3**	**284.6**
Summarised Statement of Comprehensive Income				
Revenue	1,728.2	2,077.7	1,226.4	1,423.4
Depreciation and amortisation	(444.9)	(522.6)	(139.2)	(151.7)
Net interest expense	(14.0)	(58.1)	(40.6)	(42.4)
Income tax (expense)/benefit	(192.3)	(233.1)	93.9	116.9
Profit/(loss) for the year[(b)]	500.8	577.3	(162.1)	(324.3)
Other comprehensive income	(13.6)	1.0	(2.7)	(2.3)
Total comprehensive income for the year	**487.2**	**578.3**	**(164.8)**	**(326.6)**
Dividends received by the Group	**13.0**	**12.3**	**–**	**–**

^ Amounts have been restated. Refer to Note 1 for further detail.

(a) Financial liabilities excluding trade and other payables and provisions, including lease liabilities and borrowings.

(b) Seven West Media loss from continuing operations was $200.0 million (2019: loss $327.6 million) and profit from discontinued operations was $37.9 million (2019: profit $3.3 million).

Operating Assets and Liabilities

12. RIGHT OF USE ASSETS AND LEASE LIABILITIES

Accounting policy

The Group assesses whether a contract is or contains a lease at inception of the contract. This assessment involves the exercise of judgement about whether the contract is dependent on an identified asset, whether the Group obtains substantially all the economic benefits from the use of that asset, and whether the Group has the right to direct the use of the asset.

As a lessee

The Group recognises a right of use asset and a lease liability at the lease commencement date. The lease commencement date is the date the underlying asset is available for use by the lessee.

The right of use asset is initially measured at cost, comprising the initial lease liability, any lease payments already made less lease incentives received, initial direct costs and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight line basis over the shorter of the lease term or the useful life of the underlying asset. The right of use asset is tested for impairment if there are any indicators of impairment.

The lease liability is measured at the present value of the lease payments discounted at the rate implicit in the lease, or if that cannot be determined, at the lessee's incremental borrowing rate specific to the entity, term, country and currency of the contract. Lease payments can include fixed payments, variable payments that depend on a specified rate or index, extension option payments or purchase options if the Group is reasonably certain to exercise the option and termination payments if the lease term reflects the Group exercising a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured with a corresponding adjustment to the right of use asset when there is a change in future lease payments resulting from a rent review, a change in an index or rate such as inflation, or a change in the Group's assessment of whether it is reasonably certain to exercise a purchase or extension option or not exercise a break option.

Leases of low value assets and short term leases of 12 months or less are expensed to the income statement, as are variable payments dependant on performance or usage, 'out of contract' payments and non-lease service components.

As a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Where the Group is an intermediate lessor the sub-lease classification is assessed with reference to the head lease right of use asset. Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment into the lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment in the lease. Rental income from operating leases is recognised on a straight line basis over the term of the lease.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The most significant judgement is the selection of an appropriate discount rate to calculate the lease liability. The discount rate used to calculate the lease liability is the rate implicit in the lease, if it can be readily determined, or the lessee's incremental borrowing rate if not. The Group uses the incremental borrowing rate for all leases. Incremental borrowing rates depend on the entity, term, country, currency and commencement date of the lease. The incremental borrowing rate is determined as required on a series of inputs including the risk free rate based on government bond rates, a credit risk adjustment based on the actual or inferred credit rating of an entity and a country specific risk adjustment.

Management exercises judgement in determining the likelihood of exercising break or extension options in determining the lease term. Break and extension options are included to provide operational flexibility should the economic outlook for an asset be different to expectations. At commencement of the lease, break or extension options are not normally considered reasonably certain to be exercised, unless there is a valid business reason otherwise.

Movement in right of use assets

YEAR ENDED 30 JUNE 2020	Note	Land and buildings $m	Plant and equipment $m	Hire fleet $m	Motor vehicles $m	Total $m
Carrying amount at beginning of the year	1(G)	**587.1**	**5.0**	**29.5**	**36.9**	**658.5**
Additions		22.3	0.6	4.7	19.7	47.3
Modifications		7.0	–	3.3	1.2	11.5
Impairment		(0.3)	–	–	–	(0.3)
Disposals		(1.5)	(1.0)	(0.3)	(0.1)	(2.9)
Depreciation		(47.6)	(3.2)	(10.5)	(16.3)	(77.6)
Foreign currency gain		0.1	–	–	–	0.1
Carrying amount at end of the year		**567.1**	**1.4**	**26.7**	**41.4**	**636.6**
At cost		858.3	5.5	68.3	91.9	1,024.0
Accumulated depreciation		(291.2)	(4.1)	(41.6)	(50.5)	(387.4)
Total right of use assets		**567.1**	**1.4**	**26.7**	**41.4**	**636.6**
YEAR ENDED 30 JUNE 2019						
Carrying amount at beginning of the year	1(G)	**604.7**	**6.4**	**37.2**	**41.1**	**689.4**
Additions		26.8	2.1	2.2	10.6	41.7
Depreciation		(44.4)	(3.5)	(9.9)	(14.8)	(72.6)
Carrying amount at end of the year		**587.1**	**5.0**	**29.5**	**36.9**	**658.5**
At cost		856.7	11.5	61.8	79.3	1,009.3
Accumulated depreciation		(269.6)	(6.5)	(32.3)	(42.4)	(350.8)
Total right of use assets		**587.1**	**5.0**	**29.5**	**36.9**	**658.5**

	Note	2020 $m	2019 $m
Amounts recognised in profit and loss			
Depreciation expense on right of use assets		77.6	72.6
Interest expense on lease liabilities	5	56.4	57.9
Expense relating to short-term leases		10.5	9.5
Expense relating to leases of low value assets		1.6	1.4

Lease liabilities

	2020 $m	2019 $m
Amounts due for settlement within 12 months (shown under current liabilities)	52.8	47.5
Amounts due for settlement after 12 months (shown under non-current liabilities)	810.8	813.1
Total lease liabilities	**863.6**	**860.6**
Lease Liabilities (undiscounted) maturity analysis:		
Not later than one year	105.5	107.6
Later than one year but not later than two years	96.3	99.5
Later than two years but not later than five years	229.8	234.6
Later than five years but not later than ten years	337.6	336.2
Later than ten years but not later than 20 years	588.9	577.0
Later than 20 years	224.0	280.9
Total undiscounted lease liabilities	**1,582.1**	**1,635.8**

Operating Assets and Liabilities

13. PROPERTY, PLANT AND EQUIPMENT

Accounting policy

Property, plant and equipment is measured at historical cost less accumulated depreciation and impairment losses.

Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent expenditure is capitalised in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

All other repairs and maintenance is charged to the profit or loss during the reporting period in which they are incurred.

Freehold land is not depreciated. The cost of improvements to or on leasehold properties is amortised over the shorter of the unexpired period of the lease or the estimated useful life of the improvement to the Group.

Depreciation on the following assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Buildings	40 years
Leasehold improvements	1 – 25 years
Hire fleet	3 – 13 years
Plant and equipment	2 – 13 years

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at each reporting 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 carrying amount and are included in profit or loss.

Movement in property, plant and equipment

YEAR ENDED 30 JUNE 2020	Freehold land and buildings $m	Leasehold improve-ments $m	Hire fleet $m	Plant and equipment $m	Total $m
Carrying amount at beginning of the year	**37.8**	**44.6**	**728.0**	**99.9**	**910.3**
Additions	0.7	4.2	254.5	26.7	286.1
Disposals	(0.6)	–	(29.7)	(1.7)	(32.0)
Depreciation	(0.7)	(6.5)	(150.4)	(21.8)	(179.4)
Exchange differences	–	0.1	(0.5)	–	(0.4)
Transfer to assets held for sale	–	–	(2.6)	–	(2.6)
Other(a)	–	0.2	1.9	(2.2)	(0.1)
Carrying amount at end of the year	**37.2**	**42.6**	**801.2**	**100.9**	**981.9**
At cost	46.2	106.2	1,888.9	317.0	2,358.3
Accumulated depreciation	(9.0)	(63.6)	(1,087.7)	(216.1)	(1,376.4)
Total property, plant and equipment	**37.2**	**42.6**	**801.2**	**100.9**	**981.9**

YEAR ENDED 30 JUNE 2019 (RESTATED^)					
Carrying amount at beginning of the year	**38.4**	**43.5**	**657.5**	**95.3**	**834.7**
Additions	0.1	4.6	247.0	32.6	284.3
Amounts acquired in a business combination	–	–	1.2	0.3	1.5
Disposals	–	–	(20.9)	(0.5)	(21.4)
Depreciation	(0.7)	(6.2)	(159.5)	(25.3)	(191.7)
Exchange differences	–	0.1	0.7	–	0.8
Other(a)	–	2.6	2.0	(2.5)	2.1
Carrying amount at end of the year	**37.8**	**44.6**	**728.0**	**99.9**	**910.3**
At cost	46.2	102.9	1,861.3	322.1	2,332.5
Accumulated depreciation	(8.4)	(58.3)	(1,133.3)	(222.2)	(1,422.2)
Total property, plant and equipment	**37.8**	**44.6**	**728.0**	**99.9**	**910.3**

^ Amounts have been restated. Refer to Note 1 for further detail.

(a) other includes net transfer from inventory, impairments and reclassifications.

During the year, Coates Hire increased the residual value of certain categories of hire fleet assets to reflect disposal experience, resulting in a decrease in depreciation of $3.0 million and reduced useful lives of certain hire assets located in harsh environments. This reflects disposal experience resulting in an increase in depreciation of $3.7 million.

14. PRODUCING AND DEVELOPMENT ASSETS

Accounting policy

Producing and development assets are carried at historical cost less accumulated depreciation.

Development costs

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of development wells, including unsuccessful development or delineation wells, is capitalised within development assets.

Depreciation/amortisation

Producing oil and gas properties are depreciated/amortised on a unit of production basis over the total proved developed and undeveloped reserves of the field concerned, except in the case of assets whose useful life is shorter than the lifetime of the field, in which case the straight-line method is applied.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Assessment of recoverable amount and key assumptions used

Producing and development asset valuations are based on the expected production profile of reserves and resources and various estimates and assumptions. For the purposes of assessing impairment, the recoverable amount of an asset or cash generating unit (CGU) are based on the greater of its fair value less costs of disposal (FVLCD) and its value-in-use, using a pre-tax discount rate specific to the asset. Where the carrying value is less than the recoverable value, an impairment is expensed in the income statement.

The estimated future cash flows for the value-in-use calculation are based on various estimates, the most significant of which are reserves, future production profiles, commodity prices, operating costs and any future development costs necessary to produce the reserves. For the FVLCD calculation, future cash flows are based on estimates of reserves in addition to other relevant factors such as value attributable to additional resources and exploration opportunities beyond reserves based on production plans.

The cash flow projections for Bivins Ranch reflect the expected production profile of reserves and resources and cover the period through to June 2034. The cash flow projections for Longtom reflect the expected production profile of reserves and resources and cover the period to June 2041.

The discount rates applied to the forecast cash flows are based on the weighted average cost of capital adjusted for risks where appropriate including the functional currency of the asset and the risk profile of the country in which the asset operates. The post-tax discount rates that have been applied range between 8.0 to 8.6 per cent (2019: between 8.0 to 8.6 per cent).

Estimates on reserve quantities and quality

The estimated quantities and quality of reserves and resources are integral to the calculation of amortisation expense and the assessment of the recoverable amount of assets. Estimated reserve and resource quantities and quality is based on interpretations of geological and geophysical models and assessments of technical feasibility and commercial viability of future production. These estimates require assumptions to be made regarding future development and production costs, commodity prices and exchange rates. The estimates of reserves and resources may change from period to period, and as additional geological data is generated or obtained from the operator during the course of the operations. Reserves and resource estimates are prepared in accordance with guidelines prepared by the Society of Petroleum Engineers.

Estimation on commodity prices

The Group's best estimate of future commodity prices is made with reference to internally derived forecast data, current spot prices, external market analysts forecast and forward curves. Future commodity price assumptions impact the recoverability of carrying values and are reviewed at least annually.

Operating Assets and Liabilities

14. PRODUCING AND DEVELOPMENT ASSETS (CONTINUED)

Movement in producing and development assets

	2020 $m	2019 $m
Carrying amount at beginning of the year	**227.3**	**222.2**
Additions	0.7	1.7
Depreciation	(1.3)	(2.5)
Impairment	(116.7)	–
Exchange differences	2.2	5.9
Carrying amount at end of the year	**112.2**	**227.3**
At cost	251.9	248.5
Accumulated depreciation	(22.7)	(21.2)
Accumulated impairment	(117.0)	–
Total producing and development assets	**112.2**	**227.3**

Joint operation

The Group, through its wholly-owned subsidiary Seven Network (United States) Inc., is party to the Bivins Ranch basin joint operation in Texas, United States of America.

		UNINCORPORATED INTEREST	
Principal activities	Operator of joint operation	2020 %	2019 %
Oil and gas production	Presidio Petroleum LLC & Sunlight Exploration Inc	11.2%	11.2%

Producing and development assets comprise of the Group's operating interests in the Longtom gas and condensate field located in the Bass Strait off the coast of Victoria in Australia and the Bivins Ranch oil and gas asset located in the Texas Panhandle region of the United States.

As at 30 June 2020, the Group performed an impairment review of its producing and development assets in accordance with AASB 136: Impairment of Assets.

The change in operators at Bivins Ranch, unsuccessful exploration drilling impacting the likely development pathway for the acreage, partial field shut in due to the low oil price environment together with the limited visibility on the timing of future development were considered to be indicators of impairment.

Following the review, an impairment expense of $116.7 million was recognised for the Bivins Ranch asset as well as $0.3 million foreign currency movement recognised in the foreign currency translation reserve for the financial year ended 30 June 2020. No impairment expense was recognised in the prior year.

15. EXPLORATION AND EVALUATION ASSETS

Accounting policy

Exploration and evaluation expenditure is accounted for using the successful efforts method of accounting.

Exploration and evaluation assets

Exploration and evaluation activity involves the search for hydrocarbon resources, the determination of technical feasibility and the assessment of commercial viability of an identified resource. Once the legal right to explore has been acquired, costs directly associated with an exploration well are capitalised as exploration and evaluation assets until the drilling of the well is complete and the results have been evaluated. These costs include directly attributable employee benefits, materials and fuel used, rig costs and payments made to contractors.

If no potentially commercial hydrocarbons are discovered, the exploration asset is expensed through the income statement as a dry hole. If extractable hydrocarbons are found and, subject to further appraisal activity (e.g., the drilling of additional wells), are likely to be capable of being commercially developed, the costs continue to be carried as an exploration and evaluation asset while sufficient/continued progress is made in assessing the commerciality of the hydrocarbons. Costs directly associated with appraisal activity undertaken to determine the size, characteristics and commercial potential of a reservoir following the initial discovery of hydrocarbons, including the costs of appraisal wells where hydrocarbons were not found, are initially capitalised as an exploration and evaluation asset.

All such capitalised costs are subject to technical, commercial and management review, as well as review for indicators of impairment at least annually. This is to confirm the continued intent to develop or otherwise extract value from the discovery. When this is no longer the case, the costs are expensed to the income statement. When proved reserves of oil and natural gas are identified, the relevant capitalised expenditure is first assessed for impairment and (if required) any impairment loss is recognised, then the remaining balance is transferred to producing and development assets. Other than licence costs, no amortisation is charged during the exploration and evaluation phase.

The ultimate recoupment of the carrying value of the Group's exploration and evaluation assets is dependent on successful commercial exploitation, or the sale of the respective area of interest.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Recoverability of exploration and evaluation assets

Assessment of recoverability of capitalised exploration and evaluation expenditure requires certain estimates and assumptions to be made as to future events and circumstances, particularly in relation to whether economic quantities of reserves have been discovered or whether further evaluation work is underway or planned to support continued carry forward of capitalised costs. Such estimates and assumptions may change as new information becomes available.
For the purposes of assessing impairment, the calculation of recoverable amount, including estimated cash flows and determining discount rate, are the same as or producing and development assets disclosed above. The cash flow projections for Crux JV reflect the expected production profile of reserves and resources. A long-term oil price assumption of US$60/bbl has been used to estimate a long-term LNG price and post-tax discount rate of 9.0 per cent has been applied.

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15. EXPLORATION AND EVALUATION ASSETS (CONTINUED)

Movement in exploration and evaluation assets

	2020 $m	2019 $m
Carrying amount at beginning of the year	**226.9**	**219.6**
Additions	8.8	7.3
Carrying amount at end of the year	**235.7**	**226.9**
At cost	241.4	232.6
Accumulated impairment	(5.7)	(5.7)
Total exploration and evaluation assets	**235.7**	**226.9**

Exploration and evaluation assets are located in the Browse basin which is north-west of Australia and relate to the Crux AC/RL9 joint operation and the Echuca Shoals WA-377P exploration permit.

The Group's investment in the Echuca Shoals WA-377P exploration permit continues to be impaired with no further costs capitalised in the current year. The Group has submitted to the Responsible Authority an application for Good Standing for this exploration permit with the application currently under review.

Joint operation

The Group, through its wholly-owned subsidiary SGH Energy WA Pty Ltd, is party to the Crux AC/RL9 oil and gas joint operation. The Group has disclosed its interests in the following permits:

			UNINCORPORATED INTEREST	
Petroleum exploration permit/licence	Principal activities	Operator of joint operation	2020 %	2019 %
AC/RL9	Oil and gas exploration	Shell Australia Pty Ltd	15.0%	15.0%

The Crux AC/RL9 project has been identified as a primary source of back fill gas supply to the Shell Operated Prelude floating liquefied natural gas facility (Prelude FLNG). The current concept for the Crux project is a Not Normally Manned Platform which will be tied back to the Prelude FLNG facility via a export pipeline. Both the Prelude FLNG and Crux AC/RL9 projects are Operated by Shell Australia.

Following the execution of binding commercial terms with Prelude FLNG for tie-in and processing of Crux volumes, the Crux JV commenced front-end engineering design (FEED) which was ongoing during the financial year. The impact of COVID-19, the low oil price environment and current global LNG oversupply has resulted in the deferral of the Crux project Final Investment Decision (FID). The Group continues to work with Shell as Operator and fellow Crux AC/RL9 joint venture partners in progressing the project through to FID.

Contingent liabilities in respect of joint venture operations are detailed in Note 28: Contingent Liabilities. Exploration expenditure commitments and capital commitments in respect of joint venture operations are detailed in Note 29: Commitments.

16. INTANGIBLE ASSETS

Accounting policy

Distribution networks

The distribution networks of the Group are considered by the Directors to be identifiable intangible assets.

The Directors are of the opinion that the distribution networks have an indefinite useful life, and as such the distribution networks are not subject to amortisation but rather are tested annually for impairment or more frequently if events or changes in circumstances indicate impairment. The basis for the classification of indefinite life is that the dealership agreements do not require specific renewal over set intervals thus the distribution rights continue uninterrupted unless a cause to terminate is triggered.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/equity accounted investee at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill on acquisitions of equity accounted investees is included in investments accounted for using the equity method.

Goodwill is not amortised, but instead tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains or losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs (or groups of CGUs) for the purpose of impairment testing. Each of those CGUs (or groups of CGUs) represents the Group's investment in each country of operation by each operating segment.

Brand names

Brand names have been assessed as having an indefinite useful life and as a result are not amortised. Instead, brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired and are carried at cost less accumulated impairment losses.

Impairment of intangible assets

Goodwill and intangible assets that have an indefinite life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value-in-use and its fair value less cost of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Impairment losses are recognised in profit or loss unless the asset has previously been revalued, in which case the impairment is recognised as a reversal to the extent of that previous revaluation with any excess recognised in profit or loss.

Operating Assets and Liabilities

16. INTANGIBLE ASSETS (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Dependency on key suppliers

WesTrac is dependent on Caterpillar to maintain its authorisation as an authorised dealer of Caterpillar equipment and parts in Western Australia and New South Wales/Australian Capital Territory. WesTrac has maintained a strong relationship with Caterpillar and although WesTrac expects this relationship to continue, as is customary in dealer agreements with Caterpillar, the dealer agreement can be terminated by either party upon 90 days notice at any time.

The Group is dependent on Caterpillar for timely supply of equipment and parts from their global manufacturing factories and distribution warehouses. During periods of intense demand or in the event of disruption to Caterpillar's business there may be delays in the supply of equipment and parts to WesTrac. This has not in the past proven to be an impediment to WesTrac.

Management judgement is required to estimate the impact of the loss of key suppliers on future earnings, supporting existing goodwill and intangible assets.

Impairment of intangible assets

In accordance with AASB 136: Impairment of Assets, the recoverable amount of assets is the greater of its value-in-use and its fair value less cost of disposal. In the absence of quoted market prices, an asset's value-in-use or fair value less cost of disposal is calculated by estimating the present value of future cash flows using an asset specific discount rate. These calculations also require the use of assumptions regarding profit margins, growth rates and discount rates.

COVID-19

The impact of COVID-19 has been reflected in cash flow forecasts and discount rates used in impairment testing where relevant. In the case of Coates Hire, the discount rate has been increased to reflect risk of potential further COVID-19 disruption to retail operations, including from Government imposed shut downs. To date, COVID-19 has not had a material impact on the recoverable amount of intangible assets.

Movement in intangible assets

YEAR ENDED 30 JUNE 2020	Goodwill $m	Distribution network $m	Brand names $m	Other[(a)] $m	Total $m
Carrying amount at beginning of the year	**1,145.4**	**324.7**	**126.4**	**27.9**	**1,624.4**
Additions	–	–	–	6.9	6.9
Amortisation	–	–	–	(6.4)	(6.4)
Carrying amount at end of the year	**1,145.4**	**324.7**	**126.4**	**28.4**	**1,624.9**
At cost	1,145.4	324.7	126.4	49.3	1,645.8
Accumulated amortisation	–	–	–	(20.9)	(20.9)
Total intangible assets	**1,145.4**	**324.7**	**126.4**	**28.4**	**1,624.9**
YEAR ENDED 30 JUNE 2019					
Carrying amount at beginning of the year	**1,144.1**	**322.9**	**126.4**	**24.3**	**1,617.7**
Additions	–	–	–	9.2	9.2
Amounts acquired in a business combination	1.3	1.8	–	–	3.1
Disposals	–	–	–	(0.4)	(0.4)
Amortisation	–	–	–	(5.2)	(5.2)
Carrying amount at end of the year	**1,145.4**	**324.7**	**126.4**	**27.9**	**1,624.4**
At cost	1,145.4	324.7	126.4	42.4	1,638.9
Accumulated amortisation	–	–	–	(14.5)	(14.5)
Total intangible assets	**1,145.4**	**324.7**	**126.4**	**27.9**	**1,624.4**

(a) other intangibles includes the following finite lived intangibles; contracts from acquisition (useful life 5 years) and software (useful life 4–10 years).

Impairment of intangible assets

Impairment tests for goodwill, distribution network and brand names

Goodwill, distribution network and brand names costs are allocated to the Group's CGUs identified according to the appropriate operating segment.

A segment level summary of the allocation is presented below.

YEAR ENDED 30 JUNE 2020	Goodwill $m	Distribution network $m	Brand names $m	Total $m
WesTrac	95.4	322.6	–	418.0
Coates Hire	1,050.0	2.1	126.4	1,178.5
Total goodwill, distribution network and brand names	**1,145.4**	**324.7**	**126.4**	**1,596.5**
YEAR ENDED 30 JUNE 2019				
WesTrac	95.4	322.6	–	418.0
Coates Hire	1,050.0	2.1	126.4	1,178.5
Total goodwill, distribution network and brand names	**1,145.4**	**324.7**	**126.4**	**1,596.5**

Goodwill, distribution network and brand names

The recoverable amount is based on value-in-use calculations. These recoverable amount calculations use discounted cash flow projections based on financial budgets and forecasts approved by management. Cash flow projections utilised for value-in-use financial budgets cover a five year period.

Based on sensitivity analysis performed no reasonable change in these assumptions would give rise to an impairment.

Key assumptions used for value-in-use calculations

	2020 Growth rate[a] %	2020 Discount rate (pre-tax)[b] %	2019 Growth rate[a] %	2019 Discount rate (pre-tax)[b] %
WesTrac	2.00	10.14	2.00	10.18
Coates Hire	2.00	11.92	2.50	11.34

(a) the weighted average growth rate used to extrapolate cash flows beyond the budget or forecast period.

(b) the discount rates used reflect specific risks relating to the relevant segments and the countries in which they operate. Discount rates have been adjusted for AASB 16: Leases. The discount rate for Coates Hire has been increased to reflect risk of potential further COVID-19 disruption to retail operations.

17. PROVISIONS

Accounting policy

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required on settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Restoration A provision for restoration is recognised when there is a legal or constructive obligation to do so. A corresponding restoration asset amount is created equivalent to the amount of the provision. The amount recognised is the estimated cost of restoration, discounted to its net present value. This is reassessed each year in accordance with local conditions and requirements.

Other A provision for restructuring is recognised when steps have been taken to implement a detailed plan, including discussions with affected personnel, with employee related costs recognised over the period of any required future service. An onerous contract is a contract in which the unavoidable cost of meeting the obligations under the contract exceeds the economic benefit expected to be received. A provision is raised in respect of onerous contracts.

Operating Assets and Liabilities

17. PROVISIONS (CONTINUED)

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Restoration

Management is required to make judgements regarding removal method, future legislation, reclamation activities required, engineering methodology for estimating costs, future removal technologies and discount rates to determine the present value of the cash flows. Changes in the estimates of restoration cost estimates are dealt with prospectively by recording an adjustment to the provision and a corresponding adjustment to the restoration asset.

Movement in provisions

YEAR ENDED 30 JUNE 2020	Service warranties $m	Restoration $m	Other $m	Total $m
Balance at beginning of the year	**–**	**55.8**	**32.3**	**88.1**
Amounts provided for	–	–	29.8	29.8
Amounts used	–	–	(23.8)	(23.8)
Unwind of discount	–	2.9	–	2.9
Balance at end of the year	**–**	**58.7**	**38.3**	**97.0**
Current	–	0.1	30.7	30.8
Non-current	–	58.6	7.6	66.2
Total provisions	**–**	**58.7**	**38.3**	**97.0**

YEAR ENDED 30 JUNE 2019				
Balance at beginning of the year	**20.4**	**53.0**	**60.9**	**134.3**
Amounts provided for	–	–	13.6	13.6
Amounts used	–	–	(40.1)	(40.1)
Write-back of provision	–	–	(2.1)	(2.1)
Transfer	(20.4)	–	–	(20.4)
Unwind of discount	–	2.8	–	2.8
Balance at end of the year	**–**	**55.8**	**32.3**	**88.1**
Current	–	0.1	24.5	24.6
Non-current	–	55.7	7.8	63.5
Total provisions	**–**	**55.8**	**32.3**	**88.1**

Nature and purpose of provisions

Service warranties Service warranties provision relate to the estimated warranty claims in respect of products sold which are still under warranty at balance date. These claims are expected to be settled in the next financial year but this may be extended into the following year if claims are made late in the warranty period and are subject to confirmation by suppliers that component parts are defective. Service warranties are now classified within Deferred income.

Restoration A provision for site restoration relates to the Group's estimated present value of costs relating to future site restoration, removal and rehabilitation activities, primarily in the Energy segment.

Other Other provisions include amounts that have been provided for in relation to restructuring and redundancies, workers' compensation claims, maintenance and repair contracts, legal claims, onerous contracts and makegood obligations.

18. EMPLOYEE BENEFITS

Accounting policy

Employee benefits

Employee benefits include provisions for annual leave and long service leave. The current provision for long service leave includes all unconditional entitlements where employees have completed the required service period and those where employees are entitled to pro-rata payments in certain circumstances. The majority of the amount is presented as current, since the Group does not have an unconditional right to defer settlement. However, based on past experience, the Group does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Wages, salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave due to be settled within 12 months of the reporting date are recognised in provisions in respect of employees services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms of maturity and currency that match, as closely as possible, the estimated future cash outflows.

Superannuation

The Group contributes to a superannuation fund which provides accumulated contribution plans. Contributions are charged against the profit or loss in the period to which they relate.

Share based payments

The fair value of options granted under the Company's cash-settled option plan is recognised as an employee benefit expense with a corresponding increase in liability. The expense and the liability incurred are measured at the fair value of the liability.

The fair value at grant date is independently determined using Black-Scholes and Binomial option pricing models that take into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity remeasures the fair value of the options, with any changes in value recognised in the profit or loss as a finance cost.

The fair value of equity-based entitlements settled in equity instruments is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is estimated at grant date and recognised over the period during which the employees become unconditionally entitled to the equity instrument.

The amount recognised as an expense is adjusted to reflect the actual number of entitlements that vest, except where forfeiture is only due to share prices not achieving the threshold for vesting.

	2020 $m	Restated^ 2019 $m
CURRENT		
Annual leave	43.5	40.2
Long service leave	43.2	40.2
Total employee benefits – current	**86.7**	**80.4**
NON-CURRENT		
Long service leave	7.2	8.3
Total employee benefits – non-current	**7.2**	**8.3**

^ Amounts have been restated. Refer to Note 1 for further detail.

Superannuation contributions

The Group makes contributions on behalf of employees to a defined contribution superannuation fund. The amount recognised as an expense was $57.3 million (2019: $52.2 million) for the year ended 30 June 2020.

Cash Management

19. CASH AND CASH EQUIVALENTS

Accounting policy

Bank balances includes cash on hand and deposits held at call with financial institutions. Call deposits include other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

	2020 $m	2019 $m
Bank balances	87.6	78.1
Call deposits	32.2	–
Cash and cash equivalents	**119.8**	**78.1**

20. NOTES TO THE CASH FLOW STATEMENT

	2020 $m	Restated^ 2019 $m
Reconciliation of profit for the year to net cash flows related to operating activities		
Profit for the year	**118.0**	**202.9**
Income tax expense	113.6	106.1
Income taxes paid	(143.4)	(28.2)
Depreciation and amortisation:		
Right of use assets	77.6	72.6
Property, plant and equipment	179.4	191.6
Producing and development assets	1.3	2.5
Intangible assets	6.4	5.2
Capitalised borrowing costs amortised	3.0	2.7
Employee share movements in equity	4.2	5.5
Gain on sale of property, plant and equipment	(11.5)	(8.5)
Loss on disposal of intangible assets	–	0.4
Gain on sale of investments	(7.3)	(3.3)
Gain on conversion of convertible note	–	(28.9)
Impairment of equity accounted investee	162.3	106.8
Impairment of producing and development asset	116.7	–
Share of results from equity accounted investees	(80.6)	(29.1)
Dividends received from equity accounted investees	13.8	12.8
Unwind of interest on convertible note	7.9	7.9
Accrued investing flows for other investments	(28.9)	–
Other	2.3	(8.2)
Movement in:		
Trade and other receivables	(72.5)	11.1
Inventories	(33.2)	(102.6)
Other assets	(31.0)	(4.4)
Trade and other payables and deferred income	127.4	(1.8)
Provisions	14.1	(44.9)
Net operating cash flows	**539.6**	**468.2**

^ Amounts have been restated. Refer to Note 1 for further detail.

21. INTEREST BEARING LOANS AND BORROWINGS

Accounting policy

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities which are not incremental costs relating to the actual draw down of the facility, are recognised on a net basis against borrowings and amortised on a straight line basis over the term of the facility.

Borrowings are derecognised from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or any liabilities assumed, is recognised in other income or expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the reporting date.

	2020 $m	Restated^ 2019 $m
CURRENT		
Interest bearing liabilities	13.8	30.3
Fixed term US dollar notes	43.7	–
Total interest bearing loans and borrowings – current	**57.5**	**30.3**
NON-CURRENT		
Interest bearing liabilities	1,556.6	1,153.8
Convertible notes	304.3	295.9
Fixed term US dollar notes	573.4	604.9
Less: capitalised borrowing costs net of accumulated amortisation	(7.7)	(10.7)
Total interest bearing loans and borrowings – non-current	**2,426.6**	**2,043.9**

^ Amounts have been restated. Refer to Note 1 for further detail.

At 30 June 2020, the Group had available undrawn borrowing facilities of $452.0 million (2019: $838.0 million). The Group's interest bearing liabilities (including derivatives) as at 30 June 2020 had a weighted average interest rate of 3.4 per cent (2019: 4.6 per cent) including margins and unused line fees.

Details of the fair values of each of the borrowings as well as the Group's exposure to interest rate, foreign currency and liquidity risk related to interest bearing loans and borrowings is disclosed in Note 22: Financial Risk Management.

Interest bearing liabilities

Current interest bearing liabilities relate primarily to the Group's short-term working capital facilities, $12.3 million is secured against inventory and receivables and $1.5 million is secured against property.

Non-current interest bearing liabilities include amounts drawn from the Group's corporate syndicated loan facility and facility with Caterpillar Financial Australia Limited. The corporate syndicated loan facility is non-amortising, unsecured and supported by guarantees by the Company and certain subsidiaries within the Group. The facility comprises two tranches, with Facility A providing a limit of $400.0 million until September 2021 and Facility B providing a limit of $900.0 million until September 2023. The Company's $431.0 million facility with Caterpillar Financial Australia Limited matures in July 2021 and is non-amortising and unsecured.

Cash Management

21. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Convertible notes

The Company issued 3,500 convertible notes (Notes) at a nominal value of $350.0 million and paying a cash coupon of 2.2 per cent per annum. The Notes were issued on 5 March 2018 and obtained shareholder approval at the Company's 2018 Annual General Meeting. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of $24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible notes). Furthermore, the note holders have an early redemption option exercisable in January 2023. The fair value of the liability was calculated with reference to market interest rates for an equivalent corporate bond without a conversion feature. The total number of ordinary shares which will be issued if the convertible notes are converted is 14,583,333. As at 30 June 2020, no Notes had been converted.

Fixed term US dollar notes

The US Private Placement notes are unsecured and are hedged by a combination of forward foreign exchange and cross currency swaps. The Group has issued notes denominated in US currency of USD $390.0 million (2019: USD $390.0 million). Series E (2011) was issued and is repayable in AUD. Interest is payable half yearly in arrears.

The amount and maturity of the notes, including the effective hedge position, is summarised below.

Notes	Agreement	2020 Amount USD $m	2020 Spot amount AUD $m	2019 Amount USD $m	2019 Spot amount AUD $m	2020 Hedged amount AUD $m	Interest rate (incl. margin) %	Maturity date
Series D	2006	30.0	43.7	30.0	42.8	43.9	7.53%	23 Aug 20
Series E	2006	85.0	123.9	85.0	121.2	125.2	7.56%	23 Aug 21
Series A	2011	45.0	65.6	45.0	64.2	43.8	2.04%	7 Jun 23
Series B	2011	55.0	80.1	55.0	78.4	53.6	1.99%	7 Jul 23
Series C	2011	75.0	109.3	75.0	106.9	73.1	2.09%	7 Jun 26
Series D	2011	100.0	145.7	100.0	142.6	97.4	2.06%	7 Jul 26
Series E	2011	–	48.8	–	48.8	48.8	7.96%	7 Jul 41
		390.0	**617.1**	**390.0**	**604.9**	**485.8**		

Hedged amount above is principal payments converted at hedged forward exchange rates.

Reconciliation of liabilities arising from financing activities

Changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes, are detailed below. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

	Restated^ 2019 $m	Financing cash flows $m	Effect of exchange rates $m	Other $m	2020 $m
INTEREST BEARING LOANS AND BORROWINGS					
Interest bearing liabilities	1,184.1	384.0	–	2.3	1,570.4
Fixed term US dollar notes	604.9	–	12.2	–	617.1
Convertible notes	295.9	–	–	8.4	304.3
Capitalised borrowing costs	(10.7)	–	–	3.0	(7.7)
Total interest bearing loans and borrowings	**2,074.2**	**384.0**	**12.2**	**13.7**	**2,484.1**
LEASE LIABILITIES					
Lease liabilities	860.6	(54.1)	0.1	57.0	863.6
Total lease liabilities	**860.6**	**(54.1)**	**0.1**	**57.0**	**863.6**
Total	**2,934.8**	**329.9**	**12.3**	**70.7**	**3,347.7**

^ Amounts have been restated. Refer to Note 1 for further detail.

Refer to Note 12: Right of Use Assets and Lease Liabilities for further details on lease liabilities.

Financial Assets and Liabilities

22. FINANCIAL RISK MANAGEMENT

Overview

Risk management policies are established to identify and demonstrate that the Group understands and manages risk and seeks to ensure that there is consistency to the methods used in assessing, monitoring and communicating risks and that risk management efforts are aligned with the Group's strategic and business objectives.

The Group has exposure to the following risks through the normal course of its operations and from its use of financial instruments:

(a) Market risk

(b) Liquidity risk

(c) Credit risk

The following presents information, both qualitative and quantitative, about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and the management of capital.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Board has established a sound system of risk oversight and management and internal control which includes the establishment of the Audit & Risk Committee. The Committee has been constituted with the function of assisting the Board to ensure that its corporate governance and oversight responsibilities are fulfilled in relation to risk management and compliance with applicable laws and regulations.

The Audit & Risk Committee is responsible for reviewing, evaluating and making recommendations to the Board in relation to:

- assessing the risk management, compliance and control environment as it relates to the external and internal audit plans;
- overseeing financial reporting; and
- evaluating internal and external audit.

At the reporting date the Group held the following financial instruments:

	Note	2020 $m	Restated^ 2019 $m
Financial assets/(liabilities)			
Cash and cash equivalents	19	119.8	78.1
Financial assets/(liabilities) carried at amortised cost			
Trade and other receivables	8	775.4	700.4
Trade and other payables (excluding accruals)	9	(343.5)	(274.7)
Fixed term US dollar notes	21	(617.1)	(604.9)
Convertible notes	21	(304.3)	(295.9)
Interest bearing loans and borrowings	21	(1,570.4)	(1,184.1)
Financial assets carried at fair value through other comprehensive income			
Listed equity securities (excluding derivatives)	23	705.8	196.4
Unlisted equity securities	23	147.8	179.8
Derivative financial instruments designated as cash flow hedges, fair value hedges and fair value adjustment			
Derivative financial assets	24	208.1	173.2
Derivative financial liabilities	24	(11.6)	(11.5)
Fair value adjustment	24	(70.6)	(50.9)
Total financial assets and financial liabilities		**(960.6)**	**(1,094.1)**

^ Amounts have been restated. Refer to Note 1 for further detail.

(a) Market risk

The Group is exposed to market risk through foreign exchange, interest rate, equity price and commodity price risk.

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

Financial Assets and Liabilities

22. FINANCIAL RISK MANAGEMENT (CONTINUED)
Overview (continued)

The Group is exposed to fluctuations in foreign currency, predominantly in United States Dollar (USD).

The Group will seek to minimise exposure to foreign exchange risk by initially seeking contracts effectively denominated in AUD where possible. Where this is not possible the Group will manage foreign exchange risk as follows:

- in certain circumstances the Group invoices customers in USD. Where the Group invoices in USD it may seek to match the USD receipt with USD denominated vendor payments. As a result, an economic hedge is created by minimising exposure to changes in the AUD/USD exchange rate. Payments and receipts are made from and to the Group's USD denominated bank account.
- external forward contracts and options are used to manage foreign exchange risk. Contracts are entered into on a transaction by transaction basis to hedge specific purchases, sales or borrowings.

The Group's foreign exchange risk from recognised assets and liabilities arises primarily from WesTrac's long-term USD denominated borrowings (refer to Note 21: Interest Bearing Loans and Borrowings). The Group effectively hedges its long-term foreign denominated borrowings using a combination of designated forward exchange contracts and cross currency swaps. At times, the Group may choose to hold cash positions in USD to hedge against anticipated weakening in the AUD.

The financial statements for foreign Group entities that have a functional currency different from Australian Dollars are translated into Australian Dollars on consolidation in accordance with Note 1(E): Foreign Currency Translation. Exchange differences arising from the translation are taken to reserves and as such the individual account balances of these Group companies are excluded from the table below.

Excluding assets and liabilities for foreign Group entities translated in accordance with Note 1, the Group's exposure to foreign currency risk was as follows, based on notional amounts:

FOREIGN CURRENCY RISK	2020 US$m	2019 US$m
Cash and cash equivalents	8.1	12.4
Trade and other receivables	88.4	37.8
Trade and other payables	(198.4)	(41.6)
Borrowings	(390.0)	(390.0)
Unlisted equity securities	101.5	126.1
Derivative financial instruments	137.7	116.5
Closing exchange rates[(a)]	0.6863	0.7013

(a) Closing rate per the Reserve Bank of Australia at 4pm (AEST) on 30 June 2020.

Sensitivity analysis

As at 30 June 2020, the closing AUD/USD exchange rate was 0.6863 (2019: 0.7013) as reported by the Reserve Bank of Australia. A foreign currency sensitivity of +/- five per cent has been selected and is considered reasonable given the historical AUD/USD exchange rates prevailing in the year ended 30 June 2020. During the year, the average AUD/USD exchange rate was 0.6714 (2019: 0.7156) and traded within a range of 0.5571 to 0.7065 (2019: 0.6840 to 0.7467).

At 30 June 2020, had the AUD/USD exchange rate moved by five per cent, with all other variables held constant, post tax profit/(loss) and equity would have been affected as illustrated in the table below:

JUDGEMENT OF REASONABLY POSSIBLE MOVEMENTS	2020 Profit/(loss) $m	2020 Equity $m	2019 Profit/(loss) $m	2019 Equity $m
AUD to USD +5%	5.5	(6.1)	(0.3)	(7.4)
AUD to USD -5%	(6.1)	6.8	0.3	8.2

A sensitivity of five per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movements.

The Group's exposure to other foreign exchange movements is not material.

(ii) Interest rate risk

The Group's exposure to interest rate risk arises from AUD cash deposits and short to medium term borrowings which are at variable interest rates in AUD. Generally, long-term fixed rate borrowings are obtained in the USA and Australia, while shorter term variable borrowings are denominated in Australian currency and expose the Group to interest rate risk. The Group manages this risk by using derivative financial instruments including interest rate swaps and collars to hedge interest rate exposure.

As at 30 June 2020, 44 per cent (2019: 52 per cent) of the Group's total borrowings were subject to fixed interest rates or were effectively hedged with derivative financial instruments.

At 30 June 2020, the Group had the following mix of financial assets and liabilities exposed to Australian and United States variable interest rate risk.

	2020 $m	2019 $m
Financial assets		
Cash and cash equivalents	87.6	78.1
	87.6	**78.1**
Financial liabilities		
Interest bearing liabilities	(1,386.7)	(990.1)
	(1,386.7)	**(990.1)**

The following table shows the annualised impact on profit or loss and equity of interest bearing assets and liabilities if floating interest rates at balance date had been one per cent (100 basis points) higher or lower for the year, with all other variables held constant.

	2020 Profit/(loss) $m	2020 Equity $m	2019 Profit/(loss) $m	2019 Equity $m
If interest rates were 1% (100 basis points) higher with all other variables held constant – increase/(decrease)	(8.9)	1.5	(6.4)	3.2
If interest rates were 1% (100 basis points) lower with all other variables held constant – increase/(decrease)	8.9	(7.1)	6.4	(4.2)

(iii) Equity price risk

Equity price risk refers to the risk that the value of a financial instrument or its associated cash flows will fluctuate due to changes in the underlying share prices.

The Group has exposure to equity price risk arising from its portfolio of listed equity securities. The Group utilises derivatives to hedge this exposure as well as to gain economic exposure to equity securities.

The Group may also be exposed to equity price risk through its holdings of listed investments accounted for using the equity method and as part of the Group's impairment assessment process.

The following table shows the impact on the profit or loss and equity of the Group if equity prices at balance date had been 20.0 per cent higher or lower, with all other variables held constant (2019: 20.0 per cent). A sensitivity of 20.0 per cent is considered reasonable given the current level of prices and the volatility observed both on a historical basis and market expectations for future movement.

	2020 Profit/(loss) $m	2020 Equity $m	2019 Profit/(loss) $m	2019 Equity $m
If share prices were 20% higher with all other variables held constant – increase/(decrease)	–	101.7	–	32.7
If share prices were 20% lower with all other variables held constant – increase/(decrease)	–	(101.7)	–	(32.7)

(iv) Commodity price risk

The Group has an operating interest in oil and gas assets located in Australia and the United States of America. These investments expose the Group to commodity price risk from fluctuations in the prices of oil, natural gas and other condensates and natural gas liquids (NGLs). The Group does not currently hedge its exposure to commodity price risk.

Financial Assets and Liabilities

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Liquidity risk

Liquidity risk refers to the risk that the Group is unable to meet its financial commitments as and when they fall due.

The Group employs a prudent liquidity risk management approach. This involves maintaining a large amount of liquid reserves (cash deposits, listed shares and available credit lines) that can be drawn or sold at short notice to meet the Group's financial commitments. Management monitors the Group's ongoing cash flow requirements on a daily basis. Due to the dynamic nature of the underlying businesses, the Group aims to maintain flexibility in funding by keeping credit lines available.

Financing arrangements

The Group had access to the following undrawn borrowing facilities at the reporting date:

FLOATING RATE	2020 $m	2019 $m
Expiring within one year	277.0	258.9
Expiring beyond one year	175.0	580.0
	452.0	**838.9**

ADDITIONAL LIQUIDITY	2020 $m	2019 $m
Cash and cash equivalents	119.8	78.1
Financial assets carried at fair value through other comprehensive income – listed equity securities	705.8	196.4
Unutilised short dated lines of credit	7.2	6.9
	832.8	**281.4**

Subject to continued compliance with facility terms, the facilities may be drawn at any time. The average maturity for drawn facilities is 3.2 years (2019: 4.1 years) and 1.7 years (2019: 4.0 years) for undrawn facilities.

Maturities of financial liabilities

The table below analyses the Group's financial liabilities (including derivative financial instruments) into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. Gross cash flows include principal, coupon and premium (on put options) payments at contracted rates. The amounts disclosed are the contracted undiscounted cash flows.

YEAR ENDED 30 JUNE 2020	Within 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total contractual cash flows $m	Carrying amount $m
Trade and other payables (excluding accruals)	343.0	0.5	–	–	343.5	343.5
Borrowings – variable rate						
– principal (including derivative)	13.3	350.7	767.7	255.0	1,386.7	1,257.5
– coupon interest and derivative	18.8	8.9	11.7	64.1	103.5	4.0
Borrowings – fixed rate						
– principal (including derivative)	43.7	604.9	100.0	394.1	1,142.7	1,098.3
– coupon interest and derivative	26.2	21.0	46.2	69.4	162.8	(0.6)
	445.0	**986.0**	**925.6**	**782.6**	**3,139.2**	**2,702.7**

YEAR ENDED 30 JUNE 2019	Within 1 year $m	Between 1 and 2 years $m	Between 2 and 5 years $m	Over 5 years $m	Total contractual cash flows $m	Carrying amount $m
Trade and other payables (excluding accruals)	277.1	4.8	–	–	281.9	281.9
Borrowings – variable rate						
– principal (including derivative)	31.2	1.3	708.0	249.5	990.0	868.5
– coupon interest and derivative	17.6	16.9	22.1	11.6	68.2	4.3
Borrowings – fixed rate						
– principal (including derivative)	0.8	44.2	702.2	392.6	1,139.8	999.4
– coupon interest and derivative	48.2	45.8	48.8	77.1	219.9	(0.3)
	374.9	**113.0**	**1,481.1**	**730.8**	**2,699.8**	**2,153.8**

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables, cash and cash equivalents and investment securities.

The Group's maximum exposure to credit risk at the reporting date was:

	Note	2020 $m	Restated^ 2019 $m
Cash and cash equivalents	19	119.8	78.1
Trade and other receivables	8	775.4	700.4
Listed equity securities (excluding derivatives)	23	705.8	196.4
Unlisted equity securities	23	147.8	179.8
Derivative financial instruments	24	209.8	173.2
		1,958.6	**1,327.9**

^ Amounts have been restated. Refer to Note 1 for further detail.

The Group's and the Company's exposure to credit risk is predominately in Australia.

Expected credit loss - trade receivables

The Group's exposure to credit risk and expected credit loss for trade receivables is outlined below. To date, COVID-19 has not had a material impact on the Group's assessment of expected credit losses, with days sales outstanding at 30 June 2020 being consistent with experience in prior periods. These receivables are past due but not impaired and relate to a number of independent customers for whom there is no recent history of default.

The ageing analysis of these trade receivables is as follows:

	2020 $m	2019 $m
Past due 1-30 days	114.4	119.9
Past due 31-60 days	15.1	1.5
Past due 61-90 days	6.1	4.3
> 91 days	10.1	1.0
Total trade receivables past due but not impaired	**145.7**	**126.7**

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

Balance at beginning of the year	8.8	10.3
Impairment loss recognised in profit or loss	3.4	1.8
Impairment loss reversed in profit or loss	–	(0.1)
Receivables expensed as uncollectable during the year	(2.2)	(3.2)
Exchange differences	(0.1)	–
Balance at end of the year	**9.9**	**8.8**

In certain circumstances the Group enters into guarantees as part of ordinary trading operations. These guarantees are included within financial guarantees in Note 28: Contingent Liabilities.

(d) Fair value measurements

Financial instruments measured at fair value

The fair value of:

- financial instruments traded in active markets are based on quoted market prices at the reporting date. The quoted market prices used for financial assets held by the Group are the closing bid prices for the assets. The Group has elected that the fair value adjustments on the Group's existing listed and unlisted equity securities will be recorded in other comprehensive income and not subsequently reclassified to profit or loss.
- forward foreign exchange contracts are determined using quoted forward exchange rates at the reporting date.
- interest rate swaps and collars and cross currency interest rate swaps are calculated using the present value of the estimated future cash flows of these instruments.
- equity derivatives are calculated based on the closing bid price of the underlying equities.

Financial instruments not measured at fair value

The interest rates used to discount estimated cash flows relating to the fixed term US dollar notes were 1.8 to 3.5 per cent (2019: 1.9 to 3.8 per cent) and are based on the government yield curve at the reporting date plus an adequate credit spread.

The interest rate used to discount estimated cash flows relating to other borrowings was 1.6 to 5.5 per cent (2019: 2.7 to 5.6 per cent).

Financial Assets and Liabilities

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group uses various methods in estimating the fair value of a financial instrument. The methods comprise:

Level 1 – fair value is estimated using quoted prices in active markets.

Level 2 – fair value is estimated using inputs other than quoted prices included in Level 1 that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices).

Level 3 – fair value is estimated using inputs for the asset or liability that are not based on observable market data.

	Note	Level in fair value hierarchy	2020 Carrying amount $m	2020 Fair value $m	Restated^ 2019 Carrying amount $m	Restated^ 2019 Fair value $m
Financial assets measured at fair value						
Listed equity securities (excluding derivatives)	23	1	705.8	705.8	196.4	196.4
Unlisted equity securities	23	3	147.8	147.8	179.8	179.8
Forward foreign exchange contracts – used for hedging	24	2	3.1	3.1	0.8	0.8
Cross currency swaps – used for hedging	24	2	205.0	205.0	172.4	172.4
Fair value adjustment	24	–	1.7	1.7	–	–
			1,063.4	**1,063.4**	**549.4**	**549.4**
Financial assets not measured at fair value						
Cash and cash equivalents	19	–	119.8	119.8	78.1	78.1
Trade and other receivables	8	–	775.4	775.4	700.4	700.4
			895.2	**895.2**	**778.5**	**778.5**
Financial liabilities measured at fair value						
Forward foreign exchange contracts – used for hedging	24	2	2.4	2.4	7.2	7.2
Cross currency swaps – used for hedging	24	2	5.3	5.3	0.7	0.7
Interest rate collars – used for hedging	24	2	4.0	4.0	4.3	4.3
Fair value adjustment	24	–	72.3	72.3	50.9	50.9
			84.0	**84.0**	**63.1**	**63.1**
Financial liabilities not measured at fair value						
Trade and other payables (excluding accruals)	9	–	343.5	343.5	274.7	274.7
Fixed term US dollar notes	20	2	617.1	737.4	604.9	687.5
Convertible note	21	2	304.3	302.5	295.9	322.5
Other borrowings	21	2	1,570.4	1,590.9	1,183.5	1,196.9
			2,835.3	**2,974.3**	**2,359.0**	**2,481.6**

^ Amounts have been restated. Refer to Note 1 for further detail.

There were no transfers between the fair value hierarchy levels during the year.

Valuation techniques – Level 3

Unlisted equity securities

Unlisted equity securities comprise of the Group's investment in an unlisted investment fund (investment fund), which is accounted for as a financial asset measured at fair value through other comprehensive income. Whilst this investment fund invests in both foreign listed and unlisted equity securities, the investment is not quoted in an active market and accordingly the fair value of this investment is included within Level 3 of the hierarchy.

Audited information is obtained from the investment fund regarding the fair value of the investment. The Group recognises any movement in the fair value of the investment in equity through the fair value reserve. The methodology followed by the investment fund in fair valuing its underlying investments is outlined below.

Under the market based method, the investment fund's manager determines comparable public companies (peers) based on industry size, leverage and strategy and calculates an appropriate trading multiple for each comparable company identified. The trading multiple is then discounted for considerations such as illiquidity and size differences between the comparable companies based on company specific facts and circumstances. The discounted multiple is applied to the corresponding earnings measure of the investee company to measure the fair value.

Valuation process for Level 3 valuations

The valuation of unlisted equity is performed on a quarterly basis by the investment fund's manager and reviewed by their investment committee. The valuations are also subject to quality assurance procedures performed within the investment fund.

The investment fund manager verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to relevant documents and market information. In addition, the accuracy of the computation is tested. The latest valuation is also compared with the valuations in the four preceding quarters as well as with the valuations of the two preceding annual periods. If fair value changes (positive or negative) are more than certain thresholds set, the changes are further considered by the fund's investment committee.

The fund's investment committee considers the appropriateness of the valuation methods and inputs, and may request that alternate valuation methods are applied to support the valuations arising from the method chosen. Any changes in valuation methods are discussed and agreed with the investment partners.

The investment fund presents the valuation results on a quarterly basis to the Group. The report includes a discussion of the major assumptions used in the valuations, with an emphasis on the more significant investments and investments with fair value changes outside of the relevant thresholds set out above. The Group's investment committee regularly reviews this information and assesses the performance of the Group's investment.

Quantitative information on significant unobservable inputs – Level 3

Description	Valuation technique	Unobservable input	2020 Range	2019 Range
Unlisted equity investments	P/E multiple	Average P/E multiple of peers	42.6x	29.6x
		Discount for lack of liquidity	25%	25%
	EV/sales multiple	Average price/sales multiple of peers	2.9x	3.7x
		Discount for lack of liquidity	25%	25%

Reconciliation – Level 3

The following table shows a reconciliation of all movements in the fair value of financial instruments categorised within Level 3.

	2020 $m	2019 $m
Balance at the beginning of the year	179.8	137.6
Contributions, net of capital returns	(2.7)	7.7
Fair value (losses)/gains	(29.3)	34.5
Balance at the end of the year	**147.8**	**179.8**

Financial Assets and Liabilities

22. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Master Netting or Similar Arrangements

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. In general, under such agreements the amounts owed by each counterparty on a single day in respect of all transactions outstanding in the same currency are aggregated into a single net amount that is payable by one party to the other. In certain circumstances, for example when a credit event such as a default occurs, all outstanding transactions under the agreement are terminated, the termination value is assessed and only a single net amount is payable in settlement of all transactions.

The ISDA agreements do not meet the criteria for offsetting in the statement of financial position. This is because the Group does not have any currently legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. Accordingly, derivatives have been disclosed on a gross basis in the statement of financial position.

(f) Capital management

The Group manages its capital to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure while maximising shareholder value. As such, the Board regularly reviews the Group's capital structure in order to take advantage of favourable costs of capital and returns on assets.

The Company maintains a diversified capital base with a mixture of equity and debt funding.

The Group's dividend policy is to distribute cash from operating activities after financing costs, subject to the retention of adequate cash reserves to capitalise on investment opportunities. Dividends are franked to the greatest extent possible.

Refer to Note 27: Dividends for details of dividends paid and proposed but not provided for during the year.

23. OTHER FINANCIAL ASSETS

Accounting policy

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, financial assets at fair value through other comprehensive income (FVTOCI) and amortised cost financial assets. The classification depends on the Group's business model for managing the financial asset as well as its contractual cash flow characteristics.

Management determines the classification of its investments at initial recognition. In the case of financial assets classified as FVTOCI, this designation is irrevocable.

Financial assets at fair value through other comprehensive income

The Group's existing listed and unlisted equity securities have been designated as financial assets at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are either financial assets held for trading which are acquired principally for the purpose of selling with the intention of making a profit or financial assets that are managed and have their performance regularly evaluated by management and the directors on a fair value basis. Derivatives are also categorised as held for trading unless they are designated as hedges.

Recognition and de-recognition

Regular purchases and sales of investments are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement

Financial assets at fair value through profit or loss and financial assets at FVTOCI are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the financial assets at fair value through profit or loss category, are presented in the profit or loss within other income or other expenses in the period in which they arise. Dividend income from financial assets is recognised in the profit or loss as other income.

Gains or losses arising from changes in the value of financial assets at FVTOCI category are taken to the fair value through OCI reserve. In accordance with AASB 9, any gain or losses realised on the sale of these assets remain in the fair value reserve rather than being transferred to the profit or loss.

	2020 $m	2019 $m
NON-CURRENT		
Listed equity securities	705.8	196.4
Unlisted equity securities	147.8	179.8
Total other financial assets – non-current	**853.6**	**376.2**

Listed equity securities are designated as financial assets at FVTOCI in accordance with the Group's accounting policies. The carrying amounts are determined based on their quoted market price at 30 June 2020. Unlisted equity securities comprise of the Group's investments in an unlisted private equity media investment fund (refer also to Note 22: Financial Risk Management).

Dividends and distributions totalling $38.6 million (2019: $33.6 million) were received from the Group's financial assets at FVTOCI. A net loss of $5.2 million (2019: gains of $18.3 million) relating to disposals of listed equity securities was realised during the year. These gains and losses remain in the fair value through OCI reserve.

Financial Assets and Liabilities

24. DERIVATIVE FINANCIAL INSTRUMENTS

Accounting policy

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in profit or loss within finance expenses, together with changes in the fair value of the hedged fixed rate borrowings attributable to interest rate risk. The gain or loss relating to the ineffective portion is recognised in the profit or loss within other income or other expenses.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedged item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in other comprehensive income are recycled in the profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance expenses. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in profit or loss within sales. However, when the forecast transaction that is hedged results in the recognition of a non financial asset (for example, inventory or property, plant and equipment), the gains and losses previously deferred in other comprehensive income are transferred from other comprehensive income and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as a cost of goods sold in the case of inventory, or as depreciation in the case of property, plant and equipment.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in other comprehensive income is immediately transferred to profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

	2020 $m	2019 $m
CURRENT ASSETS		
Forward foreign exchange contracts – cash flow hedges	2.9	0.7
	2.9	**0.7**
NON-CURRENT ASSETS		
Forward foreign exchange contracts – cash flow hedges	–	0.1
Cross currency swaps – cash flow hedges	133.5	121.5
Cross currency swaps – fair value hedges	71.7	50.9
Fair value adjustment	1.7	–
	206.9	**172.5**
CURRENT LIABILITIES		
Forward foreign exchange contracts – cash flow hedges	(1.2)	(0.4)
	(1.2)	**(0.4)**
NON-CURRENT LIABILITIES		
Forward foreign exchange contracts – cash flow hedges	(1.1)	(6.8)
Cross currency swaps – cash flow hedges	(4.1)	–
Cross currency swaps – fair value hedges	(1.2)	–
Fair value adjustment	(72.3)	(50.9)
Interest rate swaps and collars – cash flow hedges	(4.0)	(4.3)
	(82.7)	**(62.0)**
Net derivative financial instruments	**125.9**	**110.8**

The Group is a party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates, foreign exchange rates in accordance with the Group's financial risk management policies. The Group also enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors. Refer to Note 22: Financial Risk Management for further details.

Interest rate swaps

The Group's policy is to hedge a portion of its interest bearing liabilities from exposure to changes in interest rates. The gain or loss from remeasuring the hedging instruments to fair value is deferred in equity in the hedge reserve and reclassified into profit and loss when the hedged interest expense is recognised. To the extent that the hedge is ineffective or undesignated, the fair value movement is recognised as fair value through profit or loss.

Forward foreign exchange contracts

The Group has entered into forward foreign currency exchange contracts to hedge USD denominated debt in conjunction with cross currency swaps. The Group has obligations to repay the principal amount of USD denominated debt and interest thereon. The Group's USD denominated debt and coupon obligations are hedged with foreign exchange derivatives. The Group from time to time also enters into forward foreign exchange contracts to hedge certain known trading commitments predominantly denominated in US Dollars. The terms of these commitments are generally shorter than one year.

Cross currency swaps

The Group has obligations to repay the principal and interest relating to USD denominated debt. The Group enters into cross currency swap contracts to hedge these obligations.

Other derivatives

Other derivatives comprises equity derivatives. The Group enters into equity derivatives from time to time to hedge the value of listed investments or to gain exposure to certain market sectors.

Financial Assets and Liabilities

24. DERIVATIVE FINANCIAL INSTRUMENTS (CONTINUED)

At 30 June 2020, the Group held various types of derivative financial instruments that were designated as cash flow hedges of future forecast transactions. These were hedging of:

- future foreign currency operational payments by exchange derivative contracts (forwards);
- future foreign currency principal and coupon payments by exchange derivative contracts (forwards, swaps); or
- future interest payments by interest rate derivative contracts (swaps).

The effective portion of the cumulative net change in the value of derivative financial instruments designated as a cash flow hedge are included in the hedge reserve.

The periods in which the related cash flows are expected to occur are summarised below.

YEAR ENDED 30 JUNE 2020	Within 1 year $m	Between 1 to 5 years $m	Over 5 years $m	Total $m
Contracts to hedge				
Future operational (sales and purchases)	1.4	–	–	1.4
Future principal and interest on borrowings	0.2	43.4	80.9	124.5
Total net gain/(loss) included in the hedge reserve	**1.6**	**43.4**	**80.9**	**125.9**
YEAR ENDED 30 JUNE 2019				
Contracts to hedge				
Future operational (sales and purchases)	0.1	–	–	0.1
Future principal and interest on borrowings	0.2	(11.0)	122.1	111.3
Total net gain/(loss) included in the hedge reserve	**0.3**	**(11.0)**	**122.1**	**111.4**

HEDGE ACCOUNTING YEAR ENDED 30 JUNE 2020	Notional amount of hedging instrument & hedged item $m	Hedge rates	CARRYING AMOUNT Assets $m	CARRYING AMOUNT Liabilities $m	Change in value of hedging instrument $m	Change in value of hedged item $m	Hedge ineffect-iveness recognised in profit or loss $m	Amount reclassified from hedge reserve to profit or loss $m
Cash flow hedges								
Future operational (sales and purchases) – up to 12 months (foreign exchange contracts)	AUD101.0	AUD/USD 0.60–0.70	2.9	(1.2)	2.2	2.2	–	–
Future principal and interest on USPP – up to 2 years (foreign exchange contracts)	AUD182.0	AUD/USD 0.68	–	(1.1)	5.8	4.5	–	0.1
Future principal and interest on USPP – up to 6 years (cross currency swaps)	AUD267.9	AUD/USD 1.03	133.5	–	11.2	9.9	–	11.8
Future principal and interest on USPP – up to 12 years (cross currency swaps)	AUD230.4	AUD/USD 0.65	–	(4.1)	(4.1)	(4.1)	–	–
Future interest on floating rate debt – up to 2 years	AUD100.0	COLLAR 1.5%–2.5%	–	(3.0)	(0.6)	(0.6)	–	–
Future interest on floating rate debt – up to 2 years	AUD50.0	COLLAR 1.57%–2.5%	–	(1.0)	(0.4)	(0.3)	0.4	–
Fair value hedge								
Future principal and interest on USPP – up to 6 years (cross currency swaps)	AUD267.9	AUD/USD 1.03	71.7	–	21.4	(22.0)	0.6	–
Future principal and interest on USPP – up to 12 years (cross currency swaps)	AUD230.4	AUD/USD 0.65	–	(1.2)	(1.2)	(1.2)	–	–

Capital Structure

25. CAPITAL

Accounting policy

Contributed equity

Ordinary shares, redeemable preference shares, non-share equity and other equity securities are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in other comprehensive income and presented as contributed equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from equity.

Treasury shares

Treasury shares consist of shares held in trust for the Group's executives in relation to employee equity benefits.

	2020 $m	2019 $m
CONTRIBUTED EQUITY		
339,357,656 ordinary shares, fully paid (2019: 339,357,656)	2,858.7	2,858.7
Convertible notes, fully paid	31.7	31.7
810,884 treasury shares, fully paid (2019: 410,000)	(12.0)	(7.0)
Balance at end of the year	**2,878.4**	**2,883.4**
MOVEMENT IN ORDINARY SHARES		
Balance at beginning of year	2,858.7	2,431.4
Conversion of TELYS4 shares into ordinary shares	–	427.3
Balance at end of the year	**2,858.7**	**2,858.7**
MOVEMENT IN PREFERENCE SHARES – TELYS4		
Balance at beginning of year	–	427.2
Conversion of TELYS4 shares into ordinary shares	–	(427.2)
Balance at end of the year	**–**	**–**
MOVEMENT IN TREASURY SHARES		
Balance at beginning of year	(7.0)	–
Shares vested and transferred to employee	4.5	2.1
On-market share acquisition	(9.5)	(9.1)
Balance at end of the year	**(12.0)**	**(7.0)**

The Company does not have authorised share capital or par value in respect of its issued shares. All issued shares are fully paid. Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. In the event of winding up of the Company, ordinary shareholders rank after creditors and are fully entitled to any proceeds on liquidation.

Convertible notes

On 5 March 2018, the Company issued 3,500 convertible notes (Notes) at a nominal value of $350.0 million and paying a cash coupon of 2.2 per cent per annum. The Notes are listed on the Singapore Exchange and mature in March 2025 at their nominal value. Alternatively, they can be converted into ordinary shares at the holder's option at a conversion price of $24 per ordinary share (subject to adjustments as stipulated in the terms of the convertible notes). Shareholder approval was granted at the Company's 2018 Annual General Meeting in November 2018. The total number of ordinary shares which will be issued if the convertible notes are converted is 14,583,333. At 30 June 2020, no Notes had been converted.

Transferable Extendable Listed Yield Shares (TELYS4)

On 24 September 2018, the Company received shareholder approval to convert the TELYS4 shares into ordinary shares. Each TELYS4 share was converted into approximately 4.6 ordinary shares. The TELYS4 shares were suspended from quotation on 28 September 2018.

Treasury shares

The Company acquired 0.7 million shares on market for $9.5 million (2019: 0.5 million shares for $9.1 million) to satisfy employee share scheme obligations in future periods.

26. RESERVES

Nature and purpose of reserves

Acquisitions reserve	The acquisitions reserve is used to record the difference between the fair value of consideration paid for the non-controlling interest of subsidiaries and the book value of those subsidiaries' share of net assets at date of acquisition.
Employee equity benefits reserve	The employee equity benefits reserve is used to record the value of equity benefits provided to reserve employees and Directors as part of their remuneration.
Common control reserve	The acquisition of WesTrac Group by the Company during the period ended 30 June 2010 was accounted for as a common control transaction. As a consequence, the difference between the fair value of the consideration paid and the existing book values of assets and liabilities of the WesTrac Group was debited to a common control reserve. Upon disposal of all interests in WesTrac Group by the Group this reserve would be transferred to retained earnings.
Hedge reserve	The hedge reserve records the effective portion of the cumulative net change in fair value of hedging instruments related to cash flow hedged transactions that have not yet occurred.
Fair value through OCI reserve	The Group has elected to recognise changes in the fair value of certain investments in equity OCI reserve securities in other comprehensive income under AASB 9. The net change in the fair value of financial assets measured at fair value through other comprehensive income (FVTOCI) will be shown in this reserve and not be subsequently reclassified to profit or loss.
Foreign currency translation reserve	The foreign currency translation reserve records the foreign currency differences arising from the translation reserve translation of the financial statements of foreign operations.

YEAR ENDED 30 JUNE 2020	Acquisitions reserve $m	Employee equity benefits reserve $m	Common control reserve $m	Hedge reserve $m	Fair value through OCI reserve $m	Foreign currency translation reserve $m	Total $m
As at 1 July 2019	**(63.5)**	**8.8**	**(642.6)**	**(28.0)**	**(112.4)**	**21.6**	**(816.1)**
Fair value movement on financial assets measured at FVTOCI	–	–	–	–	18.9	–	18.9
Deferred tax effect of net gain on financial assets measured at FVTOCI	–	–	–	–	(5.6)	–	(5.6)
Net gain on cash flow hedges	–	–	–	2.8	–	–	2.8
Tax effect of net gain on cash flow hedges	–	–	–	(0.9)	–	–	(0.9)
Movement in reserves of equity accounted investees	–	0.9	–	0.2	11.7	(3.8)	9.0
Currency translation differences	–	–	–	–	–	3.6	3.6
Share based payments	–	4.2	–	–	–	–	4.2
Share based payment options settled	–	(4.5)	–	–	–	–	(4.5)
As at 30 June 2020	**(63.5)**	**9.4**	**(642.6)**	**(25.9)**	**(87.4)**	**21.4**	**(788.6)**

YEAR ENDED 30 JUNE 2019							
As at 1 July 2018	**(63.5)**	**5.4**	**(642.6)**	**(28.3)**	**(177.1)**	**18.3**	**(887.8)**
Fair value movement on financial assets measured at FVTOCI	–	–	–	–	97.5	–	97.5
Current tax effect of net gain on financial assets measured at FVTOCI	–	–	–	–	(7.0)	–	(7.0)
Deferred tax effect of net gain on financial assets measured at FVTOCI	–	–	–	–	(20.3)	–	(20.3)
Net gain on cash flow hedges	–	–	–	0.1	–	–	0.1
Tax effect of net gain on cash flow hedges	–	–	–	(1.6)	–	–	(1.6)
Movement in reserves of equity accounted investees	–	0.7	–	1.8	(5.5)	(2.9)	(5.9)
Currency translation differences	–	–	–	–	–	6.2	6.2
Share based payments	–	4.8	–	–	–	–	4.8
Share based payment options settled	–	(2.1)	–	–	–	–	(2.1)
As at 30 June 2019	**(63.5)**	**8.8**	**(642.6)**	**(28.0)**	**(112.4)**	**21.6**	**(816.1)**

Capital Structure

27. DIVIDENDS

YEAR ENDED 30 JUNE 2020	Date of payment	Franked/ unfranked	Amount per share	Total $m
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2019 year	11 Oct 19	Franked	$ 0.21	71.3
Interim dividend	20 Apr 20	Franked	$ 0.21	71.2
				142.5
Subsequent event				
Current period final dividend on ordinary shares proposed but not provided for				
Ordinary shares				
Final dividend in respect of 2020 year	13 Oct 20	Franked	$ 0.21	71.3
Balance of franking account at 30%				154.7

YEAR ENDED 30 JUNE 2019				
DIVIDENDS PAID				
Ordinary shares				
Final dividend in respect of 2018 year	8 Oct 18	Franked	$ 0.21	66.5
Interim dividend	18 Apr 19	Franked	$ 0.21	71.2
				137.7
Ordinary shares				
Final dividend in respect of 2019 year	11 Oct 19	Franked	$ 0.21	71.3
Balance of franking account at 30%				67.7

The balance of the dividend franking account as at the reporting date has been adjusted for:

- franking credits/debits that will arise from the payment/refund of current tax liabilities;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date;
- franking credits that will arise from the receipt of dividends recognised as receivables by the tax consolidated group at the reporting date; and
- franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends proposed after the balance sheet date but not recognised as a liability is to reduce it by $30.5 million (2019: $30.5 million).

Unrecognised Items

28. CONTINGENT LIABILITIES

The nature of the Group's and equity accounted investees' activities are such that, from time to time, claims are received or made by the Group. The Directors are of the opinion that no claims are expected to have a material adverse effect on the financial statements of the Group and as such do not require disclosure as a contingent liability.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Environmental risk and regulation

The Group and the industries in which it operates are subject to a broad range of environmental laws, regulations and standards (including certain licensing requirements). This could expose the Group to legal liabilities or place limitations on the development of its operations. In addition there is a risk that property utilised by the Group from time to time may be contaminated by materials harmful to human health (such as hazardous chemicals). In these situations the Group may be required to undertake remedial works on contaminated sites and may be exposed to third party compensation claims and other environmental liabilities. Management judgement is therefore required to estimate the impact of such factors on future earnings supporting existing goodwill and intangible assets.

	2020 $m	2019 $m
CONTINGENT LIABILITIES		
Performance guarantees	109.3	106.9
Financial guarantees	44.7	47.1
Total contingent liabilities	**154.0**	**154.0**

Performance guarantees

Performance guarantees relate to guarantees provided to customers in support of equipment and contract performance.

Financial guarantees

The Group has issued a number of financial guarantees to third parties for various operational and financing purposes. To the extent that the Directors expect these third party guarantees to be called upon, a provision has been recorded in the consolidated statement of financial position as at 30 June 2020.

The Group has entered into a number of financial guarantees in relation to subsidiary debt facilities and other financing arrangements. The drawn amount of these facilities are recorded as interest bearing liabilities in the consolidated statement of financial position and disclosed in Note 21: Interest Bearing Loans and Borrowings.

Unrecognised Items

29. COMMITMENTS

	2020 $m	Restated^ 2019 $m
Capital expenditure commitments		
Payable:		
Not later than one year	53.1	91.2
Later than one year but not later than five years	5.0	-
	58.1	**91.2**
Exploration expenditure commitments		
Payable:		
Not later than one year	0.9	37.0
Later than one year but not later than five years	20.0	-
	20.9	**37.0**
The above commitments include exploration expenditure commitments relating to joint venture operations in relation to AC/RL9:		
Not later than one year	0.9	17.0
	0.9	**17.0**
Other commitments		
Payable:		
Not later than one year	**3.4**	**5.6**

^ Amounts have been restated. Refer to Note 1 for further detail.

Exploration expenditure commitments relate to work commitments pursuant to the award of petroleum exploration permits WA377P and relating to joint operations for Crux AC/RL9. Estimates for future exploration expenditure commitments are based on estimated well and seismic costs which will change as actual drilling location and seismic surveys are organised and are determined in current dollars on an undiscounted basis. The exploration and evaluation obligations may vary significantly as a result of renegotiations with relevant parties.

Other commitments includes the Group's commitment to invest in an unlisted investment fund.

30. EVENTS SUBSEQUENT TO BALANCE DATE

Other than as outlined below, there has not arisen in the interval between 30 June 2020 and the date of this Report any other event that would have had a material effect on the Financial Statements as at 30 June 2020.

Fixed term US dollar notes

On 7 July 2020, a wholly owned subsidiary of the Group has obtained further funding under a US Private Placement arrangement totalling $461.0 million. The facilities consist of two US dollar tranches of US$75.0 million each, which are due in 2027 and 2032 respectively and an Australian dollar $230.0 million tranche due in 2030. The foreign exchange elements of the US dollar tranches are fully hedged.

Listed investments

Subsequent to year end, the Group acquired a further 50.5 million shares in Boral Limited for $187.3 million, increasing the Group's ownership interest to 16.3 per cent. The Group also acquired a further 1.3 million shares in Estia Health Limited for $2.1 million, increasing the Group's ownership interest to 10.4 per cent. The investments continue to be accounted for as a listed equity security as the Group does not have significant influence over these entities.

Listed securities lending

On 26 August 2020, the Group established $100 million of securities lending facilities with multiple banks, enabling listed securities held by the Group to be provided as security. These facilities are evergreen and are provided on a short-term uncommitted basis.

Stand-by Facility

On 26 August 2020, the Group established a $200 million note facility permitting the Group to issue tranches of Notes (either Australian dollar or US dollar) over the next three years, with maturities up to 15 years. The facility is currently undrawn.

Movement in share prices of listed investments

Subsequent to year end, there has been movement in the share prices of listed investments and as a result, the value of the Group's investments have varied from what is presented in this financial report. The market value of listed investments at 25 August 2020 compared to their market value at 30 June 2020 is outlined below.

	MARKET VALUE	
	25 August 2020 $m	**30 June 2020 $m**
Listed equity securities	703.9	705.8
Listed investments accounted for using the equity method	1,069.2	1,045.1
Total listed investments	**1,773.1**	**1,750.9**

Group Structure

31. PARENT ENTITY DISCLOSURES

As at and throughout the year ended 30 June 2020 the parent company of the Group was Seven Group Holdings Limited. The individual financial statements for the parent entity show the following aggregate amounts.

	COMPANY	
	2020 $m	**2019 $m**
Financial position of parent entity at end of the year		
Current assets	746.2	769.5
Total assets	3,852.9	3,877.2
Current liabilities	32.8	78.0
Total liabilities	764.5	803.5
Total equity of the parent entity comprising of:		
Contributed equity	2,878.4	2,883.4
Reserves	11.4	11.8
Retained earnings	198.6	178.5
Total shareholders equity	**3,088.4**	**3,073.7**
Result of the parent entity		
Profit for the year	162.6	193.5
Total comprehensive income for the year	**162.6**	**193.5**
Other information		
Contingent liabilities of the parent entity[(a)]	146.0	146.6

(a) relates to financial guarantees provided to third parties by the parent entity for subsidiary debt facilities and other financing arrangements. These facilities are held by entities that are outside of the Deed of Cross Guarantee disclosed in Note 32: Controlled Entities.

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in Note 32: Controlled Entities.

In addition to the contingent liabilities shown above, the parent entity guarantees a number of debt facilities held by various controlled entities who are part of the Deed of Cross Guarantee.

32. CONTROLLED ENTITIES

	Notes	Country of incorporation	OWNERSHIP INTEREST 2020 %	2019 %
PARENT ENTITY				
Seven Group Holdings Limited	(a)	Australia		
SUBSIDIARIES				
All Hire Pty Limited		Australia	100	100
Allight Holdings Pty Limited	(a)	Australia	100	100
AllightSykes New Zealand Limited		New Zealand	100	100
AllightPrimax FZCO		UAE	100	100
AllightSykes Pty Limited	(a)	Australia	100	100
AllightSykes SA (Proprietary) Limited		South Africa	100	100
Allplant Services Pty Limited		Australia	100	100
Australian Highway Plant Services Pty Limited		Australia	100	100
C7 Pty Limited	(a)	Australia	100	100
Coates Fleet Pty Limited		Australia	100	100
Coates Group Holdings Pty Limited		Australia	100	100
Coates Group Pty Limited		Australia	100	100
Coates Hire Access SPV Pty Limited		Australia	100	100
Coates Hire Holdco SPV Pty Limited		Australia	100	100
Coates Hire Limited		Australia	100	100
Coates Hire (NZ) Limited		New Zealand	100	100
Coates Hire Operations Pty Limited		Australia	100	100
Coates Hire Overseas Investments Pty Limited		Australia	100	100
Coates Hire Traffic Solutions Pty Limited		Australia	100	100
Direct Target Access Pty Limited	(a)	Australia	100	100
DWB (NH) Pty Limited		Australia	100	100
FGW Pacific Pty Limited		Australia	100	100
Industrial Investment Holdings Pty Limited		Australia	100	100
Kimlin Holdings Pty Limited		Australia	100	100
Manooka Holdings Pty Limited	(a)	Australia	100	100
Miltonstar Pty Limited	(a)	Australia	100	100
Mining Equipment Spares Pty Limited		Australia	100	100
Nahi Pty Limited		Australia	100	100
National Hire Equipment Pty Limited		Australia	100	100
National Hire Facilitation Pty Limited	(a)	Australia	100	100
National Hire Finance Pty Limited		Australia	100	100
National Hire Group Limited	(a)	Australia	100	100
National Hire Operations Pty Limited		Australia	100	100
National Hire Properties Pty Limited		Australia	100	100
National Hire Trading Pty Limited		Australia	100	100
Ned Finco Pty Limited		Australia	100	100
Network Investment Holdings Pty Limited	(a)	Australia	100	100
Point Pty Limited	(a)	Australia	100	100
Primax USA Inc		USA	100	100
PT AllightSykes		Indonesia	100	100
PT Coates Hire Indonesia		Indonesia	100	100
PT Coates Services Indonesia		Indonesia	100	100
Pump Rentals Pty Limited	(a)	Australia	100	100
Realtime Reporters Pty Limited		Australia	100	100
Seven Broadcast Properties Trust		Australia	100	100
Seven Custodians Pty Limited	(a)	Australia	100	100
Seven Entertainment Pty Limited		Australia	100	100

Group Structure

32. CONTROLLED ENTITIES (CONTINUED)

	Notes	Country of incorporation	OWNERSHIP INTEREST 2020 %	2019 %
Seven Media Group Pty Limited	(a)	Australia	100	100
Seven (National) Pty Limited	(a)	Australia	100	100
Seven Network International Limited	(a)	Australia	100	100
Seven Network Investments Pty Limited	(a)	Australia	100	100
Seven Network Limited	(a)	Australia	100	100
Seven Network Nominees Pty Limited	(a)	Australia	100	100
Seven Network (United States) Inc		USA	100	100
Seven Resources Pty Limited	(a)	Australia	100	100
Seven (WAN) Pty Limited		Australia	100	100
SGH Communications Pty Limited		Australia	100	100
SGH Energy Aust. Pty Limited		Australia	100	100
SGH Energy (No 1) Pty Limited		Australia	100	100
SGH Energy (No 2) Pty Limited		Australia	100	100
SGH Energy NTP66 Pty Ltd		Australia	100	100
SGH Energy Pty Ltd		Australia	100	100
SGH Energy VICP54 Pty Ltd		Australia	100	100
SGH Energy VICP56 Pty Ltd		Australia	100	100
SGH Energy WA Pty Ltd		Australia	100	100
SGH Energy WA377P Pty Ltd		Australia	100	100
SGH Productions Pty Limited	(a)	Australia	100	100
Sitech Solutions Pty Limited		Australia	51	51
Sitech (WA) Pty Limited		Australia	51	51
SMG Executives Pty Limited		Australia	100	100
SMG FINCO Pty Limited	(a)	Australia	100	100
SNZ Pty Limited	(a)	Australia	100	100
Specialised Investments Pty Limited		Australia	100	100
Sykes Fleet Services Pty Limited		Australia	100	100
Sykes Group Pty Limited	(a)	Australia	100	100
Tallglen Pty Limited	(a)	Australia	100	100
Tru Blu Hire Australia Pty Limited		Australia	100	100
WesTrac Holdings Pty Limited	(a)	Australia	100	100
WesTrac Machinery Distribution Pty Limited		Australia	100	100
WesTrac Pty Limited		Australia	100	100

(a) pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 these controlled entities are relieved from the Corporations Act 2001 requirements for the preparation, audit and lodgement of financial reports.

Deed of cross guarantee

Pursuant to ASIC Corporations (Wholly-Owned Companies) Instrument 2016/785 (Instrument) the wholly-owned controlled entities marked (a) in the preceding table are relieved from the Corporations Act 2001 requirements for preparation, audit and lodgement of financial reports and Directors' reports.

It is a condition of the Instrument that the Company and each of the wholly-owned controlled entities (marked (a)) enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of any of the parties to the Deed under certain provisions of the Corporations Act 2001. If a winding up occurs under other provisions of the Corporations Act 2001, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

A combined statement of comprehensive income and combined statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, are set out below.

	COMBINED 2020 $m	COMBINED Restated^ 2019 $m
STATEMENT OF COMPREHENSIVE INCOME		
Revenue		
Revenue	94.8	84.9
Other income		
Other income	5.4	0.8
Gain on sale of derivatives	–	3.3
Dividend income	287.4	119.3
Total other income	**292.8**	**123.4**
Share of results from equity accounted investees	80.9	26.1
Gain on conversion of convertible notes	–	28.9
Impairment of equity accounted investee	(162.3)	(106.8)
Expenses excluding depreciation and amortisation	(269.9)	(98.8)
Depreciation and amortisation	(3.4)	(3.0)
Profit before net finance expense and tax	**32.9**	**54.7**
Net finance expenses	(42.5)	(35.3)
(Loss)/profit before tax	**(9.6)**	**19.4**
Income tax expense	(18.4)	(3.5)
(Loss)/profit for the year	**(28.0)**	**15.9**
Other comprehensive income		
Items that will not be reclassified subsequently to profit or loss:		
Net change in financial assets measured at fair value through other comprehensive income	48.2	57.5
Income tax on items of other comprehensive income	(16.5)	(16.9)
Total items that will not be reclassified subsequently to profit or loss	**31.7**	**40.6**
Items that may be reclassified subsequently to profit or loss:		
Foreign currency differences for foreign operations	2.4	3.0
Income tax on items of other comprehensive income	–	–
Total items that may be reclassified subsequently to profit or loss	**2.4**	**3.0**
Total comprehensive income for the year	**6.1**	**59.5**
MOVEMENT IN RETAINED EARNINGS		
Retained profits at beginning of the year	635.3	757.1
(Loss)/profit for the year	(28.0)	15.9
Dividends paid during the year	(142.5)	(137.7)
Retained earnings at end of the year	**464.8**	**635.3**

^ Amounts have been restated. Refer to Note 1 for further detail.

Group Structure

32. CONTROLLED ENTITIES (CONTINUED)

	COMBINED	
	2020 $m	Restated^ 2019 $m
STATEMENT OF FINANCIAL POSITION		
Current assets		
Cash and cash equivalents	42.2	6.9
Trade and other receivables	18.8	15.9
Inventories	29.0	27.3
Loans to related parties	638.6	674.7
Other current assets	0.3	0.3
Total current assets	**728.9**	**725.1**
Non-current assets		
Investments in controlled entities	1,659.1	1,809.8
Trade and other receivables	–	2.5
Investments accounted for using the equity method	967.3	1,052.7
Other financial assets	705.8	196.4
Right of use assets	6.8	7.0
Property, plant and equipment	1.9	2.0
Intangible assets	1.0	0.8
Total non-current assets	**3,341.9**	**3,071.2**
Total assets	**4,070.8**	**3,796.3**
Current liabilities		
Trade and other payables	83.7	52.6
Lease liabilities	2.4	1.7
Current tax liabilities	23.2	79.3
Deferred income	2.2	3.2
Provisions	3.2	4.1
Derivative financial instruments	0.4	0.1
Total current liabilities	**115.1**	**141.0**
Non-current liabilities		
Interest bearing loans and liabilities	1,853.4	1,437.1
Deferred tax liabilities	102.4	84.6
Trade and other payables	0.5	3.8
Lease liabilities	4.8	5.7
Provisions	0.4	0.8
Derivative financial instruments	1.1	0.7
Total non-current liabilities	**1,962.6**	**1,532.7**
Total liabilities	**2,077.7**	**1,673.7**
Net assets	**1,993.1**	**2,122.6**
Equity		
Issued capital	2,878.4	2,883.4
Reserves	(1,350.1)	(1,396.1)
Retained earnings	464.8	635.3
Total equity	**1,993.1**	**2,122.6**

^ Amounts have been restated. Refer to Note 1 for further detail.

Other

33. RELATED PARTY DISCLOSURES

Key management personnel compensation

Detailed remuneration disclosures, including movements in equity holdings for KMP, are disclosed in the Remuneration Report section of the Director's Report.

The aggregate compensation made to the Key Management Personnel of the Group is set out below:

	2020 $000	2019 $000
Short-term employee benefits	9,133	10,110
Post-employment benefits	269	268
Termination benefits	500	–
Other long-term employee benefits	(10)	333
Share-based payments	4,611	5,473
Total key management personnel compensation	**14,503**	**16,184**

No Director has entered into a material contract with the Group in the current or prior year other than those disclosed in the Remuneration Report or this note. For further detail on KMP compensation refer to pages 98 to 99 in the Remuneration Report.

Director related party transactions

Details of related party transactions with director related entities are outlined on page 96.

Other transactions with related parties

A number of Directors and KMPs of the Company hold directorships in other entities. Several of these entities transacted with the Group on terms and conditions no more favourable than those available on an arm's length basis.

Subsidiaries

Interests in subsidiaries are set out in Note 32: Controlled Entities.

Other related party transactions

The aggregate value of transactions between the Group and its equity accounted investees is outlined below.

	2020 $m	2019 $m
Sales revenue		
Associates	2.6	3.1
Other income		
Associates	–	0.1
Finance income		
Joint venture	0.1	0.9
Other expenses		
Associates	(5.1)	(4.4)
Outstanding balances arising from transactions with equity accounted investees:		
Trade and other receivables		
Associates	0.1	0.5
Joint ventures	–	2.6
Trade and other payables		
Associates	(0.1)	(0.7)
Contingent liabilities at year end, arising from transactions with equity accounted investees:		
Financial guarantees (refer to Note 28: Contingent Liabilities).	–	–

Other

34. AUDITOR'S REMUNERATION

The Company's external auditor is Deloitte Touche Tohmatsu (Deloitte). The external auditor is only appointed to assignments additional to their statutory audit duties where they are able to maintain their audit independence. All amounts payable to the auditors of the Company were paid by Group subsidiaries.

Amounts received or due and receivable by auditors of the Company are set out below.

	2020 $000	2019 $000
Deloitte and related network firms		
Audit or review of financial reports	1,185	1,040
Other assurance and agreed-upon procedures under other legislation or contractual arrangements	23	10
Other services:		
Tax compliance services	4	4
Consulting services	72	11
Total auditor's remuneration	**1,284**	**1,065**

Directors' Declaration

1. In the opinion of the Directors of Seven Group Holdings Limited (the Company):
   (a) the consolidated financial statements and notes that are set out on pages 103 to 168 are in accordance with the *Corporations Act 2001*, including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. As at the date of this declaration, there are reasonable grounds to believe that the Company and the group entities identified in Note 32 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to the ASIC Corporations (Wholly-owned Companies) Instrument 2016/785.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director & Chief Executive Officer and the Chief Financial Officer for the financial year ended 30 June 2020.
4. The Directors draw attention to Note 1 to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

KM Stokes AC
Executive Chairman

SA Chaplain AM
Chair of the Audit & Risk Committee

Sydney
26 August 2020

Independent Auditor's Report

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

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Independent Auditor's Report to the members of Seven Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Seven Group Holdings Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2020, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended; and

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

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Recoverability of producing and development assets and evaluation and exploration assets
 	
As disclosed in Note 14 and Note 15, the Group has producing and development assets of $112.2 million and evaluation and exploration assets of $235.7 million.
 	
The assessment of the recoverable amount requires significant judgement in respect of assumptions such as estimated quantities of reserves and future commodity prices as well as the judgement involved in forecasting future cash flows and the selection of key assumptions in light of the impact of the COVID-19 pandemic.
	Our procedures, performed in conjunction with valuation experts included, but were not limited to:
	• Assessing whether impairment indicators were present which would require full impairment testing.
	If indicators were identified, the following procedures were performed:
	• Evaluated the management prepared models to assess the recoverable amount of the assets, including:
	  - Agreeing estimated quantities of reserves to management's expert's reports; and
	  - Assessing the key assumptions. Particular focus was given to future commodity prices which have been significantly impacted by the COVID-19 pandemic. We corroborated market related assumptions by reference to external data;
	• Assessing the historical accuracy of forecasting of the Group where relevant in relation to the producing and development assets;
	• Testing, on a sample basis, the mathematical accuracy of the cash flow models; and
	• Performing sensitivity analysis on key assumptions, including future commodity prices, production patterns and estimated quantities of reserves.
	• Assessed the appropriateness of the relevant disclosures in the financial statements.

Independent Auditor's Report

Deloitte.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
Accounting for the investment in Seven West Media Limited ("SWM") As disclosed in Note 11 the Group holds an investment in SWM at a carrying value of $56.3 million, which is held at market value based on SWM share price at 30 June 2020. Accounting for the investment in SWM requires significant judgement in respect of assessing whether the Group has significant influence or control over SWM. This impacts the classification of the investment in SWM as an equity accounted investment, rather than a subsidiary which is consolidated and so has a pervasive impact on the financial statements.	Our procedures included, but were not limited to: • Evaluating management's determination that the Group's key management personnel do not exert control over the significant operational decisions of SWM. This included assessing the composition and independence of the SWM Board of Directors; • Evaluating historical voting patterns at Annual General Meetings to challenge management's conclusion that they do not have control; • Assessing the accuracy of the Group's ownership interest in SWM by recalculating SGH's ownership interest in SWM's issued share capital; • Assessing the recoverability of the investment by recalculating SGH's carrying value using the SWM closing bid price at 30 June 2020 and SGH's ownership interest; and • Assessing the appropriateness of the relevant disclosures in the notes to the financial statements.
Carrying value of inventory As disclosed in Note 10, at 30 June 2020 the Group holds inventories with a carrying value of $836.8 million, of which $185.5 million relates to used spare parts held at WesTrac. The determination of the carrying value of inventories requires significant judgement and a complex reconciliation process, specifically in relation to used spare parts. The significant judgement relates to the age and condition of the spare parts, and management's assessment of future demand and market conditions.	Our procedures included, but were not limited to: • Understanding the process that management undertake to determine the carrying value of inventories; • Testing on a sample basis, management's calculation of the valuation of used spare parts held; • Assessing the assumptions, including future saleability of aged used spare parts, and corroborating management's assumptions with the relevant data where possible; • Testing the accuracy and logic of management prepared inventory reconciliations at the balance sheet date; and • Assessing the appropriateness of the relevant disclosures in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

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

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

Independent Auditor's Report

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the Directors' report for the year ended 30 June 2020.

In our opinion, the Remuneration Report of Seven Group Holdings Limited, for the year ended 30 June 2020, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

J Gorton

Joanne Gorton
Partner
Chartered Accountants
Sydney, 26 August 2020

Shareholder Information

SUBSTANTIAL SHAREHOLDERS – ORDINARY SHARES

The number of ordinary shares held by the Substantial Shareholders based on the most recent notifications contained in the Company's Register of Substantial Shareholders as at 11 August 2020 are as follows:

Shareholder	Number of Shares	% Held*
KM Stokes; North Aston Pty Limited, Wroxby Pty Limited, Tiberius (Seven Investments) Pty Limited and Ashblue Holdings Pty Limited; Tiberius Pty Limited, Redlake Pty Limited and Tiberius group entities; Australian Capital Equity Pty Limited, Clabon Pty Limited and Australian Capital Equity Pty Limited group entities.	207,304,349	61.12

* Based on issued capital at date of notification (see Substantial Shareholder notice given to ASX on 28 September 2018).

DISTRIBUTION OF ORDINARY SHARES

Category (Number)	Ordinary Shareholders
1 – 1,000	7,721
1,001 – 5,000	4,668
5,001 – 10,000	615
10,001 – 100,000	304
100,001 – and over	39
Total number of Holders	13,347
Number of Holdings less than a Marketable Parcel	346

TWENTY LARGEST ORDINARY SHAREHOLDERS

Name of Shareholder	Number of Shares	% Held
North Aston Pty Limited	60,537,558	17.84
North Aston Pty Limited	53,572,442	15.79
HSBC Custody Nominees (Australia) Limited	43,567,793	12.84
Ashblue Holdings Pty Limited	33,000,000	9.72
Ashblue Holdings Pty Limited	29,462,442	8.68
JP Morgan Nominees Australia Limited	22,227,893	6.55
Wroxby Pty Limited	16,731,907	4.93
Citicorp Nominees Pty Limited	15,966,814	4.71
National Nominees Limited	11,323,780	3.34
Wroxby Pty Limited	7,000,000	2.06
Tiberius (Seven Investments) Pty Limited	7,000,000	2.06
BNP Paribas Nominees Pty Limited	2,896,226	0.85
BNP Paribas Noms Pty Limited	2,033,682	0.60
HSBC Custody Nominees (Australia) Limited	2,026,817	0.60
Citicorp Nominees Pty Limited	1,372,727	0.40
Aust Executor Trustees Limited	651,377	0.19
UBS Nominees Pty Limited	551,996	0.16
HSBC Custody Nominees	351,890	0.10
Aust Executor Trustees Limited	297,638	0.09
Netwealth Investments Limited	277,180	0.08
Total Twenty Largest Ordinary Shareholders	310,850,162	91.60

VOTING RIGHTS

Ordinary Shares

On a show of hands, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote. On a poll, every member present in person or by proxy or attorney, or being a corporation, present by its representative, shall have one vote for every share held.

Stock Exchange Listing

The Company is listed with the Australian Securities Exchange Limited and the home exchange is Sydney.

The Company is also listed on the Singapore Exchange Limited from 6 March 2018.

INVESTOR INFORMATION

Shareholder Inquiries

Investors seeking information regarding their shareholding or dividends or wishing to advise of a change of address should contact the Share Registry at:

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

GPO Box 3993
Sydney NSW 2001

Telephone: (02) 9290 9600

Alternatively, visit the online service at boardroomlimited.com.au

Boardroom Pty Limited has an online service for investors called InvestorServe. This enables investors to make online changes, view balances and transaction history, as well as obtain information about recent dividend payments and download various forms to assist in the management of their holding. To use this service, visit the Boardroom website.

Other general inquiries may be directed to Mr W. Coatsworth, Company Secretary on (02) 8777 7574 or visit the website at www.sevengroup.com.au.

Tax File Number Information

The Company is obliged to record Tax File Numbers or exemption details provided by shareholders. While it is not compulsory for shareholders to provide a Tax File Number or exemption details, Seven Group Holdings Limited is obliged to deduct tax from unfranked dividends paid to investors resident in Australia who have not supplied such information. Forms are available upon request from the Share Registry or shareholders can submit their Tax File Number via the Boardroom website.

The Chess System

Seven Group Holdings Limited operates under CHESS – Clearing House Electronic Subregister System – an Australian Securities Exchange system which permits the electronic transfer and registration of shares. Under CHESS, the company issues a Statement of Holdings to investors, instead of share certificates, and the statement will quote the Holder Identification Number (HIN). The HIN number should be quoted on any correspondence investors have with the Share Registry.

The Company will maintain investors' holdings in an Issuer Sponsored facility, which enables investors to maintain their holding without the need to be tied to any particular stockbroker.

COMPANY INFORMATION

Company Secretary

Warren Walter Coatsworth

Share Registry

Boardroom Pty Limited
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Auditor

Deloitte Touche Tohmatsu
Level 12
Grosvenor Place
225 George Street
Sydney NSW 2000

Legal Advisors

Herbert Smith Freehills
ANZ Tower
161 Castlereagh Street
Sydney NSW 2000

Clayton Utz
Level 15
1 Bligh Street
Sydney NSW 2000

CORPORATE DIRECTORY

Seven Group Holdings Limited

Head Office and Registered Office

Level 30
175 Liverpool Street
Sydney NSW 2000
Ph: (02) 8777 7574

WesTrac WA

128-136 Great Eastern Highway
South Guildford WA 6055
Ph:(08) 9377 9444

WesTrac NSW

1 WesTrac Drive
Tomago NSW 2322
Ph: (02) 4964 5000

WesTrac ACT

78 Sheppard Street
Hume ACT 2620
Ph: (02) 6290 4500

Coates Hire – Head Office

Level 6
241 O'Riordan Street
Mascot NSW 2020
Ph: 13 15 52

Coates Hire – East Business Unit

6 Greenhills Avenue
Moorebank NSW 2170
Ph: 131 15 52

Coates Hire – South Business Unit

120 South Gippsland Highway
Dandenong VIC 3175
Ph: 131 15 52

Coates Hire – North Business Unit

56-61 Meakin Road
Meadowbrook QLD 4131
Ph: 131 15 52

Coates Hire – West Business Unit

18 Wheeler Street
Belmont WA 6104
Ph: 131 15 52

AllightSykes WA

12 Hoskins Road
Landsdale WA 6065
Ph: (08) 9302 7000

AllightSykes NSW

42 Munibung Road
Cardiff NSW 2285
Ph: (02) 4954 1400

SGH Energy

Level 4
160 Harbour Esplanade
Docklands VIC 3008
Ph: (03) 8628 7277

Winners of our colouring in comp!

The passion of our staff for WesTrac is best exemplified by the desire of their children to attend site and get captivated by the awesome Caterpillar machinery. The children have also been used as the key to drive the safety transformation program.

Their engagement is evident in the more than 70 entries received in the WesTrac colouring in competition, it was a hard decision for the panel of judges to select just one winner.

Congratulations to Sophie Zumbo, Letti & Rockie McFadyen, Jack Porter, Coby Franke, Finn Hudson, Aria Hay & Anika Scudds!

Thank you to everyone who took the time to send an entry.

SGH | Industrial Services, Media, Energy and Investments

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