BRIERTY

ANNUAL REPORT 2014


BRIERTY

CONTENTS

CHAIRMAN'S REPORT

Dear fellow shareholders,

On behalf of Brierty Limited's Board, it is my pleasure to present to you the 2014 Annual Report.

Over the past 12 months, Brierty consistently delivered contracts safely and profitably for clients across a diverse range of projects. Brierty's service offering meant the Group reported solid earnings for FY2014, despite experiencing highly competitive conditions throughout the year.

Brierty delivered revenue of $251.1 million for the year, which was 14.1 per cent lower than FY2013. Net profit after tax for the year was $9.9 million, marginally lower than the Group's record $10.2 million NPAT in FY2013.

The lower revenue reflected the competitive environment that prevailed throughout the year, especially in the civil division, where fewer large projects were available. However, Brierty's diverse operations and strong reputation for safe and efficient contract delivery ensured the Group continued to win work across a range of projects, including ongoing smaller contracts and repeat business with key clients.

The Group's ability to maintain broadly consistent earnings despite a fall in revenue was supported by an increased contribution from the mining division. Meanwhile, measures implemented across the business to strengthen the Group's financial position, such as ongoing debt reduction, reduced interest costs in the year.

The Group's solid earnings, coupled with growth in operating cash flow in the year, close to nil net debt, and positive outlook, allowed your Board to continue supporting the payment of dividends to provide value to shareholders. Dividends of 3.00 cents per share, fully franked, were declared in the year, consistent with the 3.00 cents per share in FY2013.

Brierty continued to ensure it worked hard to further improve the safety of our people. Safety has always been a core focus of everything Brierty does, and Brierty has developed a reputation as a contractor that can safely deliver projects. We will continue to target further improvements in our safety performance to maintain this reputation.

Brierty has entered the 2015 financial year in a strong position and positive outlook. At July 2014, Brierty had $570 million of work in hand, a record amount for the Group. Brierty has won this work in a persistently competitive environment, and typically from repeat customers, which is a great reflection of the consistent development of Brierty's strength – the ability to deliver projects safely and cost effectively for clients.

I would like to commend Brierty Managing Director Peter McBain, his management team, and all of Brierty's staff in the hard work done during the year to continue winning and delivering quality work across the Group. With Brierty in a strong financial position and with a strong outlook for 2015, your Board is confident that Brierty is well placed to continue to deliver value for shareholders.

Dalton Gooding
Chairman

MANAGING DIRECTOR'S REPORT

Brierty continued to deliver high-quality work safely and cost effectively for clients throughout the year. With the market remaining highly competitive throughout the 2014 financial year, the Group's diversity enabled Brierty to deliver a solid result and win work that has put the Group in a strong position for the coming year.

Operations overview

During the year Brierty performed work across a diverse range of projects in the civil, mining, and land development sectors in Western Australia and the Northern Territory.

As expected there was increased competition for civil works, particularly at metropolitan projects in the Perth region. While revenue and earnings in Brierty's civil division were accordingly softer, our strategy of performing work safely and cost effectively for clients, and targeting high-quality projects, meant we responded well to the conditions. In particular, we won work with repeat clients and also continued to deliver on smaller projects throughout the year. Civil works primarily included road construction, car parks, port development, and subdivision developments. We also performed civil works in the mining sector for clients including Rio Tinto and Atlas Iron.

In the mining division we delivered a strong result from our hematite mining contract for Karara, following a ramp up in production. We also increased our margins from the increase in production, with better efficiencies from equipment and overheads.

Land development went through a transitional phase in the year, with work at the Bellamack development in Darwin completed. Work at the nearby Zuccoli Stage 2 is in its early stages and will ramp up in the 2015 financial year.

Brierty's diversity of operations and our strategic approach enabled the Group to deliver revenue of $251.1 million for the year, a solid result in a highly competitive environment. Pleasingly, net profit after tax was $9.9 million, only slightly lower than our record result in FY2013. Brierty also delivered increased cash flow from operations through disciplined cost management and lower interest charges through our ongoing debt reduction strategy.

At year end Brierty's balance sheet was strong, with almost nil net debt, providing flexibility for the Group to deliver on growth opportunities.

People, safety and environment

Brierty reduced its workforce in the year as we remained flexible to the competitive conditions. We employed 384 people as at 30 June 2014, however the workforce will increase to levels similar to those at the end of FY2013 as we deliver on our record work in hand.

Brierty has remained committed to indigenous employment initiatives during the year. Pleasingly, we won work on several joint venture projects with Aboriginal partners and we will be working with those partners to provide employment, business and mentoring opportunities.

Safety remains a core focus of everything we do at Brierty, and pleasingly during the year there was a further reduction of safety incidents across the Group. Brierty will continue to target a further improvement in safety performance in the current year. This includes going above and beyond the core function of identifying and eliminating hazards, with a number of health programs entrenched across the Group aimed at improving the wellbeing of all our staff.

Brierty maintained its standard for environmental management excellence in the year. We also reaffirmed our commitment to social responsibility through supporting Clontarf, St Vincent De Paul, Solaris Health Care, Ronald McDonald House and the Yule Brook School.


BRIERTY

MANAGING DIRECTOR'S REPORT cont.

Outlook

Market conditions remained unchanged at the start of the 2015 financial year, with a highly competitive environment prevailing. However, Brierty entered the year in a strong position, with a record total order book of $570 million, of which $250 million relates to the next 12 months. This includes civil works at Perth Airport, road upgrades for Main Roads WA, a four-and-a-half year contract mining project for Rio Tinto, and land development in Darwin. Our ability to win work on high quality projects was recognition from existing and new clients of Brierty's ability to consistently deliver projects both safely and cost effectively.

Brierty anticipates these major contracts will be supplemented by smaller projects that Brierty has traditionally won, particularly with repeat clients, including civil and urban development works in the Perth metropolitan area, regional Western Australia, and the Northern Territory. Brierty will also continue to target major, high-quality projects in the year.

With the contracts already awarded and anticipated work, Brierty expects to deliver over $300 million in revenue for the 2015 financial year. Brierty also has significant capacity to deliver on these projects, with the ability to grow our workforce to previous levels and a balance sheet that provides flexibility to meet capital expenditure requirements.

I would like to thank staff for their hard work and commitment to Brierty for continuing to implement our strategy of consistently performing work safely and cost effectively at a diverse range of projects in the year. Brierty has continued to receive strong positive feedback from our clients about the quality of work we have completed. Pleasingly, this has translated into the strong growth platform Brierty has for the coming year, and is testament to the hard work of our staff. I also wish to thank the Board and senior management team for their support, and I look forward to working with them as we aim to drive shareholder value in 2015.

Peter McBain
Managing Director


BRIERTY

OUR BOARD

Dalton Gooding | Chairman & Non-executive Director

Dalton was formerly a long standing partner at Ernst & Young and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 35 years experience and is currently the Managing Partner of Gooding Partners where he advises a wide range of business with an emphasis on taxation and accounting issues, due diligence, feasibilities and general business advice. Dalton has completed a Bachelor of Business at Curtin University.

Peter McBain | Managing Director

Peter has over 25 years experience and knowledge in the civil infrastructure construction and mining sectors from both a contractor and client's perspective.

Most recently, Peter was General Manager – Development for the Gindalbie Metals' Karara Mining Project. Previously Peter held general management roles at NRW and HWE Mining, overseeing projects for clients including BHP Billiton, Fortescue Metals Group, Rio Tinto, Portman and Main Roads WA. His highly valued experience and unique mix set of skills is a great asset for Brierty's growth strategy.

Ken Hellsten | Non-executive Director

Ken has over 30 years experience in the resources industry. He has been employed in senior executive roles ranging from exploration to development to operations with both large multi national and smaller resource companies. He is currently the Managing Director of Strike Resources Limited. Prior to that he was the Managing Director of Polaris Metals NL and of Ironclad Mining Limited.

Richard O'Shannassy | Non-executive Director

Richard is a commercial lawyer with over 25 years experience in the mining and energy sectors. He has advised resource companies on a broad range of corporate and commercial matters while in a private legal practice. He has also held in-house roles as General Counsel and Company Secretary for Hardman Resources Limited, BHP Iron Ore and Mt Newman Mining Co Pty Limited.

He has served on mining industry committees over a number of years and is also a member of the Law Society of WA (Inc) and the Australian Mining and Petroleum Law Association Inc. He is currently a Non-executive Director of Minemakers Limited.

Alan Brierty | Non-executive Director

Alan founded the business in 1981 and has been a central part of its operations and growth since that time. He has focussed on building a successful company through the delivery of excellent service to customers and through strategic vision setting goals for employees and the Group. Alan has 30 years experience in the civil contracting industry.

CORPORATE DIRECTORY

Directors	***Chairman*** Dalton L Gooding ***Managing Director*** Peter McBain ***Non-executive Directors*** Alan R Brierty Ken J Hellsten Richard J O'Shannassy
Secretary	Ian W Sydney
Principal registered office in Australia	Level 2, 72 Melville Parade South Perth, WA 6151
Share and debenture register	Computershare
Auditor	Ernst & Young 11 Mounts Bay Road Perth, Western Australia
Solicitors	Clifford Chance Level 7 190 St Georges Terrace Perth, Western Australia
Bankers	Bankwest 108 St Georges Terrace Perth, Western Australia
Stock exchange listings	Brierty Limited shares are listed on the Australian Securities Exchange. ASX Code BYL
Website	www.brierty.com.au

CORPORATE GOVERNANCE STATEMENT

Brierty

The Board of Brierty is committed to ensuring that effective corporate governance structures exist that encourage the Group to fulfill its Statement of Purpose and provide accountability and control systems commensurate with the risks involved.

The Group has followed the ASX Corporate Governance Council's (ASXCGC) Corporate Governance Principles and Recommendations ("ASX Principles"). A summary of these principles is provided below.

Principle 1: Lay solid foundations for management and oversight

Companies should establish and disclose the respective roles and responsibilities of Board and management.

ASX Principles Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The Board has adopted a formal Board Charter that details the respective roles and responsibilities of the Board and its members. The Board Charter has been published on the Group's website.

The central role of the Board is to set the strategic direction for the Group, to select and appoint the Chief Executive Officer and Managing Director and to oversee the Group's management and its business activities.

The Board is responsible for, and has the authority to determine, all matters relating to the strategic direction, policies, practices, establishing goals for management and the operation of the Group.

Without intending to limit this general role of the Board, the specific functions and responsibilities of the Board include to:

- monitor and assess management's performance in carrying out strategies, achieving objectives and observing budgets, approved by the Board, and to ensure that all appropriate resources are available to management for those purposes;
- set criteria for, and to evaluate, at least annually, the performance of the Chief Executive Officer and Managing Director;
- encourage a culture that promotes ethical and responsible decision making throughout the Group;
- review the Group's policies on risk oversight and management and satisfy itself that management has developed a sound system of risk management and internal control;
- contribute to management's development of corporate strategy and performance objectives;
- set criteria for and approve acquisition, establishment, disposal or cessation of any significant business of the Group;
- formulate and adopt appropriate internal Board policies;
- review procedures and practices employed in relation to health, safety, and the environment and to assess their adequacy;
- satisfy itself, on a reasonable basis, that the financial statements and other financial disclosures of the Group are both fair and accurate;
- satisfy itself, on a reasonable basis, that appropriate internal and external audit arrangements are in place and operating effectively;
- keep under review:
    - management succession planning (in particular as regards the office of Chief Executive Officer and Managing Director);
    - management development activities
    - outcomes of the Group's decisions and strategies and ensure that valuable lessons are identified and absorbed into the framework for making future decisions;
    - satisfy itself, on a reasonable basis, that the level and composition of management remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined;
    - assess and approve the Group's response to proposed transactions which would affect shareholder's positions and rights as shareholders, and where relevant to make recommendations thereon to shareholders;
    - satisfy itself that processes and plans are in place to maintain an orderly succession of appointments of non-executive Directors to the Board, and an appropriate balance of skills; and
    - corporate policy and standards which impact on the perception, standing and reputation of the organisation

in the marketplace to include, but are not limited to:

- Website;
- Branding/logos;
- Communications with the media; and
- Corporate functions and events.

Day to day management of the Group's affairs and the implementation of the corporate strategy and policy initiatives are formally delegated by the Board to the Managing Director and senior executives as set out in the Board Charter. The powers that have been specifically reserved for the Board and the responsibilities of the Chair and individual directors are described in the Charter, a copy of which can be viewed on the Group's website.

ASX Principles: Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The performance of senior executives will be reviewed at least annually against performance measures determined by the Board, with the assistance of the Nomination and Remuneration Committee. A performance evaluation of senior executives was completed in the financial year in accordance with this process.

Induction procedures have been developed to allow new senior executives to participate fully and actively in management decision making at the earliest opportunity.

COMMITTEES

The Board has established three standing Committees to assist it to meet its responsibilities. The Committees are:

- Audit
- Nomination and Remuneration
- Risk and Compliance

These Committees are described in further detail under the relevant Principles below.

All Directors understand the Group's expectations of them. The non-executive Directors have been provided with formal letters of appointment that set out the key terms and conditions of their appointment.

Similarly, the Group has employment agreements with its Managing Director, Executive Directors, and other key executives.

Prior to appointment or being submitted for re election, each non-executive Director is required to specifically acknowledge that they have and will continue to have the time available to discharge their responsibilities to the Group.

MEETINGS

The Board Charter provides for a minimum of 6 scheduled Board meetings per annum, although in a typical year, it is expected that the annual calendar will provide for more than this number (13 Board meetings were held during the 2014 financial year). Board committee meetings are held as required, generally prior to the scheduled Board meeting.

The Chairman sets the agenda for each meeting in conjunction with the Managing Director and Company Secretary. Any Director may request additional matters on the agenda. Members of senior management attend meetings of the Board and its Committees by invitation.

Principle 2: Structure the board to add value

Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

BOARD COMPOSITION

Details of the Directors in office at the date of this report, including their qualifications, experience, date of appointment and their status as non-executive, independent or executive Directors are set out in the Directors' Report.

ASX Principles: Recommendation 2.1 recommends a majority of the Board should be independent Directors, Recommendation 2.2 recommends the Chairman should be an independent Director and Recommendation 2.3 recommends that the roles of the Chair and Managing Director should not be exercised by the same individual.

The Board Charter (a copy of which has been published on the Group's website) currently provides that at least one third of its Directors will be independent non-executive directors and that the Chairman must also be an independent non-executive director.

The Board currently has five Directors, four of whom are non-executive. Three of the four non-executive Directors including the Chairman D L Gooding, are considered to be independent.

The roles of the Chair and the Managing Director are exercised by different individuals.

INDEPENDENT DECISION MAKING

The Board agrees that all Directors should bring an independent judgment to bear in decision making.

Accordingly, the Board:

- has adopted a procedure for Directors to take independent professional advice if necessary at the Group's expense (with the prior approval of the Chairman, which will not be unreasonably withheld);

- as much as is reasonably practicable within the contraints of its current Board size and structure, the Board sets aside sessions at its scheduled meetings to confer without management present;
- has described in the Board Charter the considerations it takes into account when determining independence.

DIRECTOR INDEPENDENCE

At least one third of directors of the Company will be independent, non-executive directors and the Chair shall be an independent, non-executive director.

To qualify as being independent, a director must, in the opinion of the Board, be independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their judgment.

When determining the independent status of a director, the Board considers those relationships which may affect independent status, including whether the director:

- is a substantial shareholder of the Company or an officer of, or otherwise associated directly with a substantial shareholder of the Company (as defined in section 9 of the Corporations Act 2001);
- is employed, 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 or a material consultant to the Company or another group member, or an employee materially associated with the service provided;
- has within the last three years been 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; and
- has a material contractual relationship with the Company or another group member other than as a director;
- has been a director of the Company for such a period that his or her independence may have been compromised.

Family ties and cross-directorships may be relevant in considering interests and relationships which may affect independence, and should be disclosed by directors to the Board.

The Board annually or more regularly assesses whether each non-executive director is independent. In each case the materiality of the interest, position, association or relationship needs to be assessed to determine whether it might interfere, or might reasonably be seen to interfere, with the director's capacity to bring an independent judgment to bear on an issue before the Board and to act in the best interest of the Company and its security holders generally. Each non-executive director is required to provide to the Board all information that may be relevant to the assessment.

Materiality of the relationships is considered from the perspectives of:

- the Company
- the persons or organisations with which the Director has an affiliation, and
- the Director.

The Board will consider thresholds of materiality in determining the "independence" of directors on a case by case basis, having regard to both quantitative and qualitative principles. Without limiting the Board's discretion in this regard, the Board adopts the following guidelines:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses) in the context of each situation.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purpose of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed with the Board.
- Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interests, business or relationship could, or could be reasonably perceived to, materially interfere with the director's ability to act in the best interests of the Company.

The Board regularly reviews the independence status of its Directors and has determined the following Directors to be "independent" (in accordance with the criteria listed above):

- DL Gooding
- KJ Hellsten
- RJ O'Shannassy

Non-executive director AR Brierty is a substantial shareholder, has provided advisory services to the Group and in the past has been an employee in an executive capacity and as such does not meet the Board's criteria for "independence".

CONFLICTS OF INTEREST

A Director's obligations to avoid a conflict of interest are set out in the Board Charter and reinforced in the Code of Business Ethics and Conduct.

The Charter states that a Director must inform the Board or the Chair, as soon as the Director is aware of any conflict or potential conflict of interest which that Director may have in relation to any particular item of business. Unless decided otherwise by the other members of the Board, the Director should be absent from discussion and decision on that matter. Directors must comply strictly with Corporations Act requirements and the Board Charter for the avoidance of conflicts.

NOMINATION AND REMUNERATION COMMITTEE

ASX Principles: Recommendation 2.4: The Board should establish a Nomination Committee.

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the Committee's role and responsibilities, composition and membership requirements. That Charter has been published on the Group's website.

Nomination responsibilities:

The role of the Nomination and Remuneration Committee when carrying out its Nomination responsibilities includes:

- assessment of the necessary and desirable competencies of Board members;
- review of Board succession plans that assist in maintaining an appropriate mix of skills, experience, expertise and diversity on the Board;
- evaluation of the Board's and Managing Director's performance;
- recommendations for the appointment and removal of Directors.

The responsibilities of this Committee with respect to remuneration matters are set out under the discussion of Principle 8 later in this statement.

Composition of the Committee

The Committee Charter states that the composition should include:

- a minimum of three members, the majority of whom must be independent; and
- a Chairman who is an independent Director.

Committee membership is disclosed in the Directors' Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the recommendations of the ASXCGC Corporate Governance Principles.

SELECTION, APPOINTMENT, INDUCTION AND CONTINUING DEVELOPMENT PROCESSES

Directors must retire at the third AGM following their election or most recent re election. At least one third of Directors must stand for election each AGM. Any Director appointed to fill a casual vacancy since the date of the previous AGM must submit themselves to shareholders for election at the next AGM. Re appointment of Directors by rotation is not automatic (the above retirement and re election provisions do not apply to the Managing Director).

Director	Date Appointed	Period in Office	Due for Re-Election or Retirement
DL Gooding	27 October 2007	7 years	-
P McBain	28 November 2011	3 years	N/A
AR Brierty	21 December 2000	14 years	2014 AGM
KJ Hellsten	23 February 2010	4 years	-
RJ O'Shannassy	26 September 2011	3 years	-

All Directors are subject to an annual performance evaluation process. All notices of meeting at which a Director is standing for election or re election are accompanied by information to enable shareholders to make an informed decision.

The Board has developed a structured process for selection and appointment of new Directors to the Board. As part of this procedure, the Board has committed to:

- the evaluation and identification of the diversity, skills, experience and expertise that will best complement Board effectiveness;
- the development of a competencies review process for identifying and assessing Director competencies;
- the conduct of a competencies review of the Board before a candidate is recommended for appointment;

- the periodic review of the Board's succession plan.

The Board has agreed that its membership should reflect a mix of:

- experience across relevant industries, including resources and infrastructure;
- involvement in relevant activities, for example, mining, constructing and investing activities;
- a variety of technical skills and expertise, for example, engineering, project management, accounting, finance, legal, risk management, human resources and business development; and
- a diversity of backgrounds, previous work roles and educational qualifications.

As part of the induction process, meetings are arranged with other Board members and key executives prior to the Director's appointment.

All Directors are expected to maintain the skills required to discharge their obligations to the Group. Directors are encouraged to undertake continuing professional education and where this involves industry seminars and approved education courses, this is paid for by the Group where appropriate.

The skills, experience and expertise relevant to the position of Director held by each Director in the office at the date of the Annual Report is set out in the Directors Report included in the Annual Report.

ASX Principles: Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual directors.

The Board will undertake an annual performance evaluation that reviews:

- performance of the Board against the requirements of the Board Charter;
- performance of the Board Committees against the requirements of their respective Charters;
- individual performances of the Chair, Managing Director and Directors; and
- the Board Charter, the Committee Charters and the procedures of the Board with a view to continuous improvement.

The Board commences the annual performance evaluation in June each year in accordance with this process. The evaluation of Directors other than the Managing Director is concluded in July each year. The annual performance evaluation for the Managing Director is usually conducted in August each year.

COMPANY SECRETARY

The Company Secretary plays an important role in supporting the effectiveness of the Board by monitoring that Board policy and procedures are followed, and coordinating the timely completion and dispatch of Board agenda and briefing material. The responsibilities of the Company Secretary are stated in the Board Charter.

All Directors have access to the Company Secretary.

The appointment and removal of the Company Secretary is a matter for decision by the Board as a whole.

Principle 3: Promote ethical and responsible decision making

Companies should actively promote ethical and responsible decision making.

ASX Principles: Recommendation 3.1: Companies should establish and disclose a Code of Conduct or a summary of the Code as to certain specified matters.

CODE OF BUSINESS ETHICS AND CONDUCT

Brierty has adopted a Code of Business Ethics and Conduct that applies to its Directors, management and employees and which seeks to establish the minimum standards the Board believes are necessary to maintain the highest level of confidence for all stakeholders in the integrity of the Brierty Group. This Code also sets out the practices necessary to take into account Brierty's legal obligations and the reasonable expectations of the Group's stakeholders, as well as the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Brierty has adopted a Whistle-blower Policy which provides employees, directors and sub-contractors with the means to report to an independent organisation work related conduct which they reasonably believe to be corrupt, unethical or illegal.

Both the Code of Business Ethics and Conduct and the Whistle-blower Policy are published on the Group's website.

The Board has adopted a Securities Dealing Policy that is binding on all Directors, employees, contractors, consultants and advisers to Brierty. The Policy is intended to assist in maintaining market confidence in the integrity of dealings in the Group's securities.

This Policy is provided to all new employees at induction. The Group will obtain a periodic acknowledgement from members of the management team of their compliance with this policy.

This Policy is published on the Group's website.

ASX Principles: Recommendation 3.2: Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.

ASX Principles: Recommendation 3.3: Companies should disclose in each annual report the measureable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.

ASX Principles: Recommendation 3.4: Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the Board.

Diversity policy

Brierty recognises and appreciates the value of having a diverse workforce.

Brierty has adopted a Diversity Policy which reflects the Group's objective to have a leadership and workforce that reflects the diversity of the broader communities in which we operate. The policy assists Brierty in achieving its goals and objectives by enabling it to attract and retain talented people, creating a sustainable competitive advantage.

Diversity is about recognising, respecting and valuing differences that occur in our community and workplace. These differences can relate to gender, ethnicity, colour, age, race, religion, disability, national origin and sexual orientation.

As an organisation Brierty aims to create an open and inclusive workplace environment where the diverse experiences, perspectives and backgrounds of our people are valued and utilised.

The objective of this diversity is having a more effective workplace.

This policy is consistent with and is supported by our Equal Employment Opportunity Policy and our Indigenous Affairs Policy.

KEY AREAS OF FOCUS

Brierty is focused on maintaining and increasing diversity in the following key areas:

(a) gender diversity in senior roles and on the Board; and

(b) the employment of Indigenous Australians.

RESPONSIBILITIES

Board responsibilities:

(a) The Board will establish measurable objectives for achieving diversity at all levels within the organisation;

(b) The Board will review these objectives each year; and

(c) The Board will measure each year its progress toward achieving these objectives, and report on this in the Group's Annual Report.

Responsibilities of Management:

(a) Management will be responsible for achieving the diversity objectives determined by the Board; and

(b) Management will be responsible for reporting to the board on the progress toward and achievement of the diversity objectives.

IMPLEMENTATION OF THIS POLICY

The Board and senior management of Brierty will develop, implement, maintain and continuously review the appropriate structures, systems and procedures to support our diversity objectives.

All employees are responsible for:

(a) promoting Brierty diversity initiatives where appropriate; and

(b) respecting difference and behaving in a manner that is consistent with the values and spirit of this Policy.

Refer to the diversity statement contained within the Operating and Financial Review for further details relating to female employees within the Group.

Principle 4: Safeguard integrity in financial reporting

Companies should have a structure to independently verify and safeguard the integrity of the Company's financial reporting.

This structure is required to be one of review and authorisation designed to ensure the truthful and factual presentation of the Group's financial position.

It is expected to include:

- the review and consideration of the financial statements by the Audit Committee;
- a process to ensure the independence and competence of the Group's external auditors.

Audit committee

ASX Principles: Recommendation 4.1: The Board should establish an Audit Committee.

ASX Principles: Recommendation 4.2 recommends the appropriate Committee structure.

ASX Principles: Recommendation 4.3 states that the Committee should have a formal Charter.

The Board has established an Audit Committee to assist the Board in discharging its oversight responsibilities and has adopted a formal Charter that sets out the Committee's role and responsibilities, composition and membership requirements.

The role of the Audit Committee includes to:

- review the integrity of management's presentation of the Group's financial position;
- review the integrity of management reporting on Group performance in all other key operational compliance areas subject to external audit, and
- ensure the independence and competence of the Group's external auditors.

COMPOSITION OF THE COMMITTEE

The Board has determined that the Audit Committee should comprise:

- at least three members;
- a majority of independent non-executive directors;
- an independent chair who is not the Chair of the Board.

In addition, the Audit Committee should include:

- members who are financially literate i.e. able to read and understand financial statements;
- at least one member with relevant qualifications and experience, i.e. a qualified accountant or other finance professional with experience of financial and accounting matters;
- at least one member with an understanding of the industry in which the entity operates.

Committee membership is disclosed in the Directors' Report included as part of the Annual Report along with details of meetings attended. Membership is consistent with the composition requirements of the Charter and the ASX Principles.

The Charter is published on the Group's website. The website also contains information on the procedure for the selection and appointment of the external auditor and for the rotation of external audit partners.

Principle 5: Make timely and balanced disclosures

Companies should promote timely and balanced disclosure of all material matters concerning the Company.

The Group is committed to ensuring that:

- all investors have equal and timely access to material information concerning the Group - including its financial situation, performance, ownership and governance
- Group announcements are factual and presented in a clear and balanced way.

ASX Principles: Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary thereof.

The Board has adopted a Continuous Disclosure Policy which has been published on the Group's website.

The Company Secretary is the principal person for communications with the ASX.

Principle 6: Respect the rights of shareholders

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

ASX Principles: Recommendation 6.1: Companies should design a communications policy for promoting effective communication with their shareholders and encouraging their participation at general meetings and disclose their policy or a summary thereof.

The Group is committed to effective communications with its shareholders, providing them with understandable and accessible information about the Group and facilitating shareholder participation at general meetings.

The Board has established a Shareholder Communications Policy, its purpose being to set out how the Group:

- communicates with its shareholders;
- provides ready access for shareholders and investors to balanced and understandable information about the Group and its corporate proposals;
- manages its communications with analysts or media;
- facilitates shareholder participation at its general meetings.

The Shareholder Communications Policy is published on the Group's website.

ELECTRONIC COMMUNICATIONS

The Group will take advantage wherever practicable of new technologies to facilitate communications with shareholders. The Group maintains an up to date website on which all ASX and media announcements are posted.

EXTERNAL AUDITOR'S AGM ATTENDANCE

The external auditor is required to attend the Group's AGM and to respond to questions from shareholders about the conduct of the audit and the preparation and content of the auditor's report.

Principle 7: Recognise and manage risk

Companies should establish a sound system of risk oversight and management and internal control.

RISK MANAGEMENT POLICY

ASX Principles: Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of these policies.

The Group has adopted a Risk Management Policy, the primary objective of which is to ensure that the appropriate culture, processes and structures are established and maintained.

This Policy is published on the Group's website.

RISK AND COMPLIANCE COMMITTEE

ASX Principles: Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

The Group has established a Risk and Compliance Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

The responsibilities of this Committee include assisting the Board in its oversight role of:

- the implementation and review of risk management and related internal compliance and control systems throughout the Group
- the Group's policies, programs and procedures to ensure compliance with relevant laws, the Group's Code of Conduct and other relevant standards; and
- the establishment and ongoing review of the Group's corporate governance policies, procedures and practices.

The Board requires management to design and implement an appropriate risk management and internal control system and to report to it, directly, or through the Risk and Compliance Committee, as to the effectiveness of the Group's management of its material business risk.

The Managing Director is required to report on the progress of, and on all matters associated with, risk management as a standing item at each Board meeting. The Managing Director is to report to the Board as to the effectiveness of the Group's material business risks at least annually. Management have reported to the Board during the year in accordance with these requirements.

Brierty has established a sound risk management foundation that will be developed and enhanced over time to meet best practice standards.

COMPOSITION OF THE COMMITTEE

The Board has determined that the Risk and Compliance Committee should comprise:

- at least three members, with at least one being represented on the Audit Committee;
- an independent chair, who is not the Chair of the Board.

Committee membership is disclosed in the Directors' Report included as part of the Annual Report along with details of the meetings attended. Membership is consistent with the composition requirements of the Charter.

A copy of this Committee's Charter is on the Group's website.

ASX Principles: Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks.

The Board has received an assurance from the Managing Director and Chief Financial Officer that there is a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to the financial reporting risks.

Principle 8: Remunerate fairly and responsibly

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

NOMINATION AND REMUNERATION COMMITTEE

ASX Principles: Recommendation 8.1: The Board should establish a Remuneration Committee.

The Board has established a Nomination and Remuneration Committee and adopted a Charter that sets out the committee's role and responsibilities, composition and membership requirements.

Remuneration responsibilities:

The role of the Nomination and Remuneration Committee when carrying out its Remuneration responsibilities includes:

- the remuneration of the Managing Director;
- the remuneration of any other executive director and the Company Secretary;
- an appropriate executive remuneration and incentive policy that demonstrates a clear relationship between performance and remuneration;
- a review and recommendation on remuneration by gender;
- equity based executive and employee incentive plans including the reporting of valuations of equity issued under those plans;
- superannuation arrangements;
- recruitment, retention, succession planning, performance measurement and termination policies and procedures for the Managing Director, any other executive director, the Company Secretary and direct reports to the Managing Director;
- the remuneration of directors, including
  - compliance with the director remuneration disclosure obligations;
  - obtaining shareholder approval of total remuneration payable to non-executive directors;
  - determining when and if shareholder approval is required for equity components of executive director remuneration;
  - monitoring remuneration paid to non-executive directors to ensure the aggregate of remuneration paid does not exceed shareholder approved limits;
  - ensuring the nature of the remuneration paid to non-executive directors is consistent with the recommended good governance guidelines for non-executive director remuneration.
- compliance with the reporting requirements relating to the remuneration of directors and key executives as required by the ASX Listing Rules, Australian Accounting Standards and the Corporations Act 2001.

ASX Principles: Recommendation 8.2: The remuneration committee should be structured so that it consists of a majority of independent directors; is chaired by an independent director and has at least three members.

The composition requirements for and membership of this committee meet the above requirements.

Committee membership is disclosed in the Directors' Report included as part of the Annual Report along with the details of the meetings attended.

A copy of this Committee's Charter is on the Group's website.

ASX Principles: Recommendation 8.3: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

EXECUTIVE REMUNERATION

The Board periodically reviews executive remuneration practices with a view to ensuring there is an appropriate balance between fixed and incentive pay, and that the balance reflects short and long term performance objectives appropriate to the Group's circumstances and goals.

The Group's Securities Dealing Policy (referred to above and available from the Group's website) contains a prohibition on certain designated officers entering into transactions in associated products which limit the economic risk of participating in unvested entitlements or any equity based remuneration schemes.

Executive remuneration will be published in the Remuneration Report in the Group's Annual Report each year (including the Remuneration Report contained in this Annual Report).

NON-EXECUTIVE DIRECTOR REMUNERATION

ASX guidelines for appropriate practice in non-executive director remuneration are that non-executive directors should:

- normally be remunerated by way of fees (in the form of cash, non-cash benefits, superannuation contributions or salary sacrifice into equity);
- not normally participate in schemes designed for the remuneration of executives;
- not receive options or bonus payments;
- not be provided with retirement benefits other than superannuation.

The Group's current practice for remunerating non-executive directors is consistent with these guidelines.

The details of Directors' remuneration are set out in the Remuneration Report contained in the Annual Report.

REMUNERATION POLICY DISCLOSURES

Disclosure of the Group's remuneration policies is best served through a transparent and readily understandable framework for executive remuneration that details the costs and benefits.

The Group intends to meet its transparency obligations in the following manner:

- publishing a detailed Remuneration Report in the Annual Report each year;
- continuous disclosure of employment agreements with key executives where those agreements, or obligations falling due under those arrangements, may trigger a continuous disclosure obligation under ASX Listing Rule 3.1;
- presentation of the Remuneration Report to shareholders for their consideration and non binding vote at the Group's AGM;
- taking into account the outcome of the non binding shareholder vote when determining future remuneration policy; and
- responding to shareholder questions on policy and practice in a frank and open manner.

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Brierty Limited and the entities it controlled at the end of, or during, the year ended 30 June 2014.

Directors

The following persons were directors of Brierty Limited during the whole of the financial year and up to the date of this report:

Dalton L Gooding

Peter McBain

Alan R Brierty

Ken J Hellsten

Richard J O'Shannassy

Principal activities

The principal continuing activities of the Group are civil and mining contracting and land development activities.

(a) Civil - Major highway and road construction, railway formation, airport runways, site works, concrete and pavement works, earthworks, drainage and service installation, sewer reticulation, roadworks and subdivisional infrastructure for the creation of housing lots.

(b) Mining - Surface mining including site preparation, such as stripping overburden, site works for building infrastructure, road works, tailings dams, residue disposal areas and airstrips.

(c) Residential Land Development - The subsidiary company, Bellamack Pty Ltd (trading as Territory Life), engages in residential land development activities in Darwin, Northern Territory.

Dividends

Dividends paid to shareholders during the financial year were as follows:

Consolidated Entity	2014	2013
	$	$
Final dividend for the year ended 30 June 2013 (as recommended in the 2013 financial report) of 1.75 cents (2012: 1.75 cents), fully franked based on tax paid @ 30%	**1.925,000**	1,925,000
Interim dividend for the year ended 30 June 2014 of 1.25 cents per share (2013: 1.25 cents), fully franked based on tax paid @ 30%:	**1,375,000**	1,375,000
	3,300,000	3,300,000

The directors have declared a final dividend for the year ending 30 June 2014 of 1.75 cents per share (2013: 1.75 cents), fully franked based on tax paid @ 30%.

Operating and Financial Review

OVERVIEW

Brierty is a diversified contractor that provides civil construction, mining services and land development through its operations in Western Australia and Northern Territory. In the past year, Brierty was involved with the following activities:

- Urban land development - residential and commercial subdivisions in metro and regional areas of Western Australia and the Northern Territory for Landcorp, LWP, Peet, Cedar Woods, Lend Lease, Territory Life, Gwelo, and Rio Tinto.
- Road construction - metro and regional roads for Main Roads WA and local government councils.
- Airport works - car parks, roads and taxi and bus ranks for Perth Airport.
- Port development - roads, truck parking and commercial subdivisions for Fremantle Port.
- Mine site civil works - roads, rail embankments and fuel facilities for Atlas Iron and Rio Tinto.
- Mining services - contract mining including drill and blast, load and haul, crushing, road haulage and train loading for Karara and Rio Tinto.
- Land developer and seller - blocks developed and sold at Bellamack for wholly owned subsidiary Territory Life and new development at Zuccoli.

As the principal contractor, Brierty delivers quality products and services for its clients in projects ranging in size from $1 million up to $100 million in the civil division and $200 million to $300 million dollar mining projects over 4 or 5 years. On most projects, works are self-performed with Brierty's own equipment and people with specialised activities sub-contracted. At the end of June, Brierty held $55 million in plant and equipment and had 384 employees.

SAFETY

The Group continued to focus on safety during the year and continued the trend of reducing safety incidents with the total reportable injury frequency rate (TRIFR) dropping from 6.16 to 5.17 and the lost time injury frequency rate dropping from 2.05 to 1.47. Both of these numbers are excellent by industry standards and the Group has targeted a further improvement for the coming year.

PEOPLE

At 30 June 2014, the Group employed 384 people, which was 28% lower than the previous year. Given the contract nature of Brierty's business, the number of employees can vary significantly at a given point in time. At 30 June 2014, the number of employees was lower due to no major civil projects being undertaken during June and greatly reduced manning at the Karara project with mining having ceased and the contract nearing completion. Since this date, Brierty's workforce has subsequently increased due to the commencement at a number of significant civil projects and works at Rio Tinto's Western Turner Syncline and Great Eastern Highway for Main Roads, which will significantly grow employee numbers.

DIVERSITY

Brierty actively promotes female participation and Indigenous engagement within our workforce. The representation of females within the Group is currently 11.9% of our workforce, with a significant focus during the year on increasing participation levels and development within engineering and professional based positions. Brierty's graduate program has a strong focus on developing female graduates within our business, with our participation levels increasing during the year, and as we look forward to our intake of 2015 graduates, 45% of our 2015 confirmed graduate intake positions are female engineering graduates. Further, Brierty's young professionals program highlights and targets future leaders within our business, with 33% of this program's participants being female.

In order to track Brierty's progress in increasing diversity within the workforce, Brierty monitors and measures participation levels within the Group, particularly in relation to female participation and Aboriginal employment. Brierty's strong commitment to increasing female participation and Indigenous engagement through diversity strategies and recruitment processes has resulted in significant diversity successes in both areas. Brierty will continue to build on our current diverse workforce in order to meet set female participation and Aboriginal engagement targets.

INDIGENOUS

Indigenous engagement is a cornerstone of Brierty's diversity policy. Paramount to our commitment to Indigenous Engagement is the direct employment of Aboriginal employees by providing lasting employment and development opportunities within our business. As at 30th June 2013, just under 12% of Brierty's workforce identifies as either Aboriginal or Torres Strait Islander. Brierty's commitment to Indigenous engagement is industry leading, having been recognised with the award of "back to back" CCF WA Aboriginal Engagement awards in both 2012 and 2013. As a business, Brierty continues to provide long term employment and development opportunities to Aboriginal employees in the communities in which Brierty operates, continuing to build towards Brierty's long term target commitment made under the Australian Employment Covenant (AEC) of 200 directly employed Aboriginal employees within the Group.

BUSINESS MODEL

The Group is split into 3 divisions being civil, mining and land development and all 3 divisions are supported by centralised plant, procurement, human resources, safety and finance. Systems are in place to support all areas of the business and we are certified for quality, environment and health and safety.

FINANCIAL RESULTS

Revenue and Profit

In the year ended 30 June 2014, the Group had revenue of $251 million (2013: $292 million). The three operating divisions contributed revenue as follows: civil - $127 million (2013: $163 million), mining - $106 million (2013: $85 million) and land development - $14 million (2013: $45 million). Turnover was lower in the civil division due to less major projects being performed, higher in mining due to a ramp up of production at Karara and lower in land development as Bellamack is nearing completion with less blocks to sell and contributions from the Zuccoli Stage 2 development yet to flow through. With diversified operations, Brierty has a number of customers and is not dependent on any one customer in the civil division. The Group is reliant on two customers in the mining division, being Rio Tinto and Karara Mining, given the large and long-term nature of contract awards.

The Group reported net profit after tax of $9.9 million (2013: $10.2 million), which was a slight decrease in earnings despite lower revenue achieved through a combination of overhead cost reductions, lower interest costs, changes to depreciation charges (discussed below), and a tax credit from research and development conducted in FY2013.

The three operating divisions contributed profit as per the following table:

	Civil	Mining	Bellamack	Total
Revenue - FY 2014	**$127,125,775**	**$105,910,828**	**$14,384,765**	**$247,421,368**
Segment result - FY 2014	**$7,443,305**	**$10,609,436**	**($360,599)**	**$17,692,142**
Margin - FY 2014	**5.9%**	**10.0%**	**(2.5%)**	**7.2%**
Revenue - FY 2013	$162,717,463	$84,955,429	$44,690,575	$292,363,467
Segment result - FY 2013	$18,562,811	$3,920,246	$2,873,752	$25,356,809
Margin - FY 2013	11.4%	4.6%	6.4%	8.7%

Note that the segment revenue and results are considered non-IFRS information. The basis of preparation is as per the segment note in the financial statements. This information is unaudited and has been included to show the performance of each division after allocating divisional overheads.

For a reconciliation of segment results to profit from continuing operations before income tax for the period of $12,870,873, please refer to note 5, segment information, within the notes to the consolidated financial statements.

Margins were tighter in the civil division as the division worked mainly on metropolitan projects that are generally more competitive. Mining margins increased due to a higher turnover with better efficiencies realised from equipment and overheads. Land Development made a small loss for the year due to low turnover and late costs on the Bellamack development, which is now complete with only a small number of blocks to sell.

The Group made a tax claim in respect of research and development during the previous financial year that gave the Group a tax credit of $908,296. This resulted in an effective tax rate for the Group of 25% for the year.

Historically, the Group has charged depreciation using the diminishing value method, whereby depreciation is calculated as a percentage of the written down value and leads to depreciation expense being allocated fairly evenly over the life of the asset. However, this method does not take into account actual usage of the asset and assumes constant usage.

Due to a change in the pattern of consumption for major plant and equipment, the Group has changed its depreciation method from diminishing value to units of production, effective 1 January 2014. This has resulted in a $2.0 million decrease in depreciation charge for the 6 months ended 30 June 2014.

During the year the Group settled a long running dispute with a customer over claims and received payment for those claims. Under the terms of the deed of settlement, the value of the claims is confidential.

Assets and Liabilities

At 30 June 2014, the major assets on the balance sheet were cash, trade debtors, plant and equipment (which is used to generate revenue), land inventory (which is land developed for sale), spare parts inventory and work in progress. During 2014, the Group purchased new assets worth $3.8 million (2013: $23 million), which was mainly on new minor plant and capital maintenance on larger assets.

At 30 June 2014, the main liabilities of the Group were trade payables, future employee liabilities and hire purchase debt. At 30 June 2014, the Group had $27.2 million (2013: $13.5 million) in cash at bank and debt of $28.2 million (2013: $36.5 million), resulting in net debt of $1.0 million (2013: $23 million). This debt reduction strategy has benefitted the Group through lower interest charges in FY2014 and puts the Group in a strong position to acquire assets for future growth.

For the mining operations at Western Turner Syncline, the Group has committed to purchase assets worth $26.5 million with these assets being delivered between July 2014 and February 2015. The majority of these assets will be financed using hire purchase agreements.

DIVIDENDS

The practice of the Group is to have around 25% to 35% of Net Profit After Tax (NPAT) available for distribution as dividends, with the balance being retained for funding ongoing growth. Dividends are franked to the extent franking credits are available. In line with this, Brierty's directors declared a final dividend of 1.75 cents per share fully franked for the year ended 30 June 2014. This brought the full year dividend to 3.0 cents per share fully franked.

BUSINESS STRATEGY

The Group's strategy is to continue to deliver quality products for our clients across the three divisions and to grow the business organically.

PROSPECTS FOR FUTURE FINANCIAL YEARS

The outlook for FY2015 is promising, despite conditions remaining highly competitive, with Brierty starting the year with $250 million work on hand. Brierty expects to win further work in road construction, urban land development and contract mining, in addition to smaller civil contracts that Brierty continues to win. Major projects that will continue or commence during the year include the upgrade of Great Eastern Highway near Coolgardie, the upgrade of Great Northern Highway near Batty Bog, construction of a new road, Airport Drive at Perth Airport, a new subdivision at Zuccoli in the Northern Territory, further subdivisions at Lakelands near Perth and mining at Western Turner Syncline Stage 2 for Rio Tinto.

The markets for Brierty's civil services continues to be strong with Main Roads WA committed to spend $4 billion over the next four years on new roads and road upgrades. There is also strong demand for housing blocks in the first home buyer market with developments continuing across Perth and regional Western Australia. There is continued spend on infrastructure assets across Western Australia particularly at Perth Airport, the new sports stadium and revitalisation projects across Perth. There are numerous opportunities in the Northern Territory that the Group is pursuing including road works, airport works and oil and gas. The landscape remains competitive for these projects, however, Brierty is well positioned due to its established relationships and proven ability to deliver projects safely and cost effectively for clients.

In the mining sector the Group expects there to be growth in iron ore mining by the majors as well as from new entrants into the market, which will lead to construction and contract mining opportunities. There are also opportunities in other mining operations such as gold, copper and silver that the Group is pursuing.

In land development the Group will complete sales of land at Bellamack in CY2014, and work has commenced on Stage 2 of Zuccoli. It is expected the first lots at Zuccoli will be complete around December 2014, with sales of these lots commencing in the first quarter of FY2015. Zuccoli Stage 2 is expected to take around 5 years to complete with around 100 blocks being produced each year. It is expected demand for these blocks will be strong as many will be priced at the lower end of the market to cater for first home buyers.

RISKS

The Group employs extensive risk management processes to identify risks to the business and to put in place actions, monitoring and reporting activities to mitigate these risks.

Project Execution

Project execution is important to Brierty and its customers. Each project faces a number of risks during its execution. Some projects involve an element of design while others are construct only where the customer provides the design. Brierty has put in place a number of strategies to manage risks, including insurance, risk management and work practice programs designed to ensure risks are identified and managed.

Pricing Risk

There is always a risk that pricing is incorrect or excludes activities that may impact financial performance. To mitigate this risk, Brierty has an extensive tender review process to ensure that nothing is missed from the tender and that our prices are consistent with our experience and expertise.

Major Asset Damage

The Group owns a large amount of earth moving equipment. To mitigate the risk of damage, the Group ensures that all operators are competent and equipment is checked daily prior to use. Brierty has adequate insurance and programs in place to ensure the assets are maintained in accordance with the manufacturer's recommendations. Assets are secured at all of the Group's locations.

Reputation

Repeat business is critical to Brierty's success as can be seen with continued work at Perth Airport, Lakelands and the Alkimos project. It is vitally important that Brierty delivers a quality product at all times and meets the market's financial performance expectations. We have a rigorous full review of each project's progress and financial performance each month.

Competition

Brierty operates in a competitive market with many competitors tendering the same projects. To ensure Brierty maintains a robust order book, Brierty targets projects carefully with a view to ensuring the Group does not compete in markets where margins are too low. In markets where Brierty does operate it targets projects where the Group has a competitive advantage, and the robust tender process ensures Brierty's bids are competitive and accurate.

Strategy

Brierty's Board and senior executives hold bi-annual strategy sessions to review the current strategy and include new target markets, products and geographical areas in future endeavours to maintain market relevance.

Customer

Brierty is reliant on its customers being able to meet their financial responsibilities and Brierty regularly monitors the financial health of its current and potential customers. To mitigate this risk for new customers, Brierty conducts a financial health check and in some cases will ask for assurances.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs of the company or the Group during the financial year.

Matters subsequent to the end of the financial year

There have been no matters that have arisen since 30 June 2014 that have or may significantly affect the operations result or state of affairs of the Group in future financial periods.

Environmental regulation

The Group's operations are subject to significant environmental regulation under Commonwealth and State legislation. There have not been any breaches of significant environmental regulations and there were no fines or penalties imposed upon the Group during the year.

INFORMATION ON DIRECTORS

D L Gooding. Chairperson & Non-executive director. Age 59.

Experience and expertise

Independent Chairman. Dalton was formerly a long standing partner at Ernst & Young and is a Fellow of the Institute of Chartered Accountants in Australia. He has over 35 years experience and is currently the Managing Partner of Gooding Partners where he advises a wide range of business with an emphasis on taxation and accounting issues, due diligence, feasibilities and general business advice. Dalton has completed a Bachelor of Business at Curtin University.

Other current directorships

Chairman of Katana Capital Ltd.

Director of SIPA Resources Ltd.

Former directorships in last 3 years

Chairman of Avita Medical Ltd

Chairman of Anatolia Energy Ltd (formerly Australian Wine Holdings).

Special responsibilities

Chairman of the Board

Chairman of the Nomination and Remuneration Committee

Member of Audit Committee

Member of Risk and Compliance Committee

Interests in shares and options

1,562,500 ordinary shares in Brierty Limited (at the date of this report).

P McBain. Managing Director. Age 49.

Experience and expertise

Peter has over 20 years experience and knowledge in the civil infrastructure, construction and mining sectors from both a contractor and client perspective. Most recently, Peter was General Manager - Development for Gindalbie Metals' Karara Mining Project. Previously, Peter held general management roles at NRW and HWE Mining overseeing projects for clients including BHP Billiton, Fortescue Metals Group, Rio Tinto, Portman and Main Roads WA. His highly valued experience and unique set of skills are a great asset for Brierty's growth strategy.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

None.

Interests in shares and options

700,000 ordinary shares in Brierty Limited (at the date of the report).

3,863,542 options over ordinary shares in Brierty Limited (at the date of the report).

INFORMATION ON DIRECTORS cont.

A R Brierty. Non-executive director. Age 65.

Experience and expertise

Alan founded the business in 1981 and has been a central part of its operations and growth since that time. He has focused on building a successful company through the delivery of excellent service to customers and through strategic vision setting goals for employees and the Group. Alan has 30 years experience in the civil contracting industry.

Other current directorships

None.

Former directorships in last 3 years

None.

Special responsibilities

Member of Nomination and Remuneration Committee

Member of Risk and Compliance Committee

Interests in shares and options

22,447,500 ordinary shares in Brierty Limited (at the date of the report).

K J Hellsten. Non-executive Director. Age 56.

Experience and expertise

Independent non-executive director. Ken has over 30 years experience in the resources industry. He has been employed in senior executive roles ranging from exploration to development to operations with both large multinational and smaller resource companies. Ken's most recent role was managing director of Strike Resources Limited. Prior to that, he was the managing director of Polaris Metals NL and of Ironclad Mining Limited.

Other current directorships

None.

Former directorships in last 3 years

Non-executive director of Cuervo Resources Inc.

Executive director of Strike Resources Limited.

Non-executive director of Heron Resources.

Special responsibilities

Member of Nomination and Remuneration Committee

Member of Audit Committee

Interests in shares and options

200,000 ordinary shares in Brierty Limited (at the date of this report).

INFORMATION ON DIRECTORS cont.

R J O'Shannassy. Non-executive Director. Age 58.

Experience and expertise

Independent non-executive director. Richard is a commercial lawyer with over 25 years experience in the mining and energy sectors. He has advised resource companies on a broad range of corporate and commercial matters while in a private legal practice. He has also held in house roles as General Counsel and Company Secretary for Hardman Resources Limited, BHP Iron Ore and Mt Newman Mining Co Pty Limited. He has served on mining industry committees over a number of years and is also a member of the Law Society of WA (Inc.) and the Australian Mining and Petroleum Law Association Inc. He is currently a non-executive director of Minemakers Limited.

Other current directorships

Non-executive director of Minemakers Limited.

Former directorships in last 3 years

None.

Special responsibilities

Chairman of Audit Committee

Chairman of Risk and Compliance Committee

Member of Nomination and Remuneration Committee

Interests in shares and options

160,000 shares in Brierty Limited (at the date of this report).

Company secretary

The Company Secretary is Mr M J Sicard. Mr Sicard was appointed to the position in August 2012. Mr Sicard has a Bachelor in Economics and Laws, and is admitted to the Western Australian Supreme Court. Mr Sicard ceased as Company Secretary on 18 August 2014 and Mr I W Sydney was appointed to the position on 18 August 2014. Mr Sydney is a CPA and has a Bachelor of Business and a graduate diploma in Corporate Governance.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2014, and the numbers of meetings attended by each director were:

	Full meetings of directors		Meetings of committees Audit		Nomination and Remuneration		Risk and Compliance	
	A	B	A	B	A	B	A	B
Dalton L Gooding	13	13	3	3	2	2	3	3
Alan R Brierty	13	13	-	-	2	2	3	3
Ken J Hellsten	13	13	3	3	2	2	-	-
Richard J O'Shannassy	13	13	3	3	2	2	3	3
Peter McBain	13	13	-	-	-	-	-	-

A = Number of meetings attended

B = Number of meetings held during the time the director held office or was a member of the committee during the period

Remuneration report (Audited)

This remuneration report for the year ended 30 June 2014 outlines the remuneration arrangements of the Group in accordance with the requirement of Corporations Act 2001 (the Act) and its regulations. This information has been audited as required by Section 308(3C) of the Act.

The remuneration report is set out under the following main headings:

(a) Introduction

(b) Remuneration governance

(c) Executive remuneration arrangements

(d) Executive remuneration outcomes for 2014 (including link to performance)

(e) Executive contracts and non-executive director remuneration arrangements

(f) Additional disclosures relating to options and shares

(a) Introduction

The remuneration report details the remuneration arrangements for "Key Management Personnel (KMP)" who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent.

For the purpose of this report, the term "executive" includes the Managing Director (MD), executive directors and other senior executives of the Parent and the Group.

Non-executive directors (NEDs)

D L Gooding	Chairman (non-executive)
A R Brierty	Director (non-executive)
K J Hellsten	Director (non-executive)
R J O'Shannassy	Director (non-executive)

Executive directors

P McBain
Managing Director

Other KMPs

I Sydney	Chief Financial Officer and Company Secretary
S Collins	General Manager Civil
R Erwin	General Manager Mining
D Humphreys	General Manager People

(b) Remuneration governance

Remuneration Committee

The remuneration committee comprises four NEDs.

The Remuneration Committee has delegated decision making authority for some matters related to the remuneration arrangements for NEDs and executives, and is required to make recommendations to the Board on other matters.

Specifically, the Board approves the remuneration arrangements of the MD, and other executives and all awards made under the short term (STIP) and long-term incentive (LTIP) plans, following recommendations from the Remuneration Committee. The Board also sets the aggregate remuneration of the NEDs, which is then subject to shareholder approval, and NED fee levels. The Remuneration Committee approves, having regard to the recommendations made by the MD, the level of the Group short term incentive (STIP) pool.

The Remuneration Committee meets regularly throughout the year. The MD attends certain Remuneration Committee meetings by invitation, where management input is required. The MD is not present during any discussions related to his own remuneration arrangements.

Use of remuneration consultants

To ensure the Remuneration Committee is fully informed when making remuneration decisions, it seeks external remuneration advice. Remuneration consultants are engaged by, and report directly to, the Committee. In selecting remuneration consultants, the Committee considers potential conflicts of interest and requires independence from the Group's KMP and other executives as part of their terms of engagement.

During the financial year, the Remuneration Committee approved the engagement of Gerard Daniels as Remuneration Consultants to provide remuneration benchmarking and analysis regarding:

- The appropriate comparator groups for remuneration benchmarking
- The appropriate remuneration mix for the MD

Remuneration benchmarking and analysis were provided to the Committee as an input into decision making only. The Remuneration Committee considered the benchmarking and analysis, along with other factors, in making its remuneration decisions.

The fees paid to Gerard Daniels for the remuneration benchmarking and analysis were $5,000.

The Committee is satisfied the advice received from the Remuneration Consultants is free from undue influence from the KMP, as the Remuneration Consultants were engaged by, and reported directly to, the Chair of the Remuneration Committee. The Remuneration Consultants also confirmed in writing to the Chair the remuneration benchmarking and analysis were made free from undue influence by the Group's KMP.

Remuneration report approval at FY13 AGM

The FY13 remuneration report received positive shareholder support at the FY13 AGM with a vote of 97% in favour.

(c) Executive remuneration arrangements

C.1 Remuneration principles and strategy

The objective of the Group's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders and Group performance. The remuneration framework includes "at-risk" components, including both short and longer term elements, and performance is assessed against a suite of financial and non-financial measures relevant to the success of the Group generating returns for shareholders. The remuneration offering is competitive for companies of a similar size and complexity and deferred and longer-term remuneration encourages retention. The Board ensures that executive reward satisfies the following key criteria for good reward governance practices:

Remuneration component	Vehicle	Purpose	Link to performance
Fixed remuneration	Represented by total remuneration package (TRP) Comprises base salary, superannuation contributions and other benefits	To provide competitive fixed remuneration set with reference to role, market and experience	Group and individual performance are considered during the annual remuneration review
STIP	Paid in cash	Rewards executives for their contribution to achievement of Group and business unit outcomes, as well as individual key performance indicators (KPIs)	Net Profit After Tax (NPAT) of the Group. Other internal financial and non-financial measures including cost savings, safety and indigenous employment
LTIP	Issue of shares	Rewards executives for their contribution to the creation of shareholder value over the longer term	The same measures as for STIP

C.2 Details of incentive plans

Short term incentive program (STIP)

The Group operates an annual STIP program that is available to executives and awards a cash bonus subject to the attainment of clearly defined Group and business unit measures. Specific criteria for the STIP have been formulated for executives and senior management by the Nomination and Remuneration Committee. The STIP is a formal structured reward program in which participation is by way of written personal invitation from the Managing Director on an annual basis. The Board has the sole discretion on who shall participate in the scheme.

The STIP has been designed to:

- Help the Group compete in the employment market.
- Focus key staff on the achievement of financial and business targets that the Group believes will lead to sustained and improved business performance.
- Establish a direct link between business performance and personal reward.
- Recognise the contributions individuals make to the success of the business and reward superior performance.

Actual STIP payments awarded to each executive depend on the extent to which specific targets set at the beginning of the financial year are met. The targets consist of a number of key performance indicators (KPIs) covering financial and non-financial, corporate and business unit measures of performance. A summary of the measures and weightings are set out below.

Executive	NPAT*	Safety - TRIFR	Indigenous employment content	KPIs
Managing Director	80%	-	-	20%
Other executives	25%	15%	10%	50%
Other managers	25%	15%	10%	50%

* minimum NPAT hurdles must be met to qualify for any STIP or LTIP reward.

NPAT was chosen as the measure for financial performance as it represents the key driver for the short term success of the business and provides a framework for delivering long term value.

Total recordable injury frequency rate (TRIFR) was chosen as the measure for safety as the safety of our people is important to the Group.

Indigenous employment content was chosen as the measure in accordance with our diversity policy and because indigenous employment is important to our clients and the success of the business.

Other financial and non-financial measures are specific for each employee and are designed to encourage the employee to contribute to the overall success of the business. The measures (and their intended objectives) include:

- Divisional revenue measured against budget - to encourage General Managers to win new work and increase turnover and profit for the Group and benefit shareholders.
- Project margins measured against tendered margins - to encourage project managers to exceed tender margins that will increase the profit of the Group and benefit shareholders.
- Labour and efficiency factor improvements - to increase productivity and lower the relative cost of labour to the Group.
- Client satisfaction surveys - to ensure we perform well for our clients and win repeat business that will contribute to the success of the Group.

The Managing Director and executives have a target STIP opportunity between 20% and 25% of TRP, with a maximum opportunity (if the stretch targets are met) of 22% to 50% of TRP.

On an annual basis, after consideration of performance against KPIs, the Board, in line with their responsibilities, determine the amount, if any, of the short-term incentive to be paid to each executive, seeking recommendations from the Managing Director as appropriate.

STIP payments will be made in September 2014 following the release of the Annual Report.

Long term incentive program (LTIP)

LTIP awards are made annually to executives in order to align remuneration with the creation of shareholder value over the long-term. As such, LTIP awards are only made to executives and other KMP who have an impact on the Group's performance against the relevant long-term performance measure. The LTIP is a formal structured reward program in which participation is by way of written personal invitation from the Managing Director on an annual basis. The Board has the sole discretion on who shall participate in the scheme.

LTIP awards to executives are made under the executive LTIP plan and are delivered in the form of shares.

The LTIP has been designed to:

- Focus key staff on the achievement of financial and business targets that the Group believes will lead to sustained and improved business performance.
- Establish a direct link between business performance and personal reward.
- Recognise the contributions individuals make to the success of the business and to reward superior performance.
- Attract and retain key personnel.

Each employee who participates in the LTIP will also participate in the STIP, and the STIP targets will also serve as the LTIP targets.

LTIP benefits received are shares in the Parent to the equivalent value of the STIP payment based on the average share price of the Parent for the first five trading days of the current financial year. The shares are issued in two tranches of 50% with the first 50% granted in April of the year following the award and the second 50% granted in the April of the year following that. This is designed to ensure executives remain employed by the Group over this period.

Option Plan

Options are issued at the Board's discretion.

On 7 March 2011 options were issued to the Managing Director on the following terms:

Continuous employment options

15% of the options (being 750,000) will become capable of exercise provided that Mr McBain remains in the continuous employment of the Group as follows:

- 250,000 options become capable of exercise from 7 March 2012 (at an exercise price of $0.451 per option) provided he has been in continuous employment for 1 year;
- 250,000 options become capable of exercise from 7 March 2013 (at an exercise price of $0.601 per option) provided he has been in continuous employment for 2 years; and
- 250,000 options become capable of exercise from 7 March 2014 (at an exercise price of $0.751 per option) provided he has been in continuous employment for 3 years.

No performance conditions were attached to these options as they were issued with the aim of incentivising the Managing Director to remain in employment with the Group in the medium term.

Performance based options

The remaining 85% of the options (being 4,250,000) will become capable of exercise subject to the achievement of key performance indicator (KPI) based performance hurdles. Performance against the various KPI's will be assessed by the Board on a rating scale which will determine the number of options that become capable of exercise up to a maximum of the following:

- Up to 1,416,666 options (subject to achievement of KPI's) become capable of exercise from 30 September 2012 (at an exercise price of $0.451 per option);
- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2013 (at an exercise price of $0.601 per option); and
- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2014 (at an exercise price of $0.751 per option).

Any options that have become capable of exercise, but have not been exercised, will expire on 7 March 2017.

Seventy five percent of the performance based options are based on achieving a target net profit after tax; this measure was chosen to help maximise return to shareholders.

The remaining twenty five percent are issued at the discretion of the Board, with options being issued on the successful delivery of the following key performance indicators:

- Safety targets must exceed performance thresholds which are set at the start of the financial year. This measure was chosen as the safety of our people is important to the Group.
- Indigenous employment must exceed a percentage threshold. This measure was chosen in accordance with our diversity policy.
- Investor relationships measured by the relationship with key fund managers. This measure was chosen to maximise return to shareholders.

These terms were chosen as it was believed these would best align the Managing Director's performance with Group objectives.

The Group's Securities Dealing Policy contains a prohibition on certain designated officers (which includes the executive and Directors) entering into contracts to hedge their exposure to shares granted as part of their remuneration package.

(d) Executive remuneration outcomes for 2014 (including link to performance)

Group performance and its link to STIP and LTIP

The financial performance measure driving STIP and LTIP payments are NPAT and the following table shows NPAT for the last 5 years:

	Net Profit after Tax	EPS (cents)	Share Price at 30 June
FY 2014	$ 9,881,705	8.98	39.5 cents
FY 2013	$ 10,211,149	9.28	21.5 cents
FY 2012	$ 9,442,474	8.58	30.0 cents
FY 2011	$ 93,569	0.08	27.5 cents
FY 2010	$ 5,002,611	4.54	23.0 cents

The NPAT hurdle was met, which allows for bonuses to be paid.

The non-financial performance measures driving STIP and LTIP payments are TRIFR and Indigenous employment content and the following table shows performance against these targets:

Item	Measure	FY14 Performance vs. Target Outcome
Safety	TRIFR	Exceeded target
Indigenous employment	Indigenous employment numbers	Below target

The following table outlines the proportion of maximum STIP that was earned and forfeited for the year:

Name	Proportion of maximum STIP/LTIP earned in FY 2014	Proportion of maximum STIP/LTIP forfeited in FY 2014
P McBain	75%	25%
I Sydney	75%	25%
S Collins	75%	25%
R Erwin	75%	25%
D Humphreys	75%	25%

For all executives STIPs were granted on the 18th of August 2014, and will be paid on the 1st of September 2014.

The performance measures for LTIP are the same as for STIP.

2014		Short-term employee benefits			Post employment benefits	Long term benefits	Share based payments			
Name	Directors fees	Cash salary and fees	Non-monetary benefits	Cash bonus	Super-annuation	Long service leave	Options/ Shares	Termination benefits	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
Non-executive directors										
D L Gooding	133,000	-	-	-	12,303	-	-	-	145,303	-%
A R Brierty	73,269	-	-	-	5,080	-	-	-	78,349	-%
K J Hellsten	73,269	20,000	-	-	8,627	-	-	-	101,896	-%
R J O'Shannassy	82,427	-	-	-	7,573	-	-	-	90,000	-%
Sub-total non-executive directors	**361,965**	**20,000**	**-**	**-**	**33,583**	**-**	**-**	**-**	**415,548**	**-%**
Executive directors										
P McBain	-	594,232	-	229,500	20,000	9,880	34,803	-	888,415	30%
Other key management personnel (Group)										
I Sydney	-	273,900	11,527	45,000	25,367	4,570	23,255	-	383,619	18%
S Collins	-	393,721	-	50,000	17,294	6,544	25,839	-	493,398	15%
R Erwin	-	510,425	-	50,000	-	-	13,799	-	574,224	11%
D Humphreys	-	261,062	-	40,000	24,141	4,349	20,671	-	350,223	17%
Total key management personnel compensation (group)	**361,965**	**2,053,340**	**11,527**	**414,500**	**120,385**	**25,343**	**118,367**	**-**	**3,105,427**	**17%**

K.Hellsten received $20,000 as payment for consulting services performed during the year. In accordance with the Group's Corporate Governance principles, the Board considered the relationship and is of the view that the services rendered do not exceed the materiality threshold, and is satisfied independence has been maintained.

R.Erwin is employed via a consultancy agreement.

Effective from 1 July 2013, D.Humphreys was considered as part of the KMP. During the year, M.Sloan ceased employment with the Group and he received a termination payment.

2013		Short-term employee benefits			Post employment benefits	Long term benefits	Share based payments			
Name	Directors fees	Cash salary and fees	Non-monetary benefits	Cash bonus	Super-annuation	Long service leave	Options/ Shares	Termination benefits	Total	Performance related
	$	$	$	$	$	$	$	$	$	%
Non-executive directors										
D L Gooding	133,028	-	-	-	11,972	-	-	-	145,000	-%
A R Brierty	73,394	171,500	-	-	22,052	-	-	47,125	314,071	-%
K J Hellsten	73,394	-	-	-	6,606	-	-	-	80,000	-%
R J O'Shannassy	82,569	-	-	-	7,431	-	-	-	90,000	-%
Sub-total non-executive directors	**362,385**	**171,500**	**-**	**-**	**48,061**	**-**	**-**	**47,125**	**629,071**	**-%**
Executive directors										
P McBain	-	569,604	-	60,000	19,616	9,831	21,984	-	681,035	12%
Other key management personnel (Group)										
I Sydney	-	247,962	14,494	20,000	22,316	4,822	-	-	309,594	6%
S Collins	-	359,770	-	20,000	28,241	6,408	-	-	414,419	5%
R Erwin	-	289,339	-	20,000	-	-	-	-	309,339	6%
M Sloan	-	302,020	21,098	10,000	31,179	9,350	-	-	373,647	3%
Total key management personnel compensation (group)	**362,385**	**1,940,195**	**35,592**	**130,000**	**149,413**	**30,411**	**21,984**	**47,125**	**2,717,105**	**6%**

(e) Executive contracts

Brierty has entered into an executive service agreement with P.McBain as Managing Director. All other key management personnel, except R Erwin, have employment contracts. The executive service agreement for the Managing Director and other key management personnel employment contracts:

- Are not fixed term agreements and continue on an ongoing basis until terminated;
- Provide for annual salary, short and long term incentives, superannuation contributions, annual leave and long service leave, company vehicles and other fringe benefits;
- Provide for remuneration to be reviewed annually;
- In the case of the Managing Director, may be terminated by either the executive or the Group giving six months notice of termination (or in lieu); and
- In relation to other KMP's, may be terminated by either the KMP or the Group giving one month notice of termination (or in lieu).
- No other termination payments are due.

(f) Additional disclosures relating to rights, options and shares

(i) Options

No options were granted during the year ended 30 June 2014.

The Managing Director, P.McBain, was granted options in 2011.

Performance based options granted during the year ended 30 June 2014:

Any options that have become capable of exercise, but have not been exercised, will expire on 7 March 2017.

The percentage of the Managing Director's remuneration for the financial year that consists of options is 4% (2013: 3%).

In 2011 5,000,000 options were granted to the Managing Director. During the current year 250,000 options vested due to continuous employment, and 283,332 vested due to performance out of a possible maximum of 1,416,666 (2013: 1,383,542). No options were exercised during the year (2013: nil).

Number of options	Grant date	Options awarded during year	Fair Value of Options at award date	First exercise date	Exercise price	Expiry date	No. Vested During Year	No. Forfeited During Year	No. Lapsed During Year
250,000	07/03/2011	-	$0.208	07/03/2012	$0.451	07/03/2015	-	-	-
250,000	07/03/2011	-	$0.216	07/03/2013	$0.601	07/03/2016	-	-	-
250,000	07/03/2011	-	$0.225	07/03/2014	$0.751	07/03/2017	250,000	-	-
1,416,666	07/03/2011	-	$0.220	30/09/2012	$0.451	07/03/2015	-	-	-
1,416,666	07/03/2011	-	$0.226	30/09/2013	$0.601	07/03/2016	283,332	1,133,334	-
1,416,667	07/03/2011	-	$0.234	30/09/2014	$0.751	07/03/2017	-	-	-

Consolidated entity 2014 Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of share options for the year
	$	$	$	%
P McBain	-	-	-	4

Consolidated entity 2013 Name	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of share options for the year
	$	$	$	%
P McBain	-	-	-	3

The number of options over ordinary shares in the Group held during the financial year by each director of Brierty Limited and other key management personnel of the Group, including their personally related parties, are set out below.

Consolidated entity 2014	Balance at start of the period 1 July 2013	Granted as remuneration	Options exercised	Options forfeited	Balance at end of the period 30 June 2014	Exercisable	Not exercisable
Directors of Brierty Limited							
P McBain	4,996,875	-	-	(1,113,334)	3,833,541	2,416,874	1,416,667

(ii) Shares

Shares awarded, vested and lapsed during the year.

The table below discloses the number of shares granted to KMP's during the financial year ended 30 June 2014, as well as the number of shares that vested or lapsed during the year.

Share rights issued under the LTIP do not carry any voting or dividend rights and can be exercised once the vesting conditions have been met.

Name	No. Shares Granted During Year	Grant Date	Fair Value of Shares at Grant Date	Vesting Date	No. Vested During Year	No. Lapsed During Year
I Sydney	90,000	31/07/2013	$0.29	01/04/2015	-	-
	90,000	31/07/2013	$0.29	01/04/2016	-	-
S Collins	100,000	31/07/2013	$0.29	01/04/2015	-	-
	100,000	31/07/2013	$0.29	01/04/2016	-	-
R Erwin	100,000	31/03/2014	$0.37	01/04/2015	-	-
	100,000	31/03/2014	$0.37	01/04/2016	-	-
D Humphreys	80,000	31/07/2013	$0.29	01/04/2015	-	-
	80,000	31/07/2013	$0.29	01/04/2016	-	-

The number of share rights granted under the LTIP, as part of remuneration during the year are set out below.

Name	Balance at start of the year	Granted as remuneration	Vested	Other changes	Balance at the end of the year	Held nominally
I Sydney	-	180,000	-	-	180,000	-
S Collins	-	200,000	-	-	200,000	-
R Erwin	-	200,000	-	-	200,000	-
D Humphreys	-	160,000	-	-	160,000	-

(iii) Share holdings

The number of shares in the Group held during the financial year by each director of Brierty Limited and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

All equity transactions with key management personnel have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

2014 Share Holdings

Directors of Brierty Limited	Balance at start of year	Shares Purchased	Shares Sold	Net change other	Balance at end of year
Ordinary Shares					
D L Gooding	1,562,500	-	-	-	1,562,500
P McBain	700,000	-	-	-	700,000
A R Brierty	22,447,500	-	-	-	22,447,500
K J Hellsten	120,000	80,000	-	-	200,000
R J O'Shannassy	120,000	40,000	-	-	160,000
Other key management personnel of the company					
I Sydney	-	-	-	-	-
S Collins	60,000	-	-	-	60,000
R Erwin	-	-	-	-	-
D Humphreys	-	-	-	-	-

2013 Share Holdings

Directors of Brierty Limited	Balance at start of year	Shares Purchased	Shares Sold	Net change other	Balance at end of year
Ordinary Shares					
D L Gooding	1,562,500	-	-	-	1,562,500
P McBain	600,000	100,000	-	-	700,000
A R Brierty	22,447,500	-	-	-	22,447,500
K J Hellsten	120,000	-	-	-	120,000
R J O'Shannassy	-	120,000	-	-	120,000
Other key management personnel of the company					
I Sydney	-	-	-	-	-
M Sloan	1,520,000	-	-	-	1,520,000
S Collins	-	60,000	-	-	60,000
R Erwin	-	-	-	-	-

Loans to directors and executives

There were no loans to/from related parties during the year ended 30 June 2014 (2013: nil).

Other transactions and balances with KMP and their related parties

During the year, the Group paid rent to Jamstakes Pty Ltd (a company owned by Alan & Kylie Brierty and other shareholders of Brierty), the owner of the premises at 38 Mandarin Rd, Maddington. Rent totaling $356,400 (2013: $356,400) was paid during the year in accordance with a lease agreement on normal terms and conditions. There was no amounts owing to or from Jamstakes Pty Ltd at the end of the financial year.

Gooding Partners, an accounting practice in which Mr D L Gooding is a partner, provided consulting services in relation to due diligence activities, for which Gooding Partners were paid $16,000 (2013: $181,751). $16,000 was owing to Gooding Partners at the end of the financial year (2013: $117,426).

Mr Kenneth Hellsten provided consulting services in relation to three projects during the financial year, for which Mr Hellsten was paid $20,000 (2013: nil). Nil was owing to Mr Hellsten at the end of the financial year (2013: nil).

During the year, the Group hired two water carts from Erwin & Associates, a company owned by R.Erwin. Erwin & Associates were paid $132,000 (2013: $121,000). $11,000 was owing to Erwin & Associates at the end of the financial year. (2013: $22,000).

END OF REMUNERATION REPORT.

Indemnification and Insurance of Directors and Officers

The Group has executed a deed of access, indemnity and insurance in favour of each Director. The indemnity requires the Group to indemnify each Director for liability incurred by the Director as an officer of the Group subject to the restrictions prescribed in the Corporations Act 2001. The deed also gives each Director a right of access to Board papers and requires the Group to maintain insurance cover for the Directors.

The Group has also executed an indemnity and insurance deed in favour of certain executives of the Group. The deed requires the Group to indemnify each of these executives for liability incurred by them as executives of Brierty subject to the restrictions prescribed in the Corporations Act 2001. The deed also requires the Group to maintain insurance cover for these executives.

The agreements provide for the Group to pay an amount not exceeding $20,000,000 provided that the liability does not arise out of:

- any conduct or contravention in respect of which a liability is the subject of a prohibition in section 199B(I) of the Corporations Act 2001.
- the committing of any deliberately dishonest or deliberately fraudulent act.

The Group has not otherwise, during or since the end of the financial year, indemnified or agreed to indemnify an officer or director of the Group or of any related body corporate against a liability incurred as such an officer or director.

The Group has not disclosed the premium paid for the insurance policy as there is a confidentiality condition contained in the contract.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

Non-audit services

The following non-audit services were provided by the Group's auditor, Ernst & Young. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The nature and scope of each type of non-audit services provided means that auditor independence was not compromised.

Ernst & Young received the following amounts for provisions of non-audit services:

	Consolidated entity Year ended	
	2014	**2013**
	$	$
Taxation services		
Ernst & Young firm:		
Tax compliance services	**30,000**	28,990
Tax advisory services	**164,000**	-
Total remuneration for taxation services	**194,000**	28,990
Other services		
Ernst & Young firm:		
Other advisory services	**30,000**	150,790
Total remuneration for other services	**30,000**	150,790
Total remuneration for non-audit services	**224,000**	179,780

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 41.

Auditor

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors.

D L Gooding

Chairman

P McBain

Managing Director

Perth, Western Australia

18 August 2014

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Auditor's Independence Declaration to the Directors of Brierty Limited

In relation to our audit of the financial report of Brierty Limited for the financial year ended 30 June 2014, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
18 August 2014

FD:WD:Brierty:022

CONTENTS

The consolidated financial report of Brierty Limited (the Group) for the year 30 June 2014 was authorised for issue in accordance with a resolution of directors on 18 August 2014.

Brierty Limited is a company limited by shares, incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange.

The nature of the Group's operations and its principal activities is included in the directors' report on page 20, both of which are not part of this financial report.

FINANCIAL STATEMENTS

Brierty Limited

Consolidated statement of comprehensive income

For the year ended 30 June 2014

	Notes	Consolidated entity Year ended 30 June 2014	Consolidated entity Year ended 30 June 2013
		$	$
Revenue from services and land sales	6	**251,084,203**	292,416,142
Cost of services and sales	8	**(217,684,079)**	(254,837,140)
Gross margin on services and land sales		**33,400,124**	37,579,002
Other income	7	**573,451**	402,548
Administration expenses, excluding finance costs		**(18,289,899)**	(19,977,546)
Finance costs	8	**(2,812,803)**	(3,362,738)
Profit from continuing operations before income tax		**12,870,873**	14,641,266
Income tax expense	9	**(2,989,168)**	(4,430,117)
Profit from continuing operations after income tax		**9,881,705**	10,211,149
Total Comprehensive income for the period		**9,881,705**	10,211,149
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share	36	**8.98**	9.28
Diluted earnings per share	36	**8.85**	9.28

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Brierty Limited
Consolidated statement of financial position
As at 30 June 2014

	Notes	Consolidated entity Year ended 30 June 2014	30 June 2013
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	10	**27,179,608**	13,486,334
Trade and other receivables	11	**23,524,424**	46,254,132
Contracts in progress and inventories	12	**8,918,053**	16,504,580
Prepayments		**1,036,354**	1,635,081
Current tax receivables	13	**996,224**	-
Land held for development and resale	14	**10,425,381**	10,738,964
Total current assets		**72,080,044**	88,619,091
Non-current assets			
Property, plant and equipment	15	**55,574,094**	62,735,359
Total non-current assets		**55,574,094**	62,735,359
Total assets		**127,654,138**	151,354,450
LIABILITIES			
Current liabilities			
Trade and other payables	17	**33,086,308**	50,780,480
Borrowings	18	**10,384,294**	10,496,923
Provisions	19	**2,396,657**	3,244,337
Current tax liabilities	20	**-**	1,845,807
Contract income in advance	12	**3,016,984**	4,518,490
Total current liabilities		**48,884,243**	70,886,037
Non-current liabilities			
Borrowings	21	**17,841,316**	26,018,541
Deferred tax liabilities	22	**1,570,025**	1,336,183
Provisions	23	**226,971**	598,614
Total non-current liabilities		**19,638,312**	27,953,338
Total liabilities		**68,522,555**	98,839,375
Net assets		**59,131,583**	52,515,075
EQUITY			
Contributed equity	24	**29,170,572**	29,170,572
Other reserves	25(a)	**338,982**	304,179
Retained earnings	25(b)	**29,622,029**	23,040,324
Total equity		**59,131,583**	52,515,075

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

Brierty Limited

Consolidated statement of changes in equity

For the year ended 30 June 2014

Consolidated Entity	Notes	Attributable to owners of Brierty Limited: Contributed Equity	Equity Benefits Reserve	Retained Earnings	Total Equity
		$	$	$	$
Balance at 1 July 2012		29,170,572	282,195	16,129,175	45,581,942
Profit for year		-	-	10,211,149	10,211,149
Total comprehensive income for the period		**-**	**-**	**10,211,149**	**10,211,149**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	27	-	-	(3,300,000)	(3,300,000)
Share based payment	25	-	21,984	-	21,984
		-	21,984	(3,300,000)	(3,278,016)
Balance at 30 June 2013		**29,170,572**	**304,179**	**23,040,324**	**52,515,075**
Balance at 1 July 2013		**29,170,572**	**304,179**	**23,040,324**	**52,515,075**
Profit for year		-	-	9,881,705	9,881,705
Total comprehensive income for the period		**-**	**-**	**9,881,705**	**9,881,705**
Transactions with owners in their capacity as owners:					
Dividends provided for or paid	27	-	-	(3,300,000)	(3,300,000)
Share based payment	25	-	34,803	-	34,803
		-	34,803	(3,300,000)	(3,265,197)
Balance at 30 June 2014		**29,170,572**	**338,982**	**29,622,029**	**59,131,583**

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

Brierty Limited

Consolidated statement of cash flows

For the year ended 30 June 2014

		Consolidated entity Year ended	
Cash flows from operating activities	**Notes**	**30 June 2014**	**30 June 2013**
		$	$
Receipts from customers (inclusive of goods and services tax)		**297,856,655**	317,601,931
Payments to suppliers and employees (inclusive of goods and services tax)		**(261,984,286)**	(282,756,395)
Other revenue		**705,013**	307,879
Income taxes paid		**(5,596,284)**	(5,163,220)
Interest received		**298,351**	148,947
Finance costs		**(2,812,803)**	(3,362,738)
Net cash inflow from operating activities	35	**28,466,646**	26,776,404
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,712,378)**	(1,796,015)
Proceeds from sale of property, plant and equipment		**832,601**	563,786
Net cash (outflow) from investing activities		**(879,777)**	(1,232,229)
Cash flows from financing activities			
Repayment of borrowings		**(10,593,595)**	(10,335,109)
Dividends paid to company's shareholders	27	**(3,300,000)**	(3,300,000)
Net cash (outflow) from financing activities		**(13,893,595)**	(13,635,109)
Net increase in cash and cash equivalents		**13,693,274**	11,909,066
Cash and cash equivalents at the beginning of the financial year		**13,486,334**	1,577,268
Cash and cash equivalents at end of period	10	**27,179,608**	13,486,334

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Corporate Information

The consolidated financial statements of Brierty Limited and its subsidiaries (the Group) for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 18 August 2014.

Brierty Limited (the Company or the Parent) is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publically traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Group are described in the Director's Report. Information on the Group's structure is provided in note 26. Information on other related party relationships is provided in note 34.

2 Summary of significant accounting policies

2.1 Basis of preparation

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

The financial report is presented in Australian dollars.

Historical cost convention

These financial statements have been prepared under the historical cost convention.

2.2 Compliance with IFRS

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

2.3 Changes in accounting policy, accounting standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except as follows:

Property, Plant and Equipment

During the year, the Group assessed the depreciation method used for major assets and found there was a significant change in the expected pattern of consumption of the future economic benefits embodied in the assets. All assets were previously depreciated using the diminishing value method, which assumes consistent usage over its life. From 1 January 2014, the Group changed the depreciation method for all major production assets to the units of production method, based on the total available number of machine hours.

The effect of this change was that depreciation charge for the period 1 January 2014 to 30 June 2014 of $3,238,238 was $1,991,820 lower than it would have been using the diminishing value method.

This method more appropriately allocates the cost of the assets over their useful economic life and takes into consideration periods of mobilisation. The change in method has been accounted for as a change in estimate as required by the accounting standards and results in a prospective adjustment to the depreciation expense from 1 January 2014.

New and amended accounting standards and interpretations

In the current year, the Group has adopted all of the new and revised Standards and interpretations issued by the Australian Accounting Standards Board effective as of 30 June 2014, including:

2.3 Changes in accounting policy, accounting standards and interpretations (continued)

AASB 10 Consolidated Financial Statements

AASB 10 establishes a new control model that applies to all entities. It replaces parts of AASB 127 Consolidated and Separate Financial Statements dealing with the accounting for consolidated financial statements and UIG-112 Consolidation - Special Purpose Entities.

The new control model broadens the situations when an entity is considered to be controlled by another entity and includes new guidance for applying the model to specific situations, including when acting as a manager may give control, the impact of potential voting rights and when holding less than a majority voting rights may give control.

Consequential amendments were also made to this and other standards via AASB 2011-7 and AASB 2012-10.

AASB 11 Joint Arrangements

AASB 11 replaces AASB 131 Interests in Joint Ventures and UIG-113 Jointly-controlled Entities - Non-monetary Contributions by Ventures.

AASB 11 uses the principle of control in AASB 10 to define joint control, and therefore the determination of whether joint control exists may change. In addition it removes the option to account for jointly controlled entities (JCEs) using proportionate consolidation. Instead, accounting for a joint arrangement is dependent on the nature of the rights and obligations arising from the arrangement. Joint operations that give the venturers a right to the underlying assets and obligations themselves is accounted for by recognising the share of those assets and obligations. Joint ventures that give the venturers a right to the net assets is accounted for using the equity method.

Consequential amendments were also made to this and other standards via AASB 2011-7, AASB 2010-10 and amendments to AASB 128. Amendments made by the IASB in May 2014 add guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business.

AASB 12 Disclosures of Interests in Other Entities

AASB 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates, structured entities and subsidiaries with non-controlling interests.

AASB 13 Fair Value Measurement

AASB 13 establishes a single source of guidance for determining the fair value of assets and liabilities. AASB 13 does not change when an entity is required to use fair value, but rather, provides guidance on how to determine fair value when fair value is required or permitted. Application of this definition may result in different fair values being determined for the relevant assets.

AASB 13 also expands the disclosure requirements for all assets or liabilities carried at fair value. This includes information about the assumptions made and the qualitative impact of those assumptions on the fair value determined.

Consequential amendments were also made to other standards via AASB 2011-8.

AASB 119 Employee Benefits

The revised standard changes the definition of short-term employment benefits. The distinction between short-term and other long-term employee benefits is now based on whether the benefits are expected to be settled wholly within 12 months after the reporting date.

Consequential amendments were also made to other standards via AASB 2011-10.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

This amendment deletes from AASB 124 individual key management personnel disclosure requirements for disclosing entities that are not companies. It also removes the individual KMP disclosure requirements for all disclosing entities in relation to equity holdings, loans and other related party transactions.

The adoption of the above amendments resulted in changes to presentation and disclosures, but had no material impact on the financial position or financial performance of the Group.

Accounting standards and interpretations issued but not yet effective

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the Group for the annual reporting period ended 30 June 2014. The impact of the relevant standards and interpretations outlined below has not yet been determined.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities

Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

AASB 2012-3 adds application guidance to AASB 132 Financial Instruments: Presentation to address inconsistencies identified in applying some of the offsetting criteria of AASB 132, including clarifying the meaning of "currently has a legally enforceable right to set-off" and that some gross settlement systems may be considered equivalent to net settlement.

Interpretation 21 Levies

Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

This Interpretation confirms that a liability to pay a levy is only recognised when the activity that triggers the payment occurs. Applying the going concern assumption does not create a constructive obligation.

AASB 9 Financial Instruments

Application date of standard - 1 January 2018. Application date for Group - 1 July 2018.

AASB 9 includes requirements for the classification and measurement of financial assets. It was further amended by AASB 2010-7 to reflect amendments to the accounting for financial liabilities.

These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139. The main changes are described below.

(a) Financial assets that are debt instruments will be classified on (1) the objective of the entity's business model for managing the financial assets; (2) the characteristics of the contractual cash flows.

(b) Allows an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit or loss and there is no impairment or recycling on disposal of the instrument.

(c) Financial assets can be designated and measured at fair value through profit or loss at initial recognition if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities, or recognising the gains and losses on them, on different bases.

(d) Where the fair value option is used for financial liabilities the change in fair value is to be accounted for as follows:

• the change attributable to changes in credit risk are presented in other comprehensive income (OCI);

• the remaining change is presented in profit or loss.

If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.

Further amendments were made by AASB 2012-6 which amends the mandatory effective date to annual reporting periods beginning on or after 1 January 2015. AASB 2012-6 also modifies the relief from restarting prior periods by amending AASB 7 to require additional disclosures on transition to AASB 9 in some circumstances.

Consequential amendments were also made to other standards as a result of AASB 9, introduced by AASB 2009-11 and superseded by AASB 2010-7 and 2010-10.

The AASB issued a revised version of AASB 9 (AASB 2013-9) during December 2013. The revised standard incorporates three primary changes:

1. New hedge accounting requirements including changes to hedge effectiveness testing, treatment of hedging costs, risk components that can be hedged and disclosures.
2. Entities may elect to apply only the accounting for gains and losses from own credit risk without applying the other requirements of AASB 9 at the same time.
3. In February 2014, the IASB tentatively decided that the mandatory effective date for AASB 9 will be 1 January 2018.

<u>AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets</u>

Applicable date of standard - 1 January 2014. Application date for Group - 1 July 2014

AASB 2013-3 amends the disclosure requirements in AASB 136 Impairment of Assets. The amendments include the requirement to disclose the additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposal.

<u>AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting [AASB 139]</u>

Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

AASB 2013-4 amends AASB 139 to permit the continuation of hedge accounting in specified circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations.

<u>AASB 1031 Materiality</u>

Application date of standard - 1 January 2014. Application date of Group - 1 July 2014.

The revised AASB 1031 is an interim standard that cross-references to other Standards and the Framework (issued December 2013) that contain guidance on materiality.

AASB 1031 will be withdrawn when references to AASB 1031 in all Standards and Interpretations have been removed.

<u>AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments</u>

The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.

Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.

Application date of standard - 20 December 2013. Application date for Group - 30 June 2014.

Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.

Application date of standard - 1 January 2014. Application date for Group - 1 July 2014.

Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

Application date of standard - 1 January 2015. Application date for Group - 1 July 2015.

Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)*

Application date of standard - 1 January 2016. Application date for Group - 1 July 2016.

IAS 16 and IAS 38 both establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset.

The IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

The IASB also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. This presumption, however, can be rebutted in certain limited circumstances.

IFRS 15 Revenue from Contracts with Customers*

Application date of standard - 1 January 2017. Application date for Group - 1 July 2017.

IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers.

IFRS 15 supersedes:

(a) IAS 11 Construction Contracts

(b) IAS 18 Revenue

(c) IFRIC 13 Customer Loyalty Programmes

(d) IFRIC 15 Agreements for the Construction of Real Estate

(e) IFRIC 18 Transfers of Assets from Customers

(f) SIC-31 Revenue - Barter Transactions Involving Advertising Services

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps:

(a) Step 1: Identify the contract(s) with a customer

(b) Step 2: Identify the performance obligations in the contract

(c) Step 3: Determine the transaction price

(d) Step 4: Allocate the transaction price to the performance obligations in the contract

(e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Early application of this standard is permitted.

*These IFRS amendments have not yet been adopted by the AASB.

(a) Principles of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 30 June 2014. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date of the Group gains control until the date of the Group ceases to control the subsidiary.

In preparing the consolidated financial statements, all intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- De-recognises the assets (including goodwill) and liabilities of the subsidiary;
- De-recognises the carrying amount of any non-controlling interests;
- De-recognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises the surplus or deficit in profit or loss;
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

(b) Investment in associates and joint arrangements

The Group has interests in joint arrangements that are joint operations. A joint operation is a type of joint arrangement whereby the parties have a contractual agreement to undertake an economic activity that is subject to joint control. A joint operation involves use of assets and other resources of the ventures rather than the establishment of a separate entity. The Group recognises its interests in the joint operations by recognising its interests in the assets and liabilities of the joint operation, including its share of any assets held and liabilities incurred jointly. The Group also recognises the expenses that it incurs and its share of the income that it earns from the sale of goods and services by the joint operations, including any expenses incurred and revenue received jointly. Details relating to the joint operations are set out in note 31.

(c) Segment reporting

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 relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the board of directors.

Operating segments have been identified based on the information provided to the chief operating decision makers being the executive management team and the Board.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where the information about the segment would be useful to users of the financial statements.

Information about other business activities and operating segments that are below the quantitative criteria are combined and disclosed in a separate category for "all other segments".

(d) Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction.

(e) Revenue

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Construction contracting

Contract revenue and expenses are recognised in accordance with the percentage of completion method unless the outcome of the contract cannot be reliably estimated. Where it is probable that a loss will arise from a construction contract, the excess of total expected contract costs over total expected contract revenue is recognised as an expense immediately.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

For fixed price contracts, the stage of completion is measured by reference to the proportion of the contract work physically performed for each contract. Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred during the reporting period plus the percentage of fees earned. The percentage of fees earned is measured by the proportion that costs incurred to date bear to the estimated total costs of the contract.

Claims and variations are only recognised when they are considered certain of recovery if negotiations have reached an advanced stage or the customer has agreed or approved the claim.

(ii) Mining contracting

Mining services revenue is recognised when the services are provided by reference to the stage of completion of the service rendered at the end of the reporting period.

(iii) Hire of equipment

Revenue is recognised for hire of equipment over the contract period.

(iv) Sale of land

Revenue and profits from the sale of blocks from completed stages of land subdivisions are recognised on settlement of the sale. This represents the point when risks and rewards have passed to the buyer.

(v) Interest income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

(vi) Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated 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 substantially 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 are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to 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.

Current and deferred tax balances attributable to the amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Brierty Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, Brierty Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Brierty Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 9.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(g) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement at inception date, whether fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(i) Group as a lessee

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an operating expense in the statement of comprehensive income on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

(ii) Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(h) Business combinations

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition - date fair values of the asset transferred by the acquirer, the liabilities incurred by the acquirer to the former owners of the acquiree and the equity issued by the acquirer, and the amount of any non controlling interest in the acquiree. For each business combination, the acquirer measures the non controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured at fair value as at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with AASB 139 either in profit or loss or in other comprehensive income. If the contingent consideration is classified as equity, it shall not be remeasured.

(i) Impairment of non-financial assets

The Group does not currently have goodwill and intangible assets. Accordingly all relevant assets are tested for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the consolidated statement of financial position.

(k) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is 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.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive income within 'other expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against other expenses in the statement of comprehensive income.

(l) Inventories

(i) Fuel, spares and major components

Stock of fuel, spares and major components are stated at the lower of cost and net realisable value. Cost of fuel and spares comprises purchase cost determined after deducting rebates and discounts and assigned on a first in, first out basis. The cost of major components can include direct materials, direct labour. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(ii) Construction work in progress

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised costs and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

(iii) Land held for resale

Land held for development and resale is stated at the lower of cost and net realisable value. Cost includes the cost of acquisition, development and borrowing costs during development. When development is completed, borrowing costs and other holding charges are expensed as incurred.

Borrowing costs included in the cost of land held for resale are those costs that would have been avoided if the expenditure on the acquisition and development of the land had not been made. Borrowing costs incurred while active development is interrupted for extended periods are recognised as expenses.

(m) Property, plant and equipment

Plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount, 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. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the reporting period in which they are incurred.

Depreciation is calculated using either a unit of production method based on the total available number of machine hours or the diminishing value basis over the estimated useful lives of the specific assets.

	2014	2013
Major Plant & Equipment	Hours of Production	3 - 9 years
Minor Plant & Equipment	3 - 9 years	3 - 9 years
Motor Vehicles	4 - 5 years	4 - 5 years
Office Furniture & Fittings	1 - 9 years	1 - 9 years

From 1 January 2014, the Group changed its depreciation method for major plant and equipment from the diminishing value method to a unit of production based on total available machine hours. The impact of this change in estimate is set out in note 2.3.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

(n) Trade and other payables

Trade and other payables are carried at amortised cost due to their short term nature. These amounts represent liabilities for goods and services provided to the group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 45 days of recognition.

(o) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

(p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs are capitalised at a rate of 6.5%.

(q) Provisions

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been 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 in 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 measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as a finance cost.

(r) Employee benefits

(i) Wages and salaries, annual leave and productivity payments

Liabilities for wages and salaries, including non-monetary benefits, annual leave and site specific productivity payments expected to be settled within 12 months of the reporting date are recognised in other payables 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. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable. In determining employee benefits the Group has considered the likelihood of annual leave extending beyond 12 months in accordance with AASB 119R.

(ii) 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 using the projected unit credit method. 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 national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to employees via the Brierty Limited Employee Option Plan, long term incentive plan and an employee share scheme. Information relating to these schemes is set out in note 37.

The fair value of options granted under the Group's Option Plan is recognised as an employee benefits expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Binomial model that takes into account the exercise price, the term of the option, the impact of dilution, 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 options granted is adjusted to reflect market vesting conditions, but excludes the impact of non market vesting conditions (for example, profitability and sales growth targets). 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 revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The fair value of shares granted is based on the market price of Brierty's securities at the date of grant.

(s) Contributed equity

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

(t) Dividends

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

(u) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(v) 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 with 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 flows.

3 Financial risk management

The Group's principal financial instruments comprise cash and cash deposits, receivables, payables, bank overdrafts and hire purchase liabilities.

Exposure to credit, interest rate and currency risks arise in the normal course of the Group's business. The Group's policy and objectives remain unchanged from prior years.

Primarily, the Group aims to ensure that financial security is maintained and capital availability is appropriate to all stakeholders. In this respect debt borrowings are driven by balancing cash, short term borrowings and longer term capital financing of the entity.

The Group's key management personnel report to the Risk & Compliance Committee and Board regularly on the progress and objectives of the risk and the associated corporate governance policy objectives. The Group aims to reduce risk where commercially possible. In this regard, the risk management covers at least the risks associated with market, liquidity and credit activity.

The Group held the following financial assets and liabilities at balance date:

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Financial assets		
Cash and cash equivalents	**27,179,608**	13,486,334
Trade and other receivables	**23,524,424**	46,254,132
	50,704,032	59,740,466
Financial liabilities		
Trade and other payables	**33,086,308**	50,780,480
Borrowings	**28,225,610**	36,515,464
	61,311,918	87,295,944
Gross amounts due from customers		
Construction work in progress	**861,677**	11,089,330
	861,677	11,089,330

(a) Market risk

(i) Foreign exchange risk

The Group has occasional exposure to foreign exchange and currency exposure by virtue of the purchase price of new capital equipment being denominated in overseas currency. Where possible, the Group may seek to limit this risk by fixing the exchange rate at the time of placing the order, by entering into a forward foreign exchange contract.

At the end of June 2014 the Group had a commitment to purchase a new excavator that included a component denominated in Euros worth 2.4 million. This amount was not hedged and was subject to fluctuations in the AUD-Euro rate until settlement. This was settled at the end of July 2014.

There were no foreign currency balances at the end of the financial year.

Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

(ii) Interest rate risk management

The Group employs a mixture of fixed and variable borrowings to manage both cash and long term capital purchases. This risk is managed by utilising fixed hire purchase contracts predominantly for capital purchases. It provides a fixed result with little risk of change.

The Group does not enter into any specific swap or hedges to cover any interest rate volatility. Predominantly, the only interest rate exposure on financial liabilities is on the bank overdraft (when utilised). In management's opinion however, Australia is experiencing a relatively low interest rate environment with an expectation of only moderate increases or decreases in the next 12 months and therefore a sensitivity of 0.5% has been applied. Interest rate risks are considered manageable.

The impact of a 0.5% (2013: 1%) increase or decrease in interest rate on cash deposit (being the only financial assets subject to Australian variable interest rate risk) would be a profit and equity increase or decrease of approximately $135,898 per annum (2013: $134,863).

	30 June 2014		30 June 2013	
	Weighted average	**Balance**	Weighted average	Balance
	Interest rate	**$**	Interest rate	$
Cash Balance	**2.50 %**	**27,179,608**	2.75 %	13,486,334
Bank Overdraft	**8.00 %**	**0**	10.23 %	0

(b) Credit risk

Trading terms for customers is typically an average of 30 days and it is considered normal to have receivables paid within 60 day terms. Cash retentions held for performance guarantees are generally held for up to 12 months from practical completion. Revenue is generally only recorded once the claim has been approved by the client. These amounts form a portion of current receivables.

Where terms are exceeded interest can be charged on late payments. Management follow a strict credit policy as part of day to day cash flow management. The credit worthiness of customers is considered at contract negotiation stage.

The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in note 11 trade and other receivables, and note 12 contracts in progress.

Management ensures concentration of credit risk is managed by having a wide variety of customers so no one customer has a material impact on outstanding receivables.

Cash is held with recognised financial institutions which management believes appropriately manages the credit risk of these assets.

(c) Liquidity risk

Cash is monitored daily and ensures the Group will be able to pay its debts as and when they fall due. Borrowings form part of this. However, operating cash flows are primarily used to cater for general day to day costs. Cash flows will also include dividend and tax disbursements as required. Asset purchases for long term use are generally placed under hire purchase, fixed rate payment cycles. This provides a good risk profile and generally terms do not exceed 5 years.

The Group's banker imposes certain debt covenants relating to gearing (gearing ratios at year end are detailed in Note 24). The Board discuss with management its capital requirements and borrowings to date. This is aimed at balancing the needs of all stakeholders and providing sufficient capital needs for meeting contractual obligations and driving strategic growth.

The following summary of effective interest rates and maturities on financial liabilities is provided:

Maturity analysis of financial liabilities based on contractual terms

	Less than 6 months	**6 - 12 months**	**Between 1 and 5 years**	**Over 5 years**
2014 Financial Liabilities	**$**	**$**	**$**	**$**
Trade payables	**33,086,308**	**-**	**-**	**-**
Hire purchase liabilities	**6,180,363**	**5,838,179**	**18,850,804**	**-**
Total	**39,266,671**	**5,838,179**	**18,850,804**	**-**

	Less than 6 months	**6 - 12 months**	**Between 1 and 5 years**	**Over 5 years**
2013 Financial Liabilities	**$**	**$**	**$**	**$**
Trade payables	50,780,480	-	-	-
Hire purchase liabilities	6,545,501	6,151,692	28,442,878	-
Total	57,325,981	6,151,692	28,442,878	-

(d) Fair value measurements

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value heirachy, described as follows, based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable;
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The methods for estimating fair value are outlined in the relevant notes to the financial statements. The carrying amounts continue to approximate their fair values except for the hire purchase liabilities which have a carrying value of $28,225,610 and a fair value of $29,760,661.

All financial assets and liabilities are payable within a year with the exception of retentions and hire purchase liabilities which are payable in accordance with the disclosures set out in Note 33.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Income taxes

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

(ii) Estimation of Useful Lives of Assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturer's warranties for plant and equipment, lease terms for leased equipment and turnover policies for motor vehicles. In addition the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(iii) Recovery of Deferred Tax Assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

(iv) Impairment

The Group carries no goodwill and all assets are depreciated using units of production or the diminishing value method. The Group assesses at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, the Group estimates the assets recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less cost to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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.

(iv) Impairment (continued)

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

(v) Share based payment transactions

The Group measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined with the assistance of an external valuer using a binomial model. The related assumptions are detailed in note 37. The accounting estimates and assumptions relating to equity settled share based payments would have no impact on the carrying amount of assets and liabilities within the next annual reporting period but may impact expenses and equity.

5 Segment information

(a) Description of 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 makers) in assessing performance and in determining the allocation of resources.

The operating segments are identified by management based on the nature of the services provided. Discrete financial information about each of these operating businesses is reported to the executive management team on at least a monthly basis.

Reportable segments

The entity is organised into the following divisions by project type.

Civil

Civil infrastructure works for mines, energy, utilities and pipelines and residential lot developments, urban and regional roads, highways, rail, port and airport infrastructure.

Mining

Contract mining and mine maintenance.

Land Development

Residential lot development in Palmerston, Northern Territory.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. Inter-segment revenues are eliminated upon consolidation and reflected in the adjustments and elimination rows.

(b) Segment information provided to the Chief Operating Decision Maker

	Civil	Mining	Land Development	Total Operations
Consolidated entity 2014	**$**	**$**	**$**	**$**
Segment revenue				
Sales to external customers	127,125,775	105,910,828	14,384,765	247,421,368
Intersegment transactions	6,322,848	-	-	6,322,848
Intersegment elimination	-	-	-	(6,322,848)
Unallocated revenue	-	-	-	3,662,835
Total contract revenue	**133,448,623**	**105,910,828**	**14,384,765**	**251,084,203**
Segment result	7,443,305	10,609,436	(360,599)	17,692,142
Over/(under) recovery of plant and workshop expenses	-	-	-	4,533,615
Administration overheads	-	-	-	(9,928,335)
Other Income	-	-	-	573,451
Profit before income tax	-	-	-	12,870,873
Segment assets	**19,885,504**	**3,776,630**	**10,425,381**	**34,087,515**
Cash	-	-	-	27,179,608
Inventories of materials and spares	-	-	-	8,056,376
Property plant and equipment	-	-	-	55,574,094
Other unallocated assets	-	-	-	2,756,545
Total assets	**-**	**-**	**-**	**127,654,138**
Unallocated liabilities	-	-	-	68,522,555
Total liabilities	**-**	**-**	**-**	**68,522,555**

	Civil	Mining	Land Development	Total Operations
Consolidated entity 2013	**$**	**$**	**$**	$
Segment revenue				
Sales to external customers	162,717,463	84,955,429	44,690,575	292,363,467
Intersegment transactions	16,967,787	-	-	16,967,787
Intersegment elimination	-	-	-	(16,967,787)
Unallocated revenue	-	-	-	52,674
Total contract revenue	**179,685,250**	**84,955,429**	**44,690,575**	**292,416,141**
Segment result	18,562,811	3,920,246	2,873,752	25,356,809
Over/(under) recovery of plant and workshop expenses	-	-	-	2,694,314
Administration overheads	-	-	-	(13,812,406)
Other Income	-	-	-	402,549
Profit before income tax	-	-	-	14,641,266
Segment assets	**41,028,719**	**16,618,998**	**10,738,964**	**68,386,681**
Cash	-	-	-	13,486,334
Inventories of materials and spares	-	-	-	5,415,250
Property plant and equipment	-	-	-	62,735,359
Other unallocated assets	-	-	-	1,330,826
Total assets	**-**	**-**	**-**	**151,354,450**
Unallocated liabilities	-	-	-	98,839,375
Total liabilities	**-**	**-**	**-**	**98,839,375**

Due to the nature of the Group's internal reporting system, some income and expenses are not allocated to reportable segments and as such are included as unallocated net income/(expenses). These include:

- Corporate overheads
- Over/under recovery of plant workshop expenses
- Other income

The Group allocates land held for development and accounts receivable to segments. However, the Group does not allocate other assets (including plant and equipment), liabilities and cash flows as they cannot be considered directly attributable to a segment based on the use of a centralised pool of employees, plant and equipment and centralised management processes for liabilities and cash flows.

The Group has a pool of assets that it uses across the different segments. Depreciation expense is charged to the pool and this depreciation is recovered from the segments via internal plant charges. Therefore, depreciation is included in the segment results, however, the pool of assets remains unallocated.

The Group has a number of customers to which it provides both products and services. The most significant client accounts for 42% with all other customers below 10% (2013: two customers above 10% at 26% and 25% respectively) of external revenue.

All revenue is from customers located in Australia and all non-current assets are located in Australia.

(i) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 2 with the exception of over/under recovery of plant and workshop expenses, which are allocated on a budgeting basis.

Certain costs including plant and workshop expenses are allocated to contracts within divisions and are included in cost of sales based on a budgeting basis. The assets and liabilities to which these costs relate are not allocated. Over/under recovery of plant and workshop expenses (actual compared to budget) is not allocated to segments.

6 Revenue

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
From continuing operations		
Contract Revenue	**236,095,179**	247,672,892
Hire of Equipment	**604,259**	52,675
Sale of Land	**14,384,765**	44,690,575
	251,084,203	292,416,142

7 Other income

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Net gain on disposal of property, plant and equipment	**174,346**	(1,603)
Recoveries	**92,549**	248,357
Interest received and other revenue	**306,556**	155,794
	573,451	402,548

8 Expenses

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Cost of services and sales		
Cost of providing services	**202,938,716**	213,464,226
Costs of land sales Bellamack	**14,745,363**	41,372,914
	217,684,079	254,837,140
Profit before income tax includes the following specific expenses:		
Depreciation		
Administration plant and equipment	**836,218**	512,265
Operational plant and equipment	**9,475,495**	12,074,433
	10,311,713	12,586,698
Employee benefits expenses		
Wages and salaries	**54,848,878**	67,144,074
Superannuation	**3,733,682**	4,247,758
Share based payments	**34,803**	21,984
	58,617,363	71,413,816
Finance costs		
Interest and finance charges payable under the hire purchase contracts	**2,410,239**	2,711,157
Bank facility fees	**398,855**	464,492
Bank overdraft interest	**3,709**	187,089
Finance costs expensed	**2,812,803**	3,362,738
Rental expense relating to operating leases		
Minimum lease payments	**2,993,103**	1,372,410
	2,993,103	1,372,410
Impairment		
(Reversal of impairment)/Impairment of inventories included in cost of sales	**-**	(122,313)
	-	(122,313)

9 Income tax expense

(a) Income tax expense

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
The major components of income tax expenses are:		
Current tax	**3,212,394**	2,222,682
Adjustments for current tax of prior periods	**(882,286)**	19,142
Deferred tax - origination and reversal of temporary differences	**659,060**	2,188,293
	2,989,168	4,430,117

(b) Reconciliation between aggregate tax expense recognised in the statement of comprehensive income and tax expense calculated at the statutory income tax rate

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Profit from continuing operations before income tax expense	**12,870,873**	14,641,266
Tax at the Australian tax rate of 30% (2012 - 30%)	**3,861,262**	4,392,380
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Employee share-based payment costs	**10,441**	6,595
Entertainment	**38,782**	12,000
Other	**(39,031)**	-
	3,871,454	4,410,975
Adjustments for current tax of prior periods	**(882,286)**	19,142
Income tax expense	**2,989,168**	4,430,117

(c) Amounts charged or credited directly in equity

There is no deferred income tax in the current or prior year related to items charged directly to equity.

(d) Tax consolidation legislation

Brierty Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation. The accounting policy in relation to this legislation is set out in note 2(f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Brierty Limited.

(d) Tax consolidation legislation (continued)

The entities have also entered into a tax funding agreement under which the wholly owned entity fully compensate Brierty Limited for any current tax payable assumed and is compensated by Brierty Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Brierty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entity financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as current intercompany receivables or payables (see note 31).

(e) Unrecognised temporary differences

At 30 June 2014, there are no unrecognised temporary differences.

10 Current assets - Cash and cash equivalents

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Cash at bank and in hand	27,179,608	4,586,334
Deposits at call	-	8,900,000
	27,179,608	13,486,334

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Balances as above	27,179,608	13,486,334

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 3. The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

(c) Cash at bank and on hand

The credit deposits accrue interest rates of 2.50% (2013: 2.75%).

(d) Fair value

The carrying amount for cash and cash equivalents equals the fair value.

11 Current assets - Trade and other receivables

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Trade receivables	22,572,802	43,627,168
Retentions	321,055	1,531,796
Sundry debtors	630,567	1,095,168
	23,524,424	46,254,132

(a) Past due but not impaired

As of 30 June 2014, trade receivables of $452,111 (2013: $126,712) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default, the credit quality is considered high and full payment is either expected or since received. The ageing analysis of these trade receivables is as follows:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Up to 3 months	**175,522**	858
3 to 6 months	**276,589**	125,854
	452,111	126,712

(b) Retentions

These amounts arise as part of the usual operating activities of the Group. There are no amounts past due or impaired at year end.

(c) Sundry debtors

These amounts arise from transactions outside the usual operating activities of the company. At year end they do not contain impaired assets and are not past due. It is expected that these balances will be recovered when due.

(d) Foreign exchange and interest rate risk

The Group has no exposure to foreign currency risk and interest rate risk in relation to trade and other receivables.

(e) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

The credit quality of a client is assessed based on an extensive credit check, and where the Group believes a client may pose a credit risk, the client is asked to provide some form of surety as a guarantee. As at 30 June 2014, all trade debtors, other than those past due but not impaired, are current.

12 Current assets - Contracts in progress and inventories

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Construction work in progress	**861,677**	11,089,330
Inventories of materials and spares - at cost	**8,056,376**	5,415,250
	8,918,053	16,504,580

(a) Construction work in progress

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Contract costs incurred and recognised profits less recognised losses	**64,972,288**	222,705,489
Less progress billing	**(67,127,595)**	(216,134,649)
	(2,155,307)	6,570,840
Represented by:		
Amounts due from customers	**861,677**	11,089,330
Amounts due to customers	**(3,016,984)**	(4,518,490)
	(2,155,307)	6,570,840

Construction work in progress is expected to be recovered when due. These relate to a number of independent customers for whom there is no recent history of default, the credit quality is considered high and full payment is either expected or since received.

Inventories of materials and spares include major component spares totaling $2,126,466 (2013: $1,509,359) that are measured at Net Realisable Value. All other inventories are measured at cost.

13 Current assets - Current tax receivables

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Current tax receivables	**996,224**	-

14 Current assets - Land held for Development

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Land held for development and resale	**10,425,381**	10,738,964

(a) Total land held for development (current and non-current)

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
At beginning of year	**10,738,964**	17,912,095
Additions	**14,431,780**	34,199,783
Less Sales	**(14,745,363)**	(41,372,914)
	10,425,381	10,738,964
Disclosed as:		
Current	**10,425,381**	10,738,964

(b) Property held for development and resale

Title on the residential housing blocks transfer from the Crown to the Group prior to Settlement of lots of land.

15 Non-current assets - Property, plant and equipment

	Plant and equipment	Office furniture and equipment	Motor vehicles	Total
Consolidated entity	**$**	**$**	**$**	**$**
Year ended 30 June 2013				
Opening net book amount	50,929,651	1,929,142	1,155,535	54,014,328
Additions	21,663,887	1,274,160	12,729	22,950,776
Disposals	(1,489,012)	(76,284)	(77,751)	(1,643,047)
Depreciation charge	(11,795,612)	(512,265)	(278,821)	(12,586,698)
Closing net book amount	59,308,914	2,614,753	811,692	62,735,359
At 30 June 2013				
Cost or fair value	106,769,553	3,926,791	2,492,156	113,188,500
Accumulated depreciation	(47,460,639)	(1,312,038)	(1,680,464)	(50,453,141)
Net book amount	59,308,914	2,614,753	811,692	62,735,359
Consolidated entity				
Year ended 30 June 2014				
Opening net book amount	**59,308,914**	**2,614,753**	**811,692**	**62,735,359**
Additions	**3,732,117**	**84,059**	**-**	**3,816,176**
Disposals	**(579,110)**	**-**	**(86,618)**	**(665,728)**
Depreciation charge	**(9,264,476)**	**(836,218)**	**(211,019)**	**(10,311,713)**
Closing net book amount	**53,197,445**	**1,862,594**	**514,055**	**55,574,094**
At 30 June 2014				
Cost	**107,024,916**	**3,989,148**	**2,095,899**	**113,109,963**
Accumulated depreciation	**(53,827,471)**	**(2,126,554)**	**(1,581,844)**	**(57,535,869)**
Net book amount	**53,197,445**	**1,862,594**	**514,055**	**55,574,094**

Refer to note 18 and 21 for details of asset encumbrances.

16 Non-current assets - Deferred tax assets

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
The balance comprises temporary differences attributable to:		
Annual Leave	**584,103**	759,071
Long Service Leave	**182,953**	247,443
Productivity	**20,033**	146,372
Accrued bonuses	**169,500**	-
Capital costs	**129,490**	-
Accrued audit fee	**20,879**	15,000
Unpaid superannuation	**80,202**	80,434
Prepayments	**14,836**	-
Borrowing costs	**21,868**	-
Contract accruals	**-**	63,300
	1,223,864	1,311,620
Set-off of deferred tax liabilities (note 22)	**(1,223,864)**	(1,311,620)
Net deferred tax assets	**-**	-

17 Current liabilities - Trade and other payables

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Trade payables	**23,310,757**	46,595,687
Accrued expenses	**8,810,810**	2,557,281
Insurance - Premium Funding	**964,741**	1,627,512
	33,086,308	50,780,480

(a) Fair Value

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value.

18 Current liabilities - Borrowings

	Consolidated entity Year ended	
	30 June 2013	30 June 2012
	$	$
Secured		
Lease liabilities (note 33)	**10,384,294**	10,496,923

(a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 21.

(b) Loans from related parties

During the year, there were no loans from related parties.

19 Current liabilities - Provisions

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Employee Benefits		
Long service leave (a)	**382,873**	226,196
Annual leave	**1,947,009**	2,530,235
Productivity payment	**1,479**	487,906
Other provisions	**65,296**	-
	2,396,657	3,244,337

20 Current liabilities - Current tax liabilities

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Income tax	**-**	1,845,807

21 Non-current liabilities - Borrowings

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Secured		
HP liabilities (note 33)	**17,841,316**	26,018,541

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Hire purchase liabilities	**28,225,610**	36,515,464

The hire purchase liabilities are secured by the assets under finance and in the event of default, the asset reverts to the finance company. Details of the assets pledged as security are as follows:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Current		
Floating charge		
Cash and cash equivalents	**27,179,608**	13,486,334
Receivables	**23,524,424**	46,254,132
Other	**21,376,012**	28,878,625
Total current assets pledged as security	**72,080,044**	88,619,091
Non-current		
Finance lease		
Plant and equipment	**49,943,846**	41,488,855
Floating charge		
Plant and equipment	**5,630,248**	21,246,504
Total non-current assets pledged as security	**55,574,094**	62,735,359
Total assets pledged as security	**127,654,138**	151,354,450

(b) Interest rate risk exposures

The Group's exposure to interest rate risk, including the contractual re-pricing dates and the effective weighted average interest rate by maturity periods is explained in note 3(a).

Exposures arise predominantly from liabilities bearing variable interest rates.

(c) Financing arrangements

The Group had access to the following borrowing facilities at the reporting date:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Floating rate		
- expiring within one year (bank overdraft)	**20,000,000**	15,000,000
Used at balance date		
Bank overdrafts	**11,586,696**	4,176,461

The bank overdraft facilities are repayable on demand, subject to annual review and can be cancelled by the bank. Refer to note 30 for more detail.

(d) Fair value

The carrying amounts and fair values of borrowings at the end of the reporting period are:

	2014		2013	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Consolidated entity	**$**	**$**	$	$
On-balance sheet				
Non-traded financial liabilities				
Hire purchase liabilities	**28,225,610**	**29,760,661**	36,515,464	38,888,475

Interest rates used to discount estimated cash flows of borrowings to arrive at the fair value of borrowings, are based on current rates available in the market, and were assessed to be 5.44% (2013: 6.50%). The HP liabilities have been classified as level 2 within the fair value heirachy.

22 Non-current liabilities - Deferred tax liabilities

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
The balance comprises temporary differences attributable to:		
Property, plant and equipment	**2,265,520**	1,335,214
Stock of parts - materials	**372,864**	585,867
Workers compensation prepaid	**84,965**	488,244
Diesel fuel rebate	**70,540**	238,478
Total deferred tax liabilities	**2,793,889**	2,647,803
Set-off of deferred tax assets pursuant to set-off provisions (note 16)	**(1,223,864)**	(1,311,620)
Net deferred tax liabilities	**1,570,025**	1,336,183

23 Non-current liabilities - Provisions

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Employee benefits - long service leave	**226,971**	598,614

24 Contributed equity

(a) Share capital

	30 June 2014	30 June 2013	30 June 2014	30 June 2013
	Shares	Shares	**$**	$
Ordinary shares				
Ordinary shares - fully paid	**110,000,000**	110,000,000	**29,170,572**	29,170,572
	110,000,000	110,000,000	**29,170,572**	29,170,572

(b) Ordinary shares

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(c) Capital risk management

When managing capital, management's objective is to ensure the Group continues as a going concern as well as to maintain returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Management monitor capital through the gearing ratio (net debt/total capital). Current gearing ratios are considered acceptable. The gearing ratios at 30 June 2014 and 30 June 2013 were as follows:

		Consolidated entity Year ended	
	Notes	30 June 2014	30 June 2013
		$	$
Total borrowings		**28,225,610**	36,515,464
Less: cash and cash equivalents	10	**(27,179,608)**	(13,486,334)
Net debt		**1,046,002**	23,029,130
Total equity		**59,131,583**	52,515,075
Total capital		**60,177,585**	75,544,205
Gearing ratio		**2%**	30%

25 Other reserves and retained earnings

(a) Other reserves

	Notes	Consolidated entity Year ended 30 June 2014	30 June 2013
		$	$
Share-based payments		**338,982**	304,179
Movements:			
Share-based payments			
Opening balance		**304,179**	282,195
Share based payments	37	**34,803**	21,984
Balance 30 June		**338,982**	304,179

(b) Retained earnings

Movements in retained earnings were as follows:

	Consolidated entity Year ended 30 June 2014	30 June 2013
	$	$
Opening retained earnings	**23,040,324**	16,129,175
Net profit for the period	**9,881,705**	10,211,149
Dividends	**(3,300,000)**	(3,300,000)
Closing retained earnings	**29,622,029**	23,040,324

(c) Nature and purpose of other reserves

(i) Share-based payments reserve

The share-based payments reserve is used to recognise the grant date fair value of options issued to employees but not exercised.

26 Subsidiaries

(a) Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following principal subsidiaries in accordance with the accounting policy described in note 2(a):

	Country of incorporation	Class of shares	Equity holding 2014 %	2013 %
Controlled entities				
Bellamack Pty Ltd	Australia	Ordinary	**100**	100
Brierty International Pty Ltd	Australia	Ordinary	**100**	-

Brierty International Pty Ltd was incorporated during the financial year for the purpose of pursuing overseas activities in the future. The entity was dormant during the year.

27 Dividends

(a) Dividends paid and proposed

Declared and paid during the year:

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Final dividend for the year ended 30 June 2013 (as recommended in the 2013 financial report) of 1.75 cents (2012: 1.75 cents) per share, fully franked on tax paid @ 30%:	**1,925,000**	1,925,000
Interim dividend for the year ended 30 June 2014 of 1.25 cents (2013: 1.25 cents) per share, fully franked on tax paid @ 30%:	**1,375,000**	1,375,000
	3,300,000	3,300,000
Proposed final dividend (not recognised as a liability at 30 June 2014):		
Final dividend for the year ended 30 June 2014 of 2.0 cents (2013: 1.75 cents) per share	**1,925,000**	1,925,000

(b) Franked dividends

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Franking account balance at the end of the financial year at 30% (2013: 30%)	**11,123,565**	6,939,690
Franking credits that will arise from the payment of income tax payable as at the end of the financial year	**309,783**	1,845,807
Franking debits that will arise from the payment of dividends as at the end of the financial year	**825,000**	577,500
Franking credits that will arise from the receipt of dividends as at the end of the financial year	-	-
	10,608,348	8,207,997

(c) Tax rates

The rate at which paid dividends have been franked is 30% (2013: 30%).

28 Key management personnel disclosures

(a) Key management personnel compensation

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Short-term employee benefits	**2,834,270**	2,515,297
Post-employment benefits	**120,385**	149,413
Long-term benefits	**25,343**	30,411
Share-based payments	**104,270**	21,984
	3,084,268	2,717,105

Detailed remuneration disclosures are provided in the remuneration report on pages 28 to 38.

(b) Other transactions with key management personnel

Other transactions with Directors are disclosed in Note 34 Related Party Transactions as they are not in the nature of remuneration.

29 Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

(a) Ernst & Young

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	$
Audit and other assurance services		
Audit and review of financial statements	**135,000**	135,000
Total remuneration for audit and other assurance services	**135,000**	135,000
Taxation services		
Tax compliance services	**30,000**	28,990
Tax advisory services	**164,000**	-
Total remuneration for taxation services	**194,000**	28,990
Other services		
Other advisory services	**30,000**	150,790
Total remuneration for other services	**30,000**	150,790
Total remuneration of Ernst & Young	**359,000**	314,780

It is the Group's policy to employ Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young's expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Ernst & Young is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

30 Contingencies

Guarantees

In the ordinary course of business the Group is called upon to provide guarantees and performance bonds in relation to work undertaken.

A performance bond facility of $25,000,000 (2013: $25,000,000) exists with Vero Insurance Limited secured by a Deed of Indemnity and Guarantee provided by the Parent Company. At 30 June 2014 $11,835,249 (2013: $19,696,819) of this facility was utilised. After the end of the financial year, the Group increased the bond facility with Vero to $30,000,000.

Brierty Limited has a $20,000,000 bank guarantee facility (2013: $15,000,000) established with their bankers. This facility is reduced by the amount of any bank overdraft that is utilised by the Group (at 30 June 2014 and 30 June 2013 the bank overdraft utilised was nil and nil respectively). At 30 June 2014 $11,586,696 (2013: $4,176,461) of the bank guarantee facilities were utilised. After the end of the financial year, the Group increased the bank guarantee facility with their bankers to $30,000,000.

In undertaking long term engineering and construction contracts there is always the possibility of claims being in progress. To the extent that any such claims or potential claims may exist that the Group is aware of, they are assessed on their merits and if considered necessary (which may be after taking legal advice), a provision for potential costs would be recognised and included in the accounts as part of the forecast outcome on completion of a particular contract. Any such provision would be an estimate based on the information available at the time.

31 Interests in joint arrangements

A joint venture agreement establishing the Brierty NYFL joint operation was executed on 21 December 2011. The principal activity of the joint operation is to deliver urban infrastructure works at the Wickham site in Western Australia.

A joint operating agreement establishing the Brierty Karlayura joint operation was executed July 2013. The joint operation completed its first project in February 2014, and is currently delivering its second project, being roadworks for Rio Tinto, at their West Angelas site.

The Group has the following interests in joint operations:

Joint operation	Principal activities	Ownership interest %	
		2014	2013
Brierty NYFL Joint Operation	Urban infrastructure works	**70%**	70%
Brierty-Karlayura Joint Operation	Urban infrastructure works	**70%**	Nil

(a) Joint operation

Summary financial information for the joint operation, as included in the consolidated statement of financial position and income statement, is shown below:

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	**$**
Current assets		
Cash and cash equivalents	**3,450,505**	3,114,858
Trade receivables	**2,068,643**	1,834,928
Inventories	**73,453**	5,798,334
Current tax receivables	**585,288**	294,063
Total current assets	**6,177,889**	11,042,183
Non-current assets		
Total non-current assets	**-**	-
Total assets	6,177,889	11,042,183
Current liabilities		
Trade payables	**4,495,650**	11,742,429
Sundry payables	**-**	(15,362)
Retentions	**3,047,909**	-
Total current liabilities	**7,543,559**	11,727,067
Non-current liabilities		
Total non-current liabilities	**-**	-
Total liabilities	**7,543,559**	11,727,067
Net assets	**(1,365,670)**	(684,884)
Share of operation's revenue, expenses and results		
Revenue	**21,499,148**	38,055,960
Expenses	**(22,179,922)**	(38,740,844)
Profit before income tax	**(1,365,670)**	(684,884)

(b) Commitments relating to the joint operations

There were no capital commitments relating to the joint operations as at 30 June 2014 (2013: nil).

(c) Contingent liabilities relating to joint operations

There were no contingent liabilities relating to the joint operations as at 30 June 2014 (2013: nil).

(d) Impairment

No assets employed in the joint operations were impaired during the year ended 30 June 2014 (2013: nil).

(e) Fair value

The carrying amounts of the assets and liabilities approximate their fair value.

32 Events occurring after the reporting period

On 18 August 2014, the Board of Brierty Limited declared a final dividend of 1.75 cents per share, which brought the full year dividend to 3.0 cents per share fully franked.

There have been no other matters or circumstances that have arisen since 30 June 2014 that have or may significantly affect the operations results or state of affairs of the Group in future financial periods.

33 Commitments

(a) Lease commitments: group as lessee

(i) Non-cancellable operating leases

The Group leases various items of plant and equipment under non-cancellable operating leases expiring within five years.

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**2,527,957**	2,660,306
Later than one year but not later than five years	**3,005,369**	3,454,931
Later than five years	**-**	-
	5,533,326	6,115,237

(ii) Non-cancellable property leases

The Group leases its head office under non-cancellable operating leases expiring within six years. The lease contains market or CPI review clauses during the term of the lease. On renewal, the terms of the leases are renegotiated.

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**991,020**	888,156
Later than one year but not later than five years	**2,222,752**	2,127,024
Later than five years	**185,229**	443,130
	3,399,001	3,458,310

(iii) Hire purchase

The Group has various plant and equipment with a carrying amount of $34,881,914 (2013: $41,488,855) under hire purchase contracts leases expiring within one to five years.

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Commitments in relation to finance leases are payable as follows:		
Within one year	**12,018,542**	12,697,194
Later than one year but not later than five years	**18,850,804**	28,442,878
Minimum lease payments	**30,869,346**	41,140,072
Future finance charges	**(2,643,736)**	(4,624,608)
Total lease liabilities	**28,225,610**	36,515,464
Representing lease liabilities:		
Current (note 18)	**10,384,294**	10,496,923
Non-current (note 21)	**17,841,316**	26,018,541
	28,225,610	36,515,464

The weighted average interest rate implicit in the hire purchase contracts is 7.33% (2013: 7.50%)

As at 30 June 2014, the Group had contractual obligations to purchase equipment for the contract at Western Turner Syncline to the value of $26,535,000 (2013: nil).

34 Related party transactions

(a) Directors

The names of persons who were directors of the Group at any time during the financial year are as follows: D L Gooding, A R Brierty, K J Hellsten, R J O'Shannassy and P McBain. All of these persons were directors during the entire year.

(b) Key management personnel

Disclosures relating to key management personnel are set out in note 28.

No key management personnel subscribed in cash for ordinary shares in the group during the year. The shares were acquired on the same terms and conditions that applied to other shareholders.

During the year, the Group hired two water carts from Erwin & Associates, a company owned by R.Erwin. Erwin & Associates were paid $132,000 (2013: $121,000). $11,000 was owing to Erwin & Associates at the end of the financial year. (2013: $22,000).

(c) Transactions with KMP and their related parties

During the year, the Group paid rent to Jamstakes Pty Ltd (a company owned by Alan & Kylie Brierty and other shareholders of Brierty), the owner of the premises at 38 Mandarin Rd, Maddington. Rent totaling $356,400 (2013: $356,400) was paid during the year in accordance with a lease agreement on normal terms and conditions. There was no amounts owing to or from Jamstakes Pty Ltd at the end of the financial year.

Gooding Partners, an accounting practice in which Mr D L Gooding is a partner, provided consulting services in relation to due diligence activities, for which Gooding Partners were paid $16,000 (2013: $181,751). $16,000 was owing to Gooding Partners at the end of the financial year (2013: $117,426).

Mr Kenneth Hellsten provided consulting services in relation to 3 projects during the financial year, for which Mr Hellsten was paid $20,000 (2013: nil). Nil was owing to Mr Hellsten at the end of the financial year (2013: nil).

(d) Loans to/from related parties

There were no loans to/from related parties during the year ended 30 June 2014 (2013: nil).

(e) Guarantees

There are no guarantees provided by a related party.

35 Cash Flow Statement Reconciliation

(a) Reconciliation of net profit after tax to net cash flows from operations

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Profit for the period	**9,881,705**	10,211,149
Depreciation and amortisation	**10,311,713**	12,586,698
Provision written back	**-**	(222,313)
Non-cash employee benefits expense - share-based payments	**34,803**	21,984
Net (gain) loss on sale of non-current assets	**(174,346)**	1,603
(Decrease) increase in income in advance	**(1,501,506)**	189,727
Decrease in inventories and work in progress	**7,900,110**	1,304,918
(Decrease) increase in trade creditors and sundry creditors	**(17,486,757)**	5,679,871
Increase in other receivables	**-**	23,360
(Increase) decrease in trade debtors	**23,328,435**	(3,087,225)
(Increase) decrease in deferred tax assets	**(996,224)**	852,110
Increase in deferred tax liabilities	**(1,611,965)**	(1,585,213)
Increase (decrease) in other provisions	**(1,219,322)**	799,735
Net cash inflow from operating activities	**28,466,646**	26,776,404

(b) Non Cash Financing and Investing Activities

During the year $2,131,245 (2013: $21,341,273) of assets were acquired by means of hire purchase contracts.

36 Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to ordinary equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(a) Basic earnings per share

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	Cents	**Cents**
Total basic earnings per share attributable to the ordinary equity holders of the company	**8.98**	9.28

(b) Diluted earnings per share

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	Cents	**Cents**
Total diluted earnings per share attributable to the ordinary equity holders of the company	**8.85**	9.28

(c) Reconciliation of earnings used in calculating earnings per share

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	$	**$**
Basic earnings per share		
Profit attributable to the ordinary equity holders of the company used in calculating basic earnings per share:		
From continuing operations	**9,881,705**	10,230,291
Diluted earnings per share		
Profit from continuing operations attributable to the ordinary equity holders of the company		
Used in calculating diluted earnings per share	**9,881,705**	10,230,291

(d) Weighted average number of shares used as denominator

	Consolidated entity Year ended	
	30 June 2014	**30 June 2013**
	Number	**Number**
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**110,000,000**	110,000,000
Weighted average number of ordinary and potential ordinary shares used as the denominator in calculating diluted earnings per share	**111,633,542**	110,000,000

(e) Information on the classification of securities

(i) Options

Some of the options that vested up to 30 June 2014 (1,633,542) are in the money as the option price is lower than the current share price and are considered dilutive. Of the remaining 1,416,667 options not vested, 1,416,666 have performance conditions attached to them and are considered to be contingently issuable potential ordinary shares.

The other options vested up to 30 June 2014 (783,332) are out of the money as the option price is higher than the current share price and are considered antidilutive.

(ii) Post balance date

Since the end of 30 June 2014, the number of performance based options forfeited was 354,167. There were no other options granted, vested, forfeited or exercised post balance date.

37 Share-based payments

(a) Types of share based payment plans

Employee share option plan (ESOP)

The establishment of an employee incentive option scheme was approved by shareholders at the 2008 annual general meeting. The Employee Incentive Plan is designed to provide long term incentives for management to deliver long term shareholder returns. Under the plan, participants are granted options which only vest if certain employment conditions and performance standards are met. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

No options have been granted under the scheme to date.

Executive long term incentive

Under the executive long term incentive awards are made to executives who have an impact on the Group's performance. The awards are delivered in the form of options over shares which vest over a period of three years subject to continuous employment and meeting performance measures. The exercise price of the share options have been set as shown below. The contractual term of the share options is six years and there are no cash settlement alternatives for the employees. The Group does not have a past practice of cash settlements for these awards.

Long term incentive program (LTIP)

Under the LTIP awards are made to executives who have an impact on the Group's performance. The awards are delivered in the form of shares which vest over a period of two years subject to continuous employment and meeting performance measures. The LTIP measures are the same as the short term incentive program measures (STIP).

The fair value of shares granted is based on the market price of Brierty's securities at the date of grant.

The grant price for the shares is equal to the market price of the underlying shares on the date of grant. The contractual term of the shares is three years and there are no cash settlement alternatives for the executives. The Group does not have a past practice of cash settlement for these awards.

Issue of options under employment contract

Set out below are the details of the options granted to the Managing Director on 7 March 2011:

Continuous employment options

15% of the options (being 750,000) became capable of exercise as Mr McBain remained in the continuous employment of the Group as follows:

- 250,000 options became capable of exercise from 7 March 2012 (at an exercise price of $0.451 per option). These options expire on 7 March 2015;
- 250,000 options became capable of exercise from 7 March 2013 (at an exercise price of $0.601 per option). These options expire on 7 March 2016; and
- 250,000 options became capable of exercise from 7 March 2014 (at an exercise price of $0.751 per option). These options expire on 7 March 2017.

Performance based options

The remaining 85% of the options (being 4,250,000) will become capable of exercise subject to the achievement of key performance indicator (KPI) based performance hurdles. Performance against the various KPI's will be assessed by the Board on a rating scale which will determine the number of options that become capable of exercise up to a maximum of the following:

- Up to 1,416,666 options (subject to achievement of KPI's) become capable of exercise from 30 September 2012 (at an exercise price of $0.451 per option). These options expire on 7 March 2015;
- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2013 (at an exercise price of $0.601 per option). These options expire on 7 March 2016; and
- Up to 1,416,667 options (subject to achievement of KPI's) become capable of exercise from 30 September 2014 (at an exercise price of $0.751 per option). These options expire on 7 March 2017.

Performance based options granted during the year ended 30 June 2014:

283,332 options vested to Mr McBain based on his performance during the year ended 30 June 2014 (2013: 1,383,542).

Refer to the remuneration report (audited) for additional disclosures relating to the options.

Issue of shares under LTIP

Executives entitled to shares under the LTIP are entitled to shares to the value of the STIP payment they received for the same year. Shares are valued as the average price for the first five trading days of the plan financial year. The shares are issued in two tranches with the first tranche issued on 1 April 2015 and the second tranche issued on 1 April 2016.

(b) Fair value of options granted

The assessed fair value at grant date of the options to the Managing Director during the year ended 30 June 2011 was as follows.

Continuous Employment options

		Value per option
Exercisable after	- 7 March 2012	20.8 cents
	- 7 March 2013	21.6 cents
	- 7 March 2014	22.5 cents
Performance based options		
Exercisable after	- 30 September 2012	22.0 cents
	- 30 September 2013	22.6 cents
	- 30 September 2014	23.4 cents

The fair value at grant date is independently determined using a Binomial model taking into account the terms and conditions upon which the options were granted.

The inputs to the model for the options granted during the year ended 30 June 2011 included:

(i) *share price at grant date: $0.315*

(ii) *grant date: 7 March 2011*

(iii) *exercise price: as detailed above*

(iv) *expiry date: as detailed above.*

(v) *expected price volatility of the company's shares: 133%.*

(vi) *expected dividend yield: 12.0%.*

(vii) *risk-free interest rate: 2.98%.*

(c) Fair value of shares granted

The assessed fair value at grant date of the shares to the executives during the year ended 30 June 2014 was as follows:

	Value per option
LTIP awarded 31 July 2013	29.0 cents
LTIP awarded 31 March 2014	37.0 cents

The fair value of shares at grant date is based on the closing market price of Brierty's securities on the grant date.

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Expense arising from equity-settled share based payment transactions	**34,803**	21,984

38 Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	Consolidated entity Year ended	
	30 June 2014	30 June 2013
	$	$
Balance sheet		
Current assets	**63,318,854**	78,679,398
Non-current assets	**55,574,096**	62,735,361
Total assets	**118,892,950**	141,414,759
Current liabilities	**47,026,035**	69,429,909
Non-current liabilities	**19,638,312**	27,953,338
Total liabilities	**66,664,347**	97,383,247
Net assets	**52,228,603**	44,031,512
Shareholders' equity		
Issued capital	**29,170,572**	29,170,572
Reserves		
Share-based payments	**338,982**	304,179
Retained earnings	**22,719,049**	14,556,761
	52,228,603	44,031,512
Profit or loss for the period	**10,777,405**	7,856,300
Total comprehensive income	**10,777,405**	7,856,300

The parent entity has provided no financial guarantees in respect of loans of subsidiaries.

Guarantees entered into by joint ventures are via those entities directly.

(c) Contingent liabilities of the parent entity

Other than those guarantees and performance bonds disclosed in Note 30 the parent entity did not have any contingent liabilities as at 30 June 2014 or 30 June 2013.

(d) Tax consolidation legislation

Brierty Limited and its wholly owned Australian controlled entities implemented the tax consolidation legislation from 1 July as at 30 June 2014 or 30 June 2013. The accounting policy in relation to this legislation is set out in note 2 (f).

On adoption of the tax consolidation legislation, the entities in the tax consolidated group entered into a tax sharing agreement, which, in the opinion of the directors, limits the joint and several liability of the wholly owned entities in the case of a default by the head entity, Brierty Limited. No amounts have been recognised by the parent on the basis that the possibility of default is remote.

The entities have also entered into a tax funding agreement under which the wholly owned entities fully compensate Brierty Limited for any current tax payable assumed and are compensated by Brierty Limited for any current tax receivables and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Brierty Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of the financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax installments. The funding amounts are recognised as the current intercompany receivables or payables (see note 31).

(e) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2014, the parent entity had contractual obligations to purchase equipment for the Western Turner Syncline Project to the value of $26,535,000 (2013: nil).

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Brierty Limited, I state that:

In the directors' opinion:

(a) the financial statements and notes set out on pages 42 to 86 are in accordance with the Corporations Act 2001, including:

  (i) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

  (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date;

(b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 2.2.

(c) there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable; and

The directors have been given the declarations by the Managing Director and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of directors.

Dalton L Gooding

Director

Peter McBain

Director

Perth, Western Australia

18 August 2014

Independent auditor's report to the members of **Brierty Limited**

Building a better working world

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Independent auditor's report to the members of Brierty Limited

Report on the financial report

We have audited the accompanying financial report of Brierty Limited, which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

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Opinion

In our opinion:

a. the financial report of Brierty Limited is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

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

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2

Report on the remuneration report

We have audited the Remuneration Report included in pages 27 to 37 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Brierty Limited for the year ended 30 June 2014, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Fiona Drummond
Partner
Perth
18 August 2014

FD:WD:Brierty:023

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 31 July 2014.

A. Distribution of equity securities

Analysis of numbers of equity security holders by size of holding:

	Class of equity security Ordinary shares		
Holding	**Number of Shareholders**	**Shares**	**% of Issued Capital**
1 - 1000	46	16,961	.02%
1,001 - 5,000	345	1,105,079	1.00%
5,001 - 10,000	270	2,323,336	2.11%
10,001 - 100,000	675	23,613,510	21.47%
100,001 and over	103	82,941,114	75.40%
	1,439	110,000,000	100.00%

B. Equity security holders

Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted equity securities are listed below:

	Ordinary Shares	
Name	**Number held**	**Percentage of issued shares**
Mr Alan Robert Brierty	19,250,000	17.50
Ms Kylie Ann Brierty	17,711,955	16.10
National Nominees Ltd	6,280,406	5.71
Bond Street Custodians <Intelligent Inv Wholesale>	2,855,074	2.60
Mr Kenneth John Beer <Beer Super Fund A/c>	2,727,982	2.48
Mr Alan Brierty	2,650,000	2.41
Mr Michael Sloan	1,520,000	1.38
Mr Ryan Stewart Brierty <The Brierty Family A/c>	1,309,061	1.19
Moulyinning Nominees Pty Ltd <Gooding Family S/Fund A/c>	1,287,500	1.17
Mr Tim Abrahams	1,150,000	1.05
Mrs Ruth Anne Sutton <The Sutton Family A/c>	1,150,000	1.05
Mr Victor Jay <The Jay Family A/c>	1,100,000	1.00
Mr Alan Robert Brierty + Mrs Kylie Ann Brierty <A & K Brierty Super Fund A/c>	1,095,000	1.00
Kailva Pty Ltd <Superannuation A/c>	900,000	0.82
Lincoln Properties Pty Ltd <Anderson Super Fund A/c>	895,000	0.81
Shannon Lee Brierty	831,000	0.76
Fort Baramba Pty Ltd	625,000	0.57
Mr Ian Gerald Arnot	616,976	0.56
Avebury Investments Pty Ltd <Avebury Investment A/c>	611,500	0.56
Stanbox No 2 Pty Ltd	600,000	0.55
	65,166,454	59.27

C. Substantial holders

Substantial holders in the company are set out below:

	Ordinary Shares	
Name	**Number held**	**Percentage of issued shares**
Mr Alan Robert Brierty	22,447,500	20.41%
Ms Kylie Ann Brierty	18,259,455	16.60%
National Nominees Ltd	6,280,406	5.71%

D. Voting rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

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